

Interim Financial Report for the three months ended 31 March 2013

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Note:

M1 to M12 are explanatory notes in accordance with FRS134.

K1 to K15 are explanatory notes in accordance with paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

Condensed Consolidated Income Statements

(The figures have not been audited)

	Current Year Quarter 31.03.2013 RM' 000	Preceding Year Quarter 31.03.2012 RM' 000	Current Year To Date 31.03.2013 RM' 000	Preceding Year To Date 31.03.2012 RM' 000
Revenue	243,048	222,894	243,048	222,894
Cost of sales	(95,231)	(79,743)	(95,231)	(79,743)
Gross profit	147,817	143,151	147,817	143,151
Other operating income	5,549	15,935	5,549	15,935
Administrative expenses	(58,642)	(42,749)	(58,642)	(42,749)
Other operating expenses	(1,142)	(5,601)	(1,142)	(5,601)
Profit from operations	93,582	110,736	93,582	110,736
Finance income	9,262	4,607	9,262	4,607
Finance costs	(19,225)	(14,024)	(19,225)	(14,024)
Share of after-tax results of associates	3,782	(1,778)	3,782	(1,778)
Profit before tax	87,401	99,541	87,401	99,541
Less tax:				
Company and subsidiaries	(16,009)	(28,071)	(16,009)	(28,071)
Profit for the period	71,392	71,470	71,392	71,470
Attributable to:				
Equity holders of the Company	48,061	57,437	48,061	57,437
Non-controlling interests	23,331	14,033	23,331	14,033
	71,392	71,470	71,392	71,470
Earnings per share (sen)				
- basic	3.40	3.93	3.40	3.93
- diluted ^{note 1}	na	na	na	na
Dividends per ordinary share (sen)	-	-	-	-

Note 1:

Computation of diluted earnings per share is not applicable as there are no outstanding shares to be issued.

Condensed Consolidated Statements of Comprehensive Income
(The figures have not been audited)

	Current Year Quarter 31.03.2013 RM' 000	Preceding Year Quarter 31.03.2012 RM' 000	Current Year To Date 31.03.2013 RM' 000	Preceding Year To Date 31.03.2012 RM' 000
Profit for the period	71,392	71,470	71,392	71,470
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(334)	(49)	(334)	(49)
Non-controlling interests	(28)	178	(28)	178
Total comprehensive income for the period, net of tax	<u>71,030</u>	<u>71,599</u>	<u>71,030</u>	<u>71,599</u>
Total comprehensive income attributable to:				
Equity holders of the Company	47,727	57,388	47,727	57,388
Non-controlling interests	<u>23,303</u>	<u>14,211</u>	<u>23,303</u>	<u>14,211</u>
	<u>71,030</u>	<u>71,599</u>	<u>71,030</u>	<u>71,599</u>

Condensed Consolidated Statements of Financial Position

(The figures have not been audited)

	31.03.2013 RM '000	Audited 31.12.2012 RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	745,148	745,148
Share premium	404,112	404,112
Treasury shares	(183,154)	(157,015)
Revaluation and other reserves	332,572	515,929
Retained earnings	2,868,649	2,632,468
	4,167,327	4,140,642
Non-controlling interests	128,755	599,801
TOTAL EQUITY	4,296,082	4,740,443
Represented by:		
Non current assets		
Property, plant and equipment	1,828,716	1,829,596
Long term prepaid lease	3,674	3,703
Investment properties	1,965,195	1,965,079
Land held for property development	248,141	248,059
Investments in associates	353,749	355,784
Deferred tax assets	1,763	5,893
Goodwill	19,164	19,164
Available-for-sale financial assets	6,104	-
Cash and bank balances	-	95,000
	4,426,506	4,522,278
Current assets		
Property development costs	230,870	229,131
Inventories	62,539	62,461
Financial assets at fair value through profit or loss	504	504
Trade and other receivables	182,917	209,600
Amounts owing by associates	72,109	59,080
Amount owing by a jointly controlled entity	-	-
Tax recoverable	2,817	3,522
Cash held in Housing Development Accounts	10,638	5,259
Cash and bank balances	1,570,896	2,022,372
	2,133,290	2,591,929
Less: Current liabilities		
Trade and other payables	316,734	352,531
Amounts owing to associates	22,135	22,487
Amount owing to a jointly controlled entity	1,012	-
Borrowings	236,836	263,312
Current tax payable	22,421	59,148
	599,138	697,478
Net current assets	1,534,152	1,894,451
Less: Non current liabilities		
Trade and other payables	9,966	55,178
Borrowings	1,440,000	1,433,382
Deferred tax liabilities	214,610	187,726
	1,664,576	1,676,286
	4,296,082	4,740,443

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2013

(The figures have not been audited)

	Attributable to equity holders						Non-controlling Interests			
	Issued and fully paid ordinary shares of RM0.50 each	Treasury Shares	Number of shares '000	Nominal value RM '000	Nominal value RM '000	Share premium RM '000		Retained earnings RM '000	Distributable	Total RM '000
At 1 January 2013	1,490,296		(71,831)	745,148	(157,015)	404,112	515,929	2,632,468	599,801	4,740,443
Total comprehensive income for the period	-	-	-	-	-	-	(183,357)	231,084	23,303	71,030
Share buy-back	-	-	(11,411)	-	(26,139)	-	-	-	-	(26,139)
Capital reduction in a subsidiary	-	-	-	-	-	-	-	5,097	(494,349)	(489,252)
At 31 March 2013	1,490,296		(83,242)	745,148	(183,154)	404,112	332,572	2,868,649	128,755	4,296,082

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2012

(The figures have not been audited)

	Attributable to equity holders						Non-controlling Interests		
	Issued and fully paid ordinary shares of RM0.50 each	Nominal value RM '000	Number of shares '000	Treasury Shares ordinary shares of RM0.50 each	Nominal value RM '000	Number of shares '000		Share premium RM '000	Revaluation and other reserves RM '000
At 1 January 2012	1,490,296	745,148	(29,307)	(49,021)	404,112	618,537	1,705,224	220,577	3,644,577
Total comprehensive income for the period	-	-	-	-	-	(104,798)	162,186	14,211	71,599
Share buy-back	-	-	(1,663)	(4,536)	-	-	-	-	(4,536)
Dividends	-	-	-	-	-	-	-	(8,212)	(8,212)
At 31 March 2012	1,490,296	745,148	(30,970)	(53,557)	404,112	513,739	1,867,410	226,576	3,703,428

Condensed Consolidated Cash Flow Statements
(The figures have not been audited)

	31.03.2013 RM '000	31.03.2012 RM '000
Operating activities		
Receipts from customers	274,204	241,603
Payments to contractors, suppliers and employees	(170,852)	(170,131)
Cash flow from operations	103,352	71,472
Interest paid	(32,519)	(10,938)
Income taxes paid	(21,018)	(21,320)
Net cash generated from operating activities	49,815	39,214
Investing activities		
Interest received	9,894	4,607
Proceeds from disposal of an associate	-	114,325
Acquisition of a subsidiary	-	(101,349)
Proceeds from disposal of financial assets	-	23,444
Purchase of property, plant and equipment	(29,645)	(18,720)
Dividends paid to non-controlling interests of a subsidiary	(30,495)	-
Capital repayment to non-controlling interests of a subsidiary	(494,349)	-
Repayments/(advances) from/(to) associates	(14,093)	(173,038)
Net cash used in investing activities	(558,688)	(150,731)
Financing activities		
Purchase of treasury shares	(29,888)	(4,536)
Repayment of bank borrowings, net of receipts	(3,491)	(13,500)
Net cash used in financing activities	(33,379)	(18,036)
Foreign currencies exchange difference	1,155	(2,904)
Net decrease in cash and cash equivalents	(541,097)	(132,457)
Cash and cash equivalents at 1 January	2,122,631	844,604
Cash and cash equivalents at 31 March	1,581,534	712,147

**Explanatory notes to the Interim Financial Statements
for the three months ended 31 March 2013**

M1 Basis of preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard 134 – “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2012.

This Interim Financial Report has been prepared based on accounting policies and methods of computation which are consistent with those adopted for the annual audited financial statements for the year financial ended 31 December 2012 except for the adoption of the following Financial Reporting Standards (“FRSs”), revised FRSs and Amendments to FRSs that are applicable for the current financial year:

(Effective for annual periods beginning on or after 1 January 2013)

- Amendment to FRS 7 Financial instruments: Disclosures
- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosures of Interests in Other Entities
- FRS 13 Fair Value Measurement
- Revised FRS 127 Separate Financial Statements
- Revised FRS 128 Investments in Associates and Joint Ventures
- Amendment to FRS 101 Presentation of Items of Other Comprehensive Income
- Amendment to FRS 119 Employee Benefits

The adoption of the above revised FRS and Amendment to FRS did not have any material impact on the financial statements of the Group.

M2 Qualification

The Audit Report of the Group’s annual financial statements for the financial year ended 31 December 2012 was not subject to any audit qualification.

M3 Seasonality or cyclical

The Group’s operations were not materially affected by seasonal or cyclical factors.

M4 Significant unusual items

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows other than those disclosed elsewhere in these notes.

M5 Material changes in estimates

Not applicable.

M6 Debt and equity securities

Shares repurchased during the current financial year to-date were as follows:

Date	No. of shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2012	71,830,767			157,014,548
Purchased in January 2013	2,520,700	2.31	2.40	5,921,792
Purchased in February 2013	5,147,100	2.25	2.34	11,809,728
Purchased in March 2013	3,743,900	2.19	2.34	8,407,732
As at 31 March 2013	83,242,467			183,153,800
Purchased in April 2013	2,490,800	2.24	2.39	5,833,286
Purchased up to 30 May 2013	1,740,000	2.32	2.37	4,090,254
As at 30 May 2013	87,473,267			193,077,340

The number of treasury shares held as at 30 May 2013 was 87,473,267 ordinary shares of RM0.50 each.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period.

M7 Dividends paid

An interim dividend of 15% less tax at 25% for the financial year ended 31 December 2012 was paid on 8 April 2013.

M8 Segment Reporting

Business segments	Property development RM '000	Property investment RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
3 months ended 31 March 2013						
Revenue						
Total revenue	20,716	140,140	88,001	34,942	9,284	293,083
Intersegment revenue	-	(10,754)	(1,488)	(31,607)	(6,186)	(50,035)
External revenue	<u>20,716</u>	<u>129,386</u>	<u>86,513</u>	<u>3,335</u>	<u>3,098</u>	<u>243,048</u>
Results						
Segment results (external)	8,836	74,774	18,688	104	(1,433)	100,969
Finance income						9,262
Unallocated expense						(7,387)
Profit from operations						102,844
Finance costs						(19,225)
Share of after-tax results of associates	1,109	114	2,541	-	18	3,782
Profit from ordinary activities before tax						87,401
Tax-Company and subsidiaries						(16,009)
Profit for the period						<u>71,392</u>
Attributable to:						
Equity holders of the Company						48,061
Non-controlling interests						<u>23,331</u>
						<u>71,392</u>

Unallocated expenses relates to head-office general administrative expenses that arise at the Group level and relate to the Group as a whole.

M8 Segment Reporting (continued..)

Business segments	Property development RM '000	Property investment RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
3 months ended 31 March 2012						
Revenue						
Total revenue	32,088	123,867	58,584	33,687	9,286	257,512
Intersegment revenue	-	(4,737)	(1,568)	(22,318)	(5,995)	(34,618)
External revenue	<u>32,088</u>	<u>119,130</u>	<u>57,016</u>	<u>11,369</u>	<u>3,291</u>	<u>222,894</u>
Results						
Segment results (external)	14,081	82,430	19,993	686	489	117,679
Unallocated income						4,607
Unallocated expense						(6,943)
Profit from operations						115,343
Finance costs						(14,024)
Share of after-tax results of associates	(1,073)	199	(1,400)	-	496	(1,778)
Profit from ordinary activities before tax						99,541
Tax-Company and subsidiaries						(28,071)
Profit for the period						<u>71,470</u>
Attributable to:						
Equity holders of the Company						57,437
Non-controlling interests						14,033
						<u>71,470</u>

Unallocated income represents interest income while unallocated expenses relates to head-office general administrative expenses that arise at the Group level and relate to the Group as a whole.

M9 Valuations

Valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

M10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period up to the date of this report.

M11 Changes in the composition of the Group

On 5 March 2013, the Company announced to Bursa Malaysia the acquisition of the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as The Gardens Theatre Sdn Bhd ("TGT") for cash consideration of RM2.00. The intended principal activities of TGT are to engage in organizing and coordinating the production, management and performance of plays, dramas, stage, theatre and other amusements and entertainment of every kind.

On 15 March 2013, the Company announced to Bursa Malaysia that the Company had on 15 March 2013 entered into 2 Share Sale Agreements with KrisAssets Holdings Berhad for the acquisitions of the entire issued and paid-up share capital of Mid Valley City Sdn Bhd ("MVC") and Mid Valley City Gardens Sdn Bhd ("MVCG") for cash consideration of RM100,000.00 each. MVC and MVCG are service providers for IGB Real Estate Investment Trust.

On 10 April 2013, the Company announced to Bursa Malaysia the acquisition of the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as Megan Prestasi Sdn Bhd ("MPSB") for cash consideration of RM2.00. The intended principal activities of MPSB are property development and property investment.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2012.

K1 Review of performance

For the three months ended 31 March 2013, Group revenue increased by 9% to RM243.0 million when compared to the corresponding period in 2012 of RM222.9 million due to higher contributions from the Property Investment and Hotel divisions.

However, Group pre-tax profit decreased by 12% to RM87.4 million when compared to pre-tax profit of RM99.5 million achieved in the corresponding period in 2012 due to higher operating expenses during the first quarter of 2013.

K2 Comparison with immediate preceding quarter

Group revenue for the three months ended 31 March 2013 decreased by 10% to RM243.0 million when compared to Group revenue of RM268.9 million for the three months ended 31 December 2012 due to lower contributions from all operating divisions.

Group pre-tax profit increased by 8% to RM87.4 million when compared to the RM80.6 million reported in the immediate preceding quarter mainly attributable to higher contribution from the Property Development division.

K3 Prospects for 2013

Operating results for the first three months of 2013 were satisfactory when compared to the first three months of 2012 with increased turnover contributions from the Property Investment and Hotel divisions.

In the Property Development division, about 90% of the available 474 units of service apartments at G Residence have been sold with total sales value of about RM335 million. Over at Sierramas, the Garden Manor development with 41 units of strata villas were completed and handed-over to purchasers in January 2013. In the current financial year, the Group is targeting to launch a new 166-units service apartment project known as Three28 Tun Razak with an expected total Gross Development Value of RM96 million as well as another 41 units of strata bungalows at Sierramas called Park Manor with expected total Gross Development Value of RM97 million.

In the Property Investment division, total revenue achieved for the three months to 31 March 2013 was RM129 million compared to RM119 million in 2012, an increase of 8%. The Group's retail division, represented by IGB REIT, the owner of Mid Valley Megamall and The Gardens Mall reported total revenue and net property income of RM101 million and RM69 million respectively resulting in profit before taxation of RM49 million whilst total rental income from the Group's office buildings have increased by 9% when compared to the same period in 2012.

In the Hotel division, total turnover achieved by the Group's hotels including associates was RM110 million, an increase of 20% when compared to the RM91 million achieved for the same period in 2012.

The Board is of the view that with these positive performances the Group's operational results for the current financial year should be satisfactory.

K4 Profit forecast/profit guarantee

The Group did not issue any profit forecast or profit guarantee.

K5 Tax

	Current quarter ended 31.03.2013 RM '000	Cumulative current Year-To-Date ended 31.03.2013 RM '000
Malaysian income tax		
- Company and subsidiaries	13,455	13,455
Under provision in previous year	3	3
Transferred from deferred tax	1,617	1,617
	15,075	15,075
Overseas tax		
- Company and subsidiaries	934	934
	16,009	16,009

The effective tax rate of the Group for the current quarter and for the financial year to-date was lower than the statutory tax rate mainly due to the share of profits of non-controlling interests of a subsidiary were not subjected to tax.

K6 Unquoted investments

There was no sale of unquoted investments for the current quarter and financial year to-date.

K7 Financial assets at fair value

Total financial assets at fair value as at 31 March 2013 were as follows:

	RM '000
Total financial assets at cost	<u>1,114</u>
Total financial assets at fair value (after provision for diminution in value)	<u>504</u>
Total financial assets at market value at 31 March 2013	<u>504</u>

K8 Corporate proposals

No corporate proposals have been announced during the financial quarter under review.

K9 Group borrowings and debt securities

Group borrowings as at 31 March 2013 were as follows:

	RM '000
Long term borrowings:	
Secured	
Term Loan	1,605,336
Revolving credit	<u>15,000</u>
	<u>1,620,336</u>
Short term borrowings:	
Unsecured	
Revolving credit	<u>56,500</u>
	<u>56,500</u>
TOTAL	<u>1,676,836</u>
Capital and reserves attributable to equity holders of the Company	<u>4,167,327</u>

K10 Financial instruments

The Group does not have any financial instruments with off-balance sheet risk. With the adoption of FRS 139, off-balance sheet financial instruments will be recognized in the balance sheet.

K11 Material litigation

There was no pending material litigation as at the date of this report which exceeds 5% of the net assets of the Group.

K12 Proposed dividend

During this quarter, no dividend is declared or proposed in respect of the financial year ending 31 December 2013.

K13 Earnings per share

		Current Quarter ended 31.03.2013	Preceding Year Quarter ended 31.03.2012	Current Year To Date ended 31.03.2013	Preceding Year To Date ended 31.03.2012
Profit for the period	RM '000	<u>48,061</u>	<u>57,437</u>	<u>48,061</u>	<u>57,437</u>
Weighted average number of ordinary shares in issue	'000	<u>1,413,053</u>	<u>1,460,525</u>	<u>1,413,053</u>	<u>1,460,525</u>
Basic earnings per share	sen	<u>3.40</u>	<u>3.93</u>	<u>3.40</u>	<u>3.93</u>

Note: Computation of diluted earnings for share is not applicable as there are no outstanding shares to be issued.

K14 Realised and unrealised retained earnings

	As at 31.03.2013 RM '000	As at 31.12.2012 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,209,043	2,876,735
- unrealised loss	(228,023)	(197,281)
	2,981,020	2,679,454
ii) Associates		
- realised profit	206,477	230,325
- unrealised profit	(5,356)	3,339
	201,121	233,664
iii) Group consolidation adjustments	(313,492)	(280,650)
Total Group retained earnings as per unaudited consolidated statement of financial position	2,868,649	2,632,468

K15 Authorisation for issue

This Interim Financial Report was authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2013.