

Interim Financial Report for the three months ended 31 March 2014

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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 31.03.2014 RM' 000	Preceding Year Quarter 31.03.2013 RM' 000	Current Year To Date 31.03.2014 RM' 000	Preceding Year To Date 31.03.2013 RM' 000
Revenue	296,080	243,048	296,080	243,048
Cost of sales	(124,931)	(95,231)	(124,931)	(95,231)
Gross profit	171,149	147,817	171,149	147,817
Other operating income	8,382	5,549	8,382	5,549
Administrative expenses	(61,045)	(58,642)	(61,045)	(58,642)
Other operating expenses	(1,885)	(1,142)	(1,885)	(1,142)
Profit from operations	116,601	93,582	116,601	93,582
Finance income	11,561	9,262	11,561	9,262
Finance costs	(17,611)	(19,225)	(17,611)	(19,225)
Share of after-tax results of associates and joint venture	4,082	3,782	4,082	3,782
Profit before tax	114,633	87,401	114,633	87,401
Less tax:				
Company and subsidiaries	(28,616)	(16,009)	(28,616)	(16,009)
Profit for the period	86,017	71,392	86,017	71,392
Attributable to:				
Equity holders of the Company	58,352	48,061	58,352	48,061
Non-controlling interests	27,665	23,331	27,665	23,331
	86,017	71,392	86,017	71,392
Earnings per share (sen)				
- basic	4.32	3.40	4.32	3.40
- 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 31.03.2014 RM' 000	Preceding Year Quarter 31.03.2013 RM' 000	Current Year To Date 31.03.2014 RM' 000	Preceding Year To Date 31.03.2013 RM' 000
Profit for the period	86,017	71,392	86,017	71,392
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	364	(334)	364	(334)
Non-controlling interests	19	(28)	19	(28)
Total comprehensive income for the period, net of tax	<u>86,400</u>	<u>71,030</u>	<u>86,400</u>	<u>71,030</u>
Total comprehensive income attributable to:				
Equity holders of the Company	58,716	47,727	58,716	47,727
Non-controlling interests	<u>27,684</u>	<u>23,303</u>	<u>27,684</u>	<u>23,303</u>
	<u>86,400</u>	<u>71,030</u>	<u>86,400</u>	<u>71,030</u>

Condensed Consolidated Statements of Financial Position
(The figures have not been audited)

	31.03.2014	<i>Audited</i> 31.12.2013
	RM '000	RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	682,399	682,399
Share premium	112,641	112,641
Treasury shares	(56,232)	(17,439)
Revaluation and other reserves	649,228	648,927
Retained earnings	3,009,836	2,988,803
	4,397,872	4,415,331
Non-controlling interests	108,689	77,322
TOTAL EQUITY	4,506,561	4,492,653
Represented by:		
Non current assets		
Property, plant and equipment	2,355,106	2,347,321
Long term prepaid lease	3,612	3,697
Investment properties	2,198,450	2,175,094
Land held for property development	236,936	238,549
Investments in associates and joint venture	391,682	390,598
Deferred tax assets	1,649	1,649
Goodwill	19,164	19,164
Cash and bank balances	470,972	95,000
	5,677,571	5,271,072
Current assets		
Property development costs	298,959	300,883
Inventories	79,694	82,710
Financial assets at fair value through profit or loss	378	394
Trade and other receivables	596,572	221,352
Amounts owing by associates	77,595	76,708
Amounts owing by related companies	13	22
Tax recoverable	716	3,053
Cash held in Housing Development Accounts	28,892	32,984
Cash and bank balances	769,812	942,569
	1,852,631	1,660,675
Less: Current liabilities		
Trade and other payables	415,581	471,214
Amounts owing to associates	5,147	4,107
Borrowings	574,326	163,460
Current tax payable	122,770	67,690
	1,117,824	706,471
Net current assets	734,807	954,204
Less: Non current liabilities		
Trade and other payables	56,324	65,692
Borrowings	1,575,248	1,394,909
Deferred tax liabilities	274,245	272,022
	1,905,817	1,732,623
	4,506,561	4,492,653

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2014

(The figures have not been audited)

	Attributable to equity holders						Non-controlling Interests	Total RM '000	
	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	Share premium RM '000			Revaluation and other reserves RM '000
At 1 January 2014	1,364,798	682,399	(6,436)	(17,439)	112,641	648,927	2,988,803	77,322	4,492,653
Total comprehensive income for the period	-	-	-	-	-	301	58,415	27,684	86,400
Share buy-back	-	-	(7,914)	(38,793)	-	-	-	-	(38,793)
Increase of interest in existing subsidiaries	-	-	-	-	-	-	(3,683)	3,683	-
Dividend paid	-	-	-	-	-	-	(33,699)	-	(33,699)
Total transactions with equity holders	-	-	(7,914)	(38,793)	-	-	(37,382)	3,683	(72,492)
At 31 March 2014	1,364,798	682,399	(14,350)	(56,232)	112,641	649,228	3,009,836	108,689	4,506,561

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	Total RM '000
	Issued and fully paid ordinary shares of RM0.50 each	Treasury Shares	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	Share premium RM '000		
At 1 January 2013	1,490,296	745,148	(71,831)	(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)
Total transactions with equity holders	-	-	(11,411)	(26,139)	-	-	5,097	(494,349)	(515,391)
At 31 March 2013	1,490,296	745,148	(83,242)	(183,154)	404,112	332,572	2,868,649	128,755	4,296,082

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

	31.03.2014 RM '000	31.03.2013 RM '000
Operating activities		
Receipts from customers	268,068	274,204
Payments to contractors, suppliers and employees	(150,770)	(170,852)
Cash flow from operations	117,298	103,352
Interest paid	(27,461)	(32,519)
Income taxes refunded/(paid)	30,644	(21,018)
Net cash generated from operating activities	120,481	49,815
Investing activities		
Interest received	7,545	9,894
Investment in associates	(28)	-
Additions to property, plant and equipment	(60,519)	(29,645)
Dividends paid to non-controlling interests of a subsidiary	(60,156)	(30,495)
Capital repayment to non-controlling interests of a subsidiary	-	(494,349)
Repayments/(advances) from/(to) associates and joint venture	(339,347)	(14,093)
Net cash used in investing activities	(452,505)	(558,688)
Financing activities		
Purchase of treasury shares	(37,663)	(29,888)
Receipt of bank borrowings, net of repayments	603,494	(3,491)
Dividend paid	(33,699)	-
Deposits pledged with licensed banks	(348,536)	-
Net cash used in financing activities	183,596	(33,379)
Foreign currencies exchange difference	(985)	1,155
Net decrease in cash and cash equivalents	(149,413)	(541,097)
Cash and cash equivalents at 1 January	948,117	2,122,631
Cash and cash equivalents at 31 March	798,704	1,581,534

**Explanatory notes to the Interim Financial Statements
for the three months ended 31 March 2014**

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 2013.

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 2013 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 2014)

- Amendment to FRS 132 Financial instruments: Presentation
- Amendments to FRS 10 Consolidated Financial Statements
- Amendments to FRS 12 Disclosures of Interests in Other Entities
- Amendments to FRS 127 Separate Financial Statements
- IC Interpretation 21 Levies
- Amendments to FRS 9 Financial instruments – classification and measurement of Financial assets and financial liabilities

The adoption of the above Amendments to FRS and IC Interpretation 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 2013 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 2013	6,436,100			17,438,800
Purchased in January 2014	9,119,800	2.67	2.72	24,813,708
Purchased in February 2014	1,208,200	2.57	2.65	3,186,873
Purchased in March 2014	4,022,300	2.56	2.71	10,792,501
As at 31 March 2014	20,786,400			56,231,882
Purchased in April 2014	5,462,500	2.69	2.75	14,853,455
Purchased 1 to 27 May 2014	3,640,700	2.71	2.75	9,974,928
As at 27 May 2014	29,889,600			81,060,265

The number of treasury shares held as at 27 May 2014 was 29,889,600 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

A Second Interim Dividend of 5% single tier for the financial year ended 31 December 2013 was paid on 28 March 2014.

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 2014						
Revenue						
Total revenue	47,772	155,112	94,129	67,757	25,324	390,094
Intersegment revenue	-	(11,672)	(1,148)	(67,092)	(14,102)	(94,014)
External revenue	<u>47,772</u>	<u>143,440</u>	<u>92,981</u>	<u>665</u>	<u>11,222</u>	<u>296,080</u>
Results						
Segment results (external)	17,985	87,374	17,343	887	841	124,430
Finance income						11,561
Unallocated expense						(7,829)
Profit from operations						128,162
Finance costs						(17,611)
Share of after-tax results of associates and joint venture	2,445	1,452	20	-	165	4,082
Profit from ordinary activities before tax						114,633
Tax-Company and subsidiaries						(28,616)
Profit for the period						<u>86,017</u>
Attributable to:						
Equity holders of the Company						58,352
Non-controlling interests						<u>27,665</u>
						<u>86,017</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 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	<u>1,109</u>	<u>114</u>	<u>2,541</u>	<u>-</u>	<u>18</u>	<u>3,782</u>
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.

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

There were no changes in the composition of the Group for the current quarter and financial year to-date.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2013.

M13 Capital commitment

Capital expenditure not provided for in the financial statements was as follows:

	Group	
	31 March 2014 RM'000	31 December 2013 RM'000
Authorised by Directors and contracted:		
Investment property	46,202	52,779
Property, plant and equipment	310,828	316,440
	357,030	369,219
Authorised by Directors but not contracted:		
Investment property	-	4,918
Property, plant and equipment	10,414	19,555
	10,414	24,473

K1 Review of performance

For the three months ended 31 March 2014, Group revenue increased by 22% to RM296.1 million when compared to the corresponding period in 2013 of RM243.0 million due to higher contributions from all operating divisions.

Accordingly, Group pre-tax profit increased by 31% to RM114.6 million when compared to pre-tax profit of RM87.4 million achieved in the corresponding period in 2013 due to better performance from the Property Development and Property Investment divisions.

K2 Comparison with immediate preceding quarter

Group revenue for the three months ended 31 March 2014 decreased by 6% to RM296.1 million when compared to Group revenue of RM314.5 million for the three months ended 31 December 2013 due to lower contribution from Property Development and Hotel divisions.

Group pre-tax profit increased by 4% to RM114.6 million when compared to the RM94.2 million reported in the immediate preceding quarter mainly attributable to higher contribution from the Property Investment division.

K3 Prospects for 2014

Operating results for the first three months of 2014 were good when compared to the first three months of 2013 with increased turnover contributions from all operating divisions. Turnover from the Property Development division increased by more than 100% to RM47.8 million (2013: RM20.7 million), Property Investment division increased by 11% to RM143.4 million (2013: RM129.4 million), Hotel division increased by 8% to RM93.0 million (2013: RM86.5 million) and Investment Division increased by more than 100% to RM11.2 million (2013: RM3.1 million).

In the Property Development division, about 97% of the available 474 units of service apartments at G Residence have been sold with total sales value of about RM369 million. The Group's new service apartment development, known as Three28 Tun Razak, which was launched in October 2013, has up till to-date achieved sales of over 85% with total sales value of RM140.0 million. Over at Sierramas, the Group will soon be launching 41 units of strata bungalows called Park Manor.

In the Property Investment division, total rental income received from the Group's office buildings for the three months to 31 March 2014 was RM32.5 million compared to R30.5 million in 2013, an increase of about 7%. All five office towers in Mid Valley City are closed to 100% occupied whilst Menara Tan & Tan and Plaza Permata are 82% and 71% occupied respectively. 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 RM114.1 million (2013: RM101.4 million) and RM77.5 million (2013: 69.1 million) respectively, an increase of about 13% and 12% respectively when compared to 2013.

In the Hotel division, total turnover achieved by the Group's hotels including associates was RM120.5 million, an increase of 9% when compared to the RM110.7 million achieved for the same period in 2013. All local hotels in the Group achieved higher average room rates when compared to 2013. In addition, with the exception of MiCasa Apartments Kuala Lumpur and Cititel Express Kuala Lumpur, all other local hotels recorded higher average occupancy rates when compared to 2013.

The Board is cautiously optimistic that these better performances from all the operating divisions will carry through for the rest of the year.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 31.03.2014 RM '000	Cumulative current Year-To-Date ended 31.03.2014 RM '000
Malaysian income tax		
- Company and subsidiaries	36,481	36,481
Under provision in previous year	(9,708)	(9,708)
Transferred from deferred tax	1,843	1,843
	<u>28,616</u>	<u>28,616</u>

The effective tax rate of the Group for the current quarter and for the financial year to-date was higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

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 as at 31 March 2014 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>378</u>
Total financial assets at market value at 31 March 2014	<u>378</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 2014 were as follows:

Borrowings in RM unless otherwise stated

	RM '000
Long term borrowings:	
Secured	
Term Loan	1,395,248
Revolving credit	<u>180,000</u>
	<u>1,575,248</u>
Short term borrowings:	
Secured	
Current portion of term loan	1,736
Revolving credit	27,576
Revolving credit (£)	338,494
Revolving credit (AUD)	81,520
Unsecured	
Revolving credit	<u>125,000</u>
	<u>574,326</u>
TOTAL	<u>2,149,574</u>
Capital and reserves attributable to equity holders of the Company	<u>4,397,872</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 2014.

K13 Earnings per share

		Current Quarter ended 31.03.2014	Preceding Year Quarter ended 31.03.2013	Current Year To Date ended 31.03.2014	Preceding Year To Date ended 31.03.2013
Profit for the period	RM '000	<u>58,352</u>	<u>48,061</u>	<u>58,352</u>	<u>48,061</u>
Weighted average number of ordinary shares in issue	'000	<u>1,350,056</u>	<u>1,413,053</u>	<u>1,350,056</u>	<u>1,413,053</u>
Basic earnings per share	sen	<u>4.32</u>	<u>3.40</u>	<u>4.32</u>	<u>3.40</u>

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

K14 Profit from operations

	Current year Quarter ended 31.03.2014 RM '000	Current Year To Date 31.03.2014 RM '000
Profit from operations is stated after charging: Depreciation	<u>30,990</u>	<u>30,990</u>
Profit from operations is stated after crediting: Foreign exchange gain	2,665	2,665
Other income (excluding finance income and dividend income)	<u>4,848</u>	<u>4,848</u>

K15 Realised and unrealised retained earnings

	As at 31.03.2014 RM '000	As at 31.12.2013 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,391,849	3,375,924
- unrealised loss	(276,767)	(278,024)
	3,115,082	3,097,900
ii) Associates		
- realised profit	200,101	197,242
- unrealised profit	5,269	4,277
	205,370	201,519
iii) Group consolidation adjustments	<u>(310,616)</u>	<u>(310,616)</u>
Total Group retained earnings as per unaudited consolidated statement of financial position	<u>3,009,836</u>	<u>2,988,803</u>

K16 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 28 May 2014.