

Interim Financial Report for the three months ended 30 June 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 30.06.2014 RM' 000	Preceding Year Quarter 30.06.2013 RM' 000	Current Year- To-Date 30.06.2014 RM' 000	Preceding Year- To-Date 30.06.2013 RM' 000
Revenue	293,051	251,793	589,131	494,841
Cost of sales	(122,260)	(99,049)	(247,191)	(194,280)
Gross profit	170,791	152,744	341,940	300,561
Other operating income	4,793	6,330	13,175	11,879
Administrative expenses	(52,976)	(49,515)	(114,021)	(108,157)
Other operating expenses	(2,144)	(5,372)	(4,029)	(6,514)
Profit from operations	120,464	104,187	237,065	197,769
Finance income	7,964	12,150	19,524	21,412
Finance costs	(23,027)	(18,467)	(40,638)	(37,692)
Share of after-tax results of associates and joint venture	7,633	12,489	11,715	16,271
Profit before tax	113,034	110,359	227,666	197,760
Less tax:				
Company and subsidiaries	(18,678)	(25,290)	(47,293)	(41,299)
Profit for the period	94,356	85,069	180,373	156,461
Attributable to:				
Equity holders of the Company	66,555	61,030	124,907	109,091
Non-controlling interests	27,801	24,039	55,466	47,370
	94,356	85,069	180,373	156,461
Earnings per share (sen)				
- basic	4.95	4.33	9.30	7.75
- 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 30.06.2014 RM' 000	Preceding Year Quarter 30.06.2013 RM' 000	Current Year- To-Date 30.06.2014 RM' 000	Preceding Year- To-Date 30.06.2013 RM' 000
Profit for the period	94,356	85,069	180,373	156,461
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	1,221	(2,603)	1,585	(2,937)
Non-controlling interests	11	(96)	30	(124)
Total comprehensive income for the period, net of tax	<u>95,588</u>	<u>82,370</u>	<u>181,988</u>	<u>153,400</u>
Total comprehensive income attributable to:				
Equity holders of the Company	67,777	58,427	126,493	106,154
Non-controlling interests	<u>27,811</u>	<u>23,943</u>	<u>55,495</u>	<u>47,246</u>
	<u>95,588</u>	<u>82,370</u>	<u>181,988</u>	<u>153,400</u>

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

	30.06.2014	<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	(81,088)	(17,439)
Revaluation and other reserves	649,096	648,927
Retained earnings	3,073,961	2,988,803
	4,437,009	4,415,331
Non-controlling interests	75,184	77,322
TOTAL EQUITY	4,512,193	4,492,653
Represented by:		
Non current assets		
Property, plant and equipment	2,389,527	2,347,321
Long term prepaid lease	3,504	3,697
Investment properties	2,239,103	2,175,094
Land held for property development	236,921	238,549
Investments in associates and joint venture	397,865	390,598
Deferred tax assets	1,649	1,649
Goodwill	19,164	19,164
Cash and bank balances	470,972	95,000
	5,758,705	5,271,072
Current assets		
Property development costs	299,855	300,883
Inventories	79,791	82,710
Financial assets at fair value through profit or loss	386	394
Trade and other receivables	602,880	221,352
Amounts owing by associates	78,232	76,708
Amounts owing by related companies	14	22
Tax recoverable	1,302	3,053
Cash held in Housing Development Accounts	35,290	32,984
Cash and bank balances	764,161	942,569
	1,861,911	1,660,675
Less: Current liabilities		
Trade and other payables	498,355	471,214
Amounts owing to associates	2,697	4,107
Borrowings	762,107	163,460
Current tax payable	119,385	67,690
	1,382,544	706,471
Net current assets	479,367	954,204
Less: Non current liabilities		
Trade and other payables	57,326	65,692
Borrowings	1,395,588	1,394,909
Deferred tax liabilities	272,965	272,022
	1,725,879	1,732,623
	4,512,193	4,492,653

IGB Corporation Berhad (5745-A)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2014

(The figures have not been audited)

	Attributable to equity holders						Non-controlling	Total	
	Issued and fully paid ordinary shares of RM0.50 each		Treasury Shares ordinary shares of RM0.50 each		Share premium	Revaluation and other reserves	Retained earnings		Interests
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	RM '000	RM '000	RM '000	RM '000	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	-	-	-	-	-	169	126,323	55,496	181,988
Share buy-back	-	-	(23,463)	(63,649)	-	-	-	-	(63,649)
Increase of interest in existing subsidiaries	-	-	-	-	-	-	(7,466)	7,466	-
Dividend paid	-	-	-	-	-	-	(33,699)	(65,100)	(98,799)
Total transactions with equity holders	-	-	(23,463)	(63,649)	-	-	(41,165)	(57,634)	(162,448)
At 30 June 2014	1,364,798	682,399	(29,899)	(81,088)	112,641	649,096	3,073,961	75,184	4,512,193

IGB Corporation Berhad (5745-A)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2013

(The figures have not been audited)

	Attributable to equity holders							Non-controlling	Total
	Issued and fully paid ordinary shares of RM0.50 each		Treasury Shares ordinary shares of RM0.50 each		Non-distributable	Distributable	Interests		
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	Share premium RM '000	Revaluation and other reserves RM '000	Retained earnings RM '000	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	-	-	-	-	-	(185,830)	291,984	47,246	153,400
Share buy-back	-	-	(21,177)	(49,472)	-	-	-	-	(49,472)
Capital reduction in a subsidiary	-	-	-	-	-	-	5,098	(494,349)	(489,251)
Other transactions with subsidiaries	-	-	-	-	-	-	3,740	(18,806)	(15,066)
Dividend paid	-	-	-	-	-	-	(79,287)	-	(79,287)
At 30 June 2013	1,490,296	745,148	(93,008)	(206,487)	404,112	330,099	2,854,003	133,892	4,260,767

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

	30.06.2014	30.06.2013
	RM '000	RM '000
Operating activities		
Receipts from customers	561,666	553,119
Payments to contractors, suppliers and employees	(275,548)	(393,457)
Cash flow from operations	286,118	159,662
Interest paid	(41,424)	(36,844)
Income taxes refunded/(paid)	11,150	(48,384)
Net cash generated from operating activities	255,844	74,434
Investing activities		
Interest received	18,145	21,978
Investment in associates and joint venture	(339,529)	-
Additions to property, plant and equipment	(168,893)	(70,895)
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	121,952	(17,714)
Net cash used in investing activities	(428,481)	(591,475)
Financing activities		
Purchase of treasury shares	(66,042)	(53,221)
Receipt of bank borrowings, net of repayments	597,494	(60,500)
Dividend paid	(33,699)	(79,287)
Net cash used in financing activities	497,753	(193,008)
Foreign currencies exchange difference	(2,810)	3,435
Net decrease in cash and cash equivalents	322,306	(706,614)
Cash and cash equivalents at 1 January	948,117	2,122,631
Cash and cash equivalents at 30 June	1,270,423	1,416,017

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 June 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:

Month	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 in May 2014	3,640,700	2.71	2.75	9,974,929
Purchased in June 2014	10,000	2.72	2.72	27,399
As at 30 June 2014	29,899,600			81,087,665
Purchased in July 2014	-	-	-	-
Purchased from 1 to 27 August	-	-	-	-
As at 27 August 2014	29,899,600			81,087,665

The number of treasury shares held as at 27 August 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
6 months ended 30 June 2014						
Revenue						
Total revenue	97,319	311,913	184,179	199,639	49,097	842,147
Intersegment revenue	-	(23,983)	(3,567)	(196,656)	(28,810)	(253,016)
External revenue	<u>97,319</u>	<u>287,930</u>	<u>180,612</u>	<u>2,983</u>	<u>20,287</u>	<u>589,131</u>
Results						
Segment results (external)	38,633	176,447	37,592	1,743	(1,884)	252,531
Finance income						19,524
Unallocated expense						(15,466)
Profit from operations						256,589
Finance costs						(40,638)
Share of after-tax results of associates and joint venture	2,640	1,533	7,377	-	165	11,715
Profit from ordinary activities before tax						227,666
Tax-Company and subsidiaries						(47,293)
Profit for the period						<u>180,373</u>
Attributable to:						
Equity holders of the Company						124,907
Non-controlling interests						55,466
						<u>180,373</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
6 months ended						
30 June 2013						
Revenue						
Total revenue	45,292	287,088	177,305	71,303	18,608	599,596
Intersegment revenue	-	(21,807)	(3,567)	(67,030)	(12,351)	(104,755)
External revenue	<u>45,292</u>	<u>265,281</u>	<u>173,738</u>	<u>4,273</u>	<u>6,257</u>	<u>494,841</u>
Results						
Segment results (external)	12,558	155,078	46,076	256	(1,750)	212,218
Finance income						21,412
Unallocated expense						(14,449)
Profit from operations						219,181
Finance costs						(37,692)
Share of after-tax results of associates	3,133	(79)	12,948	-	269	16,271
Profit from ordinary activities before tax						197,760
Tax-Company and subsidiaries						(41,299)
Profit for the period						<u>156,461</u>
Attributable to:						
Equity holders of the Company						109,091
Non-controlling interests						47,370
						<u>156,461</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

On 12 August 2014, the Company announced to Bursa Malaysia that Pacific Land Sdn Bhd, a wholly-owned subsidiary of the Company, had acquired the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as Majestic Path Sdn Bhd ("MPSB") for cash consideration of RM2.00. The intended principal activity of MPSB is investment holding.

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	
	30 June 2014 RM'000	31 December 2013 RM'000
Authorised by Directors and contracted:		
Investment property	29,680	52,779
Property, plant and equipment	273,858	316,440
	303,538	369,219
Authorised by Directors but not contracted:		
Investment property	1,177,353	4,918
Property, plant and equipment	8,389	19,555
	1,185,742	24,473

K1 Review of performance

For the three months ended 30 June 2014, Group revenue increased by 16% to RM293.1 million when compared to the corresponding period in 2013 of RM251.8 million due to higher contributions from all operating divisions.

Group pre-tax profit increased by 2% to RM113.0 million when compared to pre-tax profit of RM110.4 million achieved in the corresponding period in 2013 due to better performance from most of the operating divisions.

K2 Comparison with immediate preceding quarter

Group revenue and Group pre-tax profit achieved for the three months ended 30 June 2014 was at about the same level when compared to the three months ended 31 March 2014 at RM293.1 million (1Q2014: RM296.1 million) and RM113.0 million (1Q2014: RM114.6 million) respectively.

K3 Prospects for 2014

Group turnover achieved for the first six months of 2014 increased by 19% to RM589.1 million when compared to the corresponding period in 2013 of RM494.8 million with increased contributions from all operating divisions. Turnover from the Property Development division increased by more than 100% to RM97.3 million (2013: RM45.3 million), Property Investment division increased by 8% to RM287.9 million (2013: RM265.3 million), Hotel division increased by 4% to RM180.6 million (2013: RM173.7 million) and Investment Division increased by more than 100% to RM20.3 million (2013: RM6.3 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 RM145.0 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 six months to 30 June 2014 was RM65.6 million compared to RM62.2 million in 2013, an increase of about 5%. All five office towers in Mid Valley City are closed to 100% occupied whilst Menara Tan & Tan and Plaza Permata are 85% and 79% 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 RM229.6 million (2013: RM208.4 million) and RM156.1 million (2013: RM139.7 million) respectively, an increase of about 10% and 12% respectively when compared to 2013.

In the Hotel division, total turnover achieved by the Group's hotels was RM180.6 million, an increase of 4% when compared to the RM173.7 million achieved for the same period in 2013. All 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.

As a result of the better performances by all operating divisions as detailed above, Group profit before tax achieved for the 6 months to 30 June 2014 increased by 15% to RM227.7 million compared to the corresponding period in 2013 of RM197.8 million as well as a 14% increase in profit attributable to equity holders to RM124.9 million compared to RM109.1 million in 2013.

Barring unforeseen circumstances, the Board is optimistic that operational results for 2014 will be better than the previous financial year.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 30.06.2014 RM '000	Cumulative current Year-To-Date ended 30.06.2014 RM '000
Malaysian income tax		
- Company and subsidiaries	20,410	56,891
Over provision in previous year	(7,077)	(16,785)
Transferred from deferred tax	3,155	4,997
	16,488	45,103
Overseas tax		
- Company and subsidiaries	2,190	2,190
	18,678	47,293

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 which was 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 as at 30 June 2014 were as follows:

	30.06.2014 RM '000
Total financial assets at cost	1,114
Total financial assets at fair value (after provision for diminution in value)	386
Total financial assets at market value at 30 June 2014	386

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 30 June 2014 were as follows:

<i>Borrowings in RM unless otherwise stated</i>	30.06.2014 RM '000
Long term borrowings:	
Secured	
Term Loan	<u>1,395,588</u>
Short term borrowings:	
Secured	
Current portion of term loan	15,047
Revolving credit	207,682
Revolving credit (£)	338,494
Revolving credit (AUD)	81,876
Unsecured	
Revolving credit	<u>119,008</u>
	<u>762,107</u>
TOTAL	<u><u>2,157,695</u></u>
Capital and reserves attributable to equity holders of the Company	<u><u>4,437,009</u></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 30.06.2014	Preceding Year Quarter ended 30.06.2013	Current Year-To- Date ended 30.06.2014	Preceding Year-To- Date ended 30.06.2013
Profit for the period	RM '000	<u>66,555</u>	61,030	<u>124,907</u>	<u>109,091</u>
Weighted average number of ordinary shares in issue	'000	<u>1,343,722</u>	1,407,931	<u>1,343,722</u>	<u>1,407,931</u>
Basic earnings per share	sen	<u>4.95</u>	4.33	<u>9.30</u>	<u>7.75</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 30.06.2014 RM '000	Cumulative Current Year-To-Date ended 30.06.2014 RM '000
Profit from operations is stated after charging:		
Depreciation	33,135	64,125
Foreign exchange loss	<u>700</u>	<u>1,068</u>
Profit from operations is stated after crediting:		
Foreign exchange gain	92	3,125
Other income (excluding finance income and dividend income)	<u>4,701</u>	<u>9,549</u>

K15 Realized and unrealized retained earnings

	As at 30.06.2014 RM '000	As at 31.12.2013 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,450,418	3,375,924
- unrealised loss	(276,337)	(278,024)
	3,174,081	3,097,900
ii) Associates		
- realised profit	202,632	197,242
- unrealised profit	7,634	4,277
	210,266	201,519
iii) Group consolidation adjustments	(310,386)	(310,616)
Total Group retained earnings as per unaudited consolidated statement of financial position	3,073,961	2,988,803

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 27 August 2014.