

Interim Financial Report for the three months ended 31 March 2015

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Note:

M1 to M12 are explanatory notes in accordance with MFRS134.

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

Condensed Consolidated Income Statements

(The figures have not been audited)

	Current Year Quarter 31.03.2015 RM' 000	Preceding Year Quarter 31.03.2014 RM' 000	Current Year- To-Date 31.03.2015 RM' 000	Preceding Year- To-Date 31.03.2014 RM' 000
Revenue	334,275	294,068	334,275	294,068
Cost of sales	(150,865)	(124,036)	(150,865)	(124,036)
Gross profit	183,410	170,032	183,410	170,032
Other operating income	11,169	8,382	11,169	8,382
Administrative expenses	(58,444)	(58,891)	(58,444)	(58,891)
Other operating expenses	(6,582)	(1,885)	(6,582)	(1,885)
Profit from operations	129,553	117,638	129,553	117,638
Finance income	6,908	11,561	6,908	11,561
Finance costs	(19,445)	(17,611)	(19,445)	(17,611)
Share of after-tax results of associates and joint venture	12,386	3,965	12,386	3,965
Profit before tax	129,402	115,553	129,402	115,553
Less tax:				
Company and subsidiaries	(28,927)	(28,696)	(28,927)	(28,696)
Profit for the period	100,475	86,857	100,475	86,857
Attributable to:				
Equity holders of the Company	65,145	59,209	65,145	59,209
Non-controlling interests	35,330	27,648	35,330	27,648
	100,475	86,857	100,475	86,857
Earnings per share (sen)				
- basic	4.77	4.39	4.77	4.39
- 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 31.03.2015 RM' 000	Preceding Year Quarter 31.03.2014 RM' 000	Current Year- To-Date 31.03.2015 RM' 000	Preceding Year- To-Date 31.03.2014 RM' 000
Profit for the period	100,475	86,857	100,475	86,857
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	8,513	364	8,513	364
Non-controlling interests	138	19	138	19
Total comprehensive income for the period, net of tax	<u>109,126</u>	<u>87,240</u>	<u>109,126</u>	<u>87,240</u>
Total comprehensive income attributable to:				
Equity holders of the Company	73,658	59,573	73,658	59,573
Non-controlling interests	<u>35,468</u>	<u>27,667</u>	<u>35,468</u>	<u>27,667</u>
	<u>109,126</u>	<u>87,240</u>	<u>109,126</u>	<u>87,240</u>

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

	31.03.2015	<i>Audited</i> 31.12.2014
	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)	(81,088)
Revaluation and other reserves	88,949	80,436
Retained earnings	3,438,791	3,511,016
	4,241,692	4,305,404
Non-controlling interests	124,540	85,191
TOTAL EQUITY	4,366,232	4,390,595
Represented by:		
Non current assets		
Property, plant and equipment	2,152,745	2,184,009
Long term prepaid lease	3,779	3,645
Investment properties	2,340,080	2,321,956
Inventories	260,431	267,294
Investments in associates and joint ventures	832,137	813,168
Deferred tax assets	103	103
Goodwill	19,164	19,164
	5,608,439	5,609,339
Current assets		
Inventories	439,502	392,372
Financial assets at fair value through profit or loss	11,117	11,932
Receivables and contract assets	244,880	222,321
Amounts owing by associates and joint ventures	56,705	54,053
Tax recoverable	2,304	2,954
Cash held in Housing Development Accounts	102,000	40,500
Cash and bank balances	909,765	1,061,588
	1,766,273	1,785,720
Less: Current liabilities		
Payables and contract liabilities	400,453	493,559
Amounts owing to associates	2,697	2,697
Borrowings	664,338	575,288
Current tax payable	117,110	113,080
	1,184,598	1,184,624
Net current assets	581,675	601,096
Less: Non current liabilities		
Payables and contract liabilities	63,025	59,788
Borrowings	1,571,606	1,571,267
Deferred tax liabilities	189,251	188,785
	1,823,882	1,819,840
	4,366,232	4,390,595

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

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 March 2015

(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 2015	1,364,798	682,399	(29,899)	(81,088)	112,641	80,436	3,511,016	85,191	4,390,595
Total comprehensive income for the period	-	-	-	-	-	8,513	65,145	35,468	109,126
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(3,880)	3,881	1
Dividend paid	-	-	-	-	-	-	(133,490)	-	(133,490)
Total transactions with equity holders	-	-	-	-	-	-	(137,370)	3,881	(133,489)
At 31 March 2015	1,364,798	682,399	(29,899)	(81,088)	112,641	88,949	3,438,791	124,540	4,366,232

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

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 March 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		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 2014	1,364,798	682,399	(6,436)	(17,439)	112,641	77,732	3,313,537	78,106	4,246,976
Total comprehensive income for the period	-	-	-	-	-	364	59,209	27,667	87,240
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	78,096	3,335,364	109,456	4,261,724

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

	31.03.2015 RM '000	31.03.2014 RM '000
Operating activities		
Receipts from customers	266,290	268,068
Payments to contractors, suppliers and employees	(155,623)	(150,770)
Cash flow from operations	110,667	117,298
Interest paid	(32,601)	(27,461)
Income taxes (paid)/refunded	(23,782)	30,644
Net cash generated from operating activities	54,284	120,481
Investing activities		
Investment in associates	-	(28)
Interest received	10,640	7,545
Additions to property, plant and equipment, investment properties and land held for property development	(55,301)	(60,519)
Deposits pledged with licensed banks	(3,037)	(348,536)
Net repayments/(advances) from/(to) associates and joint ventures	(1,609)	(339,347)
Net cash used in investing activities	(49,307)	(740,885)
Financing activities		
Purchase of treasury shares	-	(37,663)
Receipt of bank borrowings, net of repayments	101,730	603,494
Dividends paid to non-controlling interests of a subsidiary	(65,223)	(60,156)
Dividend paid	(133,490)	(33,699)
Net cash used in financing activities	(96,983)	471,976
Foreign currencies exchange difference	(1,354)	(985)
Net decrease in cash and cash equivalents	(92,006)	(148,428)
Cash and cash equivalents at 1 January	593,572	948,117
Cash and cash equivalents at 31 March	500,212	798,704
Add: Restricted cash		
Deposits pledged with licensed banks for credit facilities	511,553	470,972
As per statement of financial position	1,011,765	1,269,676

**Explanatory notes to the Interim Financial Statements
for the three months ended 31 March 2015**

M1 Basis of preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian 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 2014.

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 financial year ended 31 December 2014.

M2 Qualification

The Audit Report of the Group’s annual financial statements for the financial year ended 31 December 2014 was not subject to any audit qualification.

M3 Seasonality or cyclicity

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 as disclosed elsewhere in these Notes.

M5 Material changes in estimates

Not applicable.

M6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period.

The number of treasury shares held as at 31 March 2015 and up to the date of this report remained at 29,889,600 (31.12.2014: 29,889,600) ordinary shares of RM0.50 each.

M7 Dividends paid

An Interim single-tier dividend of 20% for the financial year ended 31 December 2014 was paid on 27 March 2015.

M8 Segment Reporting

Business segments	Property development RM '000	Property investment -commercial RM '000	Property investment - retail RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
31 March 2015							
Revenue							
Total revenue	89,418	34,911	133,714	79,170	120,535	26,585	484,333
Intersegment revenue	-	(2,979)	(11,286)	(1,700)	(120,535)	(13,558)	(150,058)
External revenue	<u>89,418</u>	<u>31,932</u>	<u>122,428</u>	<u>77,470</u>	<u>-</u>	<u>13,027</u>	<u>334,275</u>
Results							
Segment results (external)	25,969	18,355	82,021	15,242	775	(6,087)	136,275
Finance income							6,908
Unallocated expense							(6,722)
Profit from operations							136,461
Finance costs							(19,445)
Share of after-tax results of associates and joint venture	2,013	16,572	-	(6,206)	-	7	12,386
Profit from ordinary activities before tax							129,402
Tax-Company and subsidiaries							(28,927)
Profit for the period							<u>100,475</u>
Attributable to:							
Equity holders of the Company							65,145
Non-controlling interests							<u>35,330</u>
							<u>100,475</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 - commercial RM '000	Property investment - retail RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
31 March 2014							
Revenue							
Total revenue	45,760	34,420	120,692	94,129	67,757	25,324	388,082
Intersegment revenue	-	(2,953)	(8,719)	(1,148)	(67,092)	(14,102)	(94,014)
External revenue	<u>45,760</u>	<u>31,467</u>	<u>111,973</u>	<u>92,981</u>	<u>665</u>	<u>11,222</u>	<u>294,068</u>
Results							
Segment results (external)	19,022	20,252	67,122	17,343	887	841	125,467
Finance income							11,561
Unallocated expense							(7,829)
Profit from operations							129,199
Finance costs							(17,611)
Share of after-tax results of associates	<u>2,328</u>	<u>1,452</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>165</u>	<u>3,965</u>
Profit from ordinary activities before tax							115,553
Tax-Company and subsidiaries							(28,696)
Profit for the period							<u>86,857</u>
Attributable to:							
Equity holders of the Company							59,209
Non-controlling interests							<u>27,648</u>
							<u>86,857</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 deemed as cost on adoption of MFRS 1.

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 22 April 2015, the Company announced to Bursa Malaysia that it 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 IGB Development Management Services Sdn Bhd ("IGBDMS") for cash consideration of RM2.00. The intended principal activity of IGBDMS is to provide development management services.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2014.

M13 Capital commitment

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

	Group	
	31 March 2015 RM'000	31 December 2014 RM'000
Authorised by Directors and contracted:		
Investment property	1,211,080	1,249,532
Property, plant and equipment	101,399	123,234
	<u>1,312,479</u>	<u>1,372,766</u>
Authorised by Directors but not contracted:		
Investment property	-	-
Property, plant and equipment	11,666	48,905
	<u>11,666</u>	<u>48,905</u>

K1 Review of performance

For the three months ended 31 March 2015, Group revenue increased by 14% to RM334.3 million when compared to the corresponding period in 2014 of RM294.1 million due to higher contributions from the property development and property investment divisions.

Accordingly, Group pre-tax profit increased by 12% to RM129.4 million when compared to pre-tax profit of RM115.6 million achieved in the corresponding period in 2014.

K2 Comparison with immediate preceding quarter

Group revenue achieved for the three months ended 31 March 2015 increased by 11% to RM334.3 million when compared to the three months ended 31 December 2014 of RM301.7 million due to higher contribution from the property development division as the percentage of completion certified for the Group's property development projects were higher during the current quarter when compared to the previous quarter as well as higher rentals from the property investment division.

Accordingly, Group pre-tax profit increased by 20% to RM129.4 million when compared to pre-tax profit of RM107.4 million achieved for the three months ended 31 December 2014.

K3 Prospects for 2015

Group revenue achieved for the three months to 31 March 2015 was satisfactory. Property Development division revenue increased by 95% to RM89.4 million (1Q2014: RM45.8 million), Property Investment, commercial division increased by 1% to RM31.9 million (1Q2014: RM31.5 million), Property Investment, retail division increased by 9% to RM122.4 million (1Q2014: RM112.0 million), Hotel division decreased by 17% to RM77.5 million (1Q2014: RM93.0 million) and Investment Division increased by 16% to RM13.0 million (1Q2014: RM11.2 million).

In the Property Development division, the Group's condominium development known as G Residence at Desa Pandan, Kuala Lumpur was completed and progressively handed over to buyers beginning from end-March 2015. The Group's service apartment development, known as Three28 Tun Razak, which was launched in October 2013, has up till to-date achieved sales of over 93% with total sales value of RM157 million. During the last quarter of 2014, the Group had a soft launching for the 41 units of strata bungalows called Park Manor at Sierramas with total Gross Development Value of about RM173 million as well as another new development called Damai Residence located off Jalan Ampang, Kuala Lumpur in the vicinity of Ampwalk. Damai Residence comprises of 30 units of highly exclusive condominium plus 1 penthouse in a 20-storey building with total Gross Development Value of about RM50 million.

In the Property Investment division, all five office towers in Mid Valley City are close to 100% occupied whilst Menara Tan & Tan and Plaza Permata are 89% and 95% occupied respectively. The Group's retail division, represented by IGB REIT, the owner of Mid Valley Megamall and The Gardens Mall reported total gross revenue and net property income of RM125.4 million (1Q2014: RM114.1 million) and RM90.0 million (1Q2014: RM77.5 million) respectively, an increase of about 10% and 16% respectively.

K3 Prospects for 2015 (continued)

However, results achieved by the Hotel division during the first quarter of 2015 was below expectations. All local hotels in the Group recorded lower average occupancy rates as well as lower average room rates when compared to 2014. In addition, as disclosed earlier, Pangkor Island Beach Resort which has contributed RM6.7 million in the first three months of 2014 was closed in July 2014 for redevelopment. This has resulted in a 17% drop in revenue contribution to RM77.5 million when compared to 2014.

In February 2015, the Group had a soft opening for its newest addition to the Cititel Express brand, the 210-rooms Cititel Express Ipoh. In addition, the 234-rooms Cititel Express Penang and 415-rooms St Giles Wembley Penang also opened its doors for business in April 2015. With the addition of these 859 rooms to the Group's room inventory, the Group expects contribution from the Hotel division to improve towards the later part of the year.

As a result of the higher contributions from the Property Development and Property Investment divisions which was tempered by lower contribution from the Hotel division, Group profit before tax achieved for the first three months of 2015 increased by 12% to RM129.4 million when compared to the RM115.6 million achieved for the first three months of 2014.

The Board expects 2015 to be a challenging year. However, barring unforeseen circumstances, the Board is cautiously optimistic that the performance for the Group for FY2015 will be satisfactory.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 31.03.2015 RM '000	Cumulative current Year-To-Date ended 31.03.2015 RM '000
Malaysian income tax		
- Company and subsidiaries	27,358	27,358
Underprovision in previous year	(986)	(986)
Transferred from deferred tax	1,442	1,442
	27,814	27,814
Overseas tax		
- Company and subsidiaries	1,113	1,113
	28,927	28,927

The effective tax rate of the Group for the current quarter approximates the statutory tax rate.

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 2015 were as follows:

	31.03.2015 RM '000
Total financial assets at cost	<u>12,703</u>
Total financial assets at fair value (after provision for diminution in value)	<u>11,117</u>
Total financial assets at market value at 31 March 2015	<u>11,117</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 2015 were as follows:

<i>Borrowings in RM unless otherwise stated</i>	31.03.2015 RM '000
Long term borrowings:	
Secured	
Term Loan	<u>1,571,606</u>
Short term borrowings:	
Secured	
Revolving credit	85,651
Revolving credit (£)	343,637
Revolving credit (AUD)	76,547
Unsecured	
Revolving credit	<u>158,503</u>
	<u>664,338</u>
TOTAL	<u>2,235,944</u>
Capital and reserves attributable to equity holders of the Company	<u>4,241,692</u>

K10 Financial instruments

The Group does not have any financial instruments with off-balance sheet risk. With the adoption of MFRS 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 2015.

K13 Earnings per share

		Current Quarter ended 31.03.2015	Preceding Year Quarter ended 31.03.2014	Current Year-To- Date ended 31.03.2015	Preceding Year-To- Date ended 31.03.2014
Profit for the period	RM '000	<u>65,145</u>	<u>59,209</u>	<u>65,145</u>	<u>59,209</u>
Weighted average number of ordinary shares in issue	'000	<u>1,364,798</u>	<u>1,350,056</u>	<u>1,364,798</u>	<u>1,350,056</u>
Basic earnings per share	sen	<u>4.77</u>	<u>4.39</u>	<u>4.77</u>	<u>4.39</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 31.03.2015 RM '000	Cumulative Current Year-To-Date ended 31.03.2015 RM '000
Profit from operations is stated after charging:		
Depreciation	30,386	30,386
Unrealised foreign exchange loss	4,002	4,002
Provision for write-off of hotel properties	<u>-</u>	<u>-</u>
Profit from operations is stated after crediting:		
Foreign exchange gain	2,570	2,570
Other income (excluding finance income and dividend income)	5,913	5,913
Reversal of impairment provision on receivables	<u>2,686</u>	<u>2,686</u>

K15 Realized and unrealized retained earnings

	As at 31.03.2015 RM '000	<i>Audited</i> As at 31.12.2014 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,725,939	3,692,887
- unrealised loss	(184,222)	(177,719)
	3,541,717	3,515,168
ii) Associates		
- realised profit	238,218	303,862
- unrealised profit	(9,000)	(4,118)
	229,218	299,744
iii) Group consolidation adjustments	(332,144)	(303,896)
Total Group retained earnings as per unaudited consolidated statement of financial position	3,438,791	3,511,016

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 22 May 2015.