

Interim Financial Report for the three months ended 31 March 2016

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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 31.03.2016 RM' 000	Preceding Year Quarter 31.03.2015 RM' 000	Current Year- To-Date 31.03.2016 RM' 000	Preceding Year- To-Date 31.03.2015 RM' 000
Revenue	280,207	334,275	280,207	334,275
Cost of sales	(129,893)	(150,865)	(129,893)	(150,865)
Gross profit	150,314	183,410	150,314	183,410
Other operating income	4,853	11,169	4,853	11,169
Administrative expenses	(53,116)	(58,444)	(53,116)	(58,444)
Other operating expenses	(8,660)	(6,582)	(8,660)	(6,582)
Profit from operations	93,391	129,553	93,391	129,553
Finance income	8,930	6,908	8,930	6,908
Finance costs	(22,071)	(19,445)	(22,071)	(19,445)
Share of after-tax results of associates and joint venture	19,309	12,386	19,309	12,386
Profit before tax	99,559	129,402	99,559	129,402
Less tax:				
Company and subsidiaries	(18,325)	(28,927)	(18,325)	(28,927)
Profit for the period	81,234	100,475	81,234	100,475
Attributable to:				
Equity holders of the Company	51,807	65,145	51,807	65,145
Non-controlling interests	29,427	35,330	29,427	35,330
	81,234	100,475	81,234	100,475
Earnings per share (sen)				
- basic	3.88	4.77	3.88	4.77
- diluted ^{note 1}	na	na	na	na
Dividends per ordinary share (sen)	-	-	-	-

Note 1:

Anti-dilutive as the option price of the unissued ordinary shares pursuant to the Employees Share Option Scheme is higher than the fair value quoted market price on 31 March 2016.

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

	Current Year Quarter 31.03.2016 RM' 000	Preceding Year Quarter 31.03.2015 RM' 000	Current Year- To-Date 31.03.2016 RM' 000	Preceding Year- To-Date 31.03.2015 RM' 000
Profit for the period	81,234	100,475	81,234	100,475
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(63,223)	8,513	(63,223)	8,513
Non-controlling interests	(615)	138	(615)	138
Total comprehensive income for the period, net of tax	<u>17,396</u>	<u>109,126</u>	<u>17,396</u>	<u>109,126</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(11,416)	73,658	(11,416)	73,658
Non-controlling interests	28,812	35,468	28,812	35,468
	<u>17,396</u>	<u>109,126</u>	<u>17,396</u>	<u>109,126</u>

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

	31.03.2016	<i>Audited</i> 31.12.2015
	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	96,452	159,675
Retained earnings	3,492,747	3,511,513
	4,303,151	4,385,140
Non-controlling interests	98,191	65,551
TOTAL EQUITY	4,401,342	4,450,691
Represented by:		
Non current assets		
Property, plant and equipment	2,145,605	2,178,748
Long term prepaid lease	3,665	4,065
Investment properties	2,474,651	2,452,033
Inventories	271,244	270,876
Investments in associates and joint ventures	869,709	948,488
Deferred tax assets	3,606	1,548
Goodwill	19,164	19,164
	5,787,644	5,874,922
Current assets		
Inventories	489,165	485,665
Financial assets at fair value through profit or loss	9,034	9,889
Receivables and contract assets	251,051	198,055
Amounts owing by associates and joint ventures	60,965	46,786
Tax recoverable	13,368	4,030
Cash held in Housing Development Accounts	32,139	23,931
Cash and bank balances	897,480	1,065,654
	1,753,202	1,834,010
Assets classified as held-for-sale	-	35,190
	1,753,202	1,869,200
Less: Current liabilities		
Payables and contract liabilities	396,860	479,120
Amounts owing to associates	1,717	1,717
Borrowings	857,343	920,169
Current tax payable	104,892	98,592
	1,360,812	1,499,598
Net current assets	392,390	369,602
Less: Non current liabilities		
Payables and contract liabilities	69,694	80,077
Borrowings	1,526,606	1,531,364
Deferred tax liabilities	182,392	182,392
	1,778,692	1,793,833
	4,401,342	4,450,691

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

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2016

(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 2016	1,364,798	682,399	(29,899)	(81,088)	112,641	159,675	3,511,513	65,551	4,450,691
Total comprehensive income for the period	-	-	-	-	-	(63,223)	51,807	28,812	17,396
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(3,828)	3,828	-
Dividend paid	-	-	-	-	-	-	(66,745)	-	(66,745)
Total transactions with equity holders	-	-	-	-	-	-	(70,573)	3,828	(66,745)
At 31 March 2016	1,364,798	682,399	(29,899)	(81,088)	112,641	96,452	3,492,747	98,191	4,401,342

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

Condensed Consolidated Statement of Changes in Equity for the three months 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

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

	31.03.2016 RM '000	31.03.2015 RM '000
Operating activities		
Receipts from customers	224,145	266,290
Payments to contractors, suppliers and employees	(142,919)	(155,623)
Cash flow from operations	81,226	110,667
Interest paid	(26,441)	(32,601)
Income taxes (paid)/refunded	(23,423)	(23,782)
Net cash generated from operating activities	31,362	54,284
Investing activities		
Investment in associates	(1,168)	-
Interest received	8,930	10,640
Additions to property, plant and equipment, investment properties and land held for property development	(48,276)	(55,301)
Deposits released by/(pledged with) licensed banks	91,297	(3,037)
Net repayments/(advances) from/(to) associates and joint ventures	(13,145)	(1,609)
Net cash used in investing activities	37,638	(49,307)
Financing activities		
(Repayments)/Receipt of bank borrowings	(12,805)	101,730
Dividends paid to non-controlling interests of a subsidiary	(62,048)	(65,223)
Dividend paid	(66,745)	(133,490)
Net cash used in financing activities	(141,598)	(96,983)
Foreign currencies exchange difference	3,928	(1,354)
Net decrease in cash and cash equivalents	(72,598)	(92,006)
Cash and cash equivalents at 1 January	526,306	593,572
Cash and cash equivalents at 31 March	457,636	500,212
Add: Restricted cash		
Deposits pledged with licensed banks for credit facilities	471,983	511,553
As per statement of financial position	929,619	1,011,765

**Explanatory notes to the Interim Financial Statements
for the three months ended 31 March 2016**

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 2015.

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 2015 except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”) that are applicable for the current financial year:

(Effective for annual periods beginning on or after 1 January 2016)

•	Amendment to MFRS 11	Joint Arrangements
•	Amendments to MFRS 116/MFRS138	Property, Plant and Equipment and Intangible Assets
•	Amendments to MFRS 10/MFRS128	Consolidated Financial Statement and Investments in Associates and Joint Ventures

The adoption of the above Amendments to MFRS 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 2015 was not subject to any audit qualification.

M3 Seasonality or cyclicality

The Group’s operations were not materially affected by seasonal or cyclical factors other than as disclosed elsewhere in this Report.

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 2016 and up to the date of this report remained at 29,889,600 (31.12.2015: 29,889,600) ordinary shares of RM0.50 each.

M7 Dividends paid

An Interim single-tier dividend of 10% for the financial year ended 31 December 2015 was paid on 18 March 2016.

IGB Corporation Berhad (5745-A)
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M8 Segment Reporting

Business segments	Property investment - retail RM '000	Property investment -commercial RM '000	Hotel RM '000	Property development RM '000	Construction RM '000	Others RM '000	Group RM '000
31 March 2016							
Revenue							
Total revenue	140,704	33,764	96,038	14,893	43,752	28,593	357,744
Intersegment revenue	<u>(15,412)</u>	<u>(2,982)</u>	<u>(2,326)</u>	<u>-</u>	<u>(43,752)</u>	<u>(13,065)</u>	<u>(77,537)</u>
External revenue	<u>125,292</u>	<u>30,782</u>	<u>93,712</u>	<u>14,893</u>	<u>-</u>	<u>15,528</u>	<u>280,207</u>
Results							
Segment results (external)	82,716	15,368	6,695	564	(746)	(1,990)	102,607
Unallocated expense							<u>(9,215)</u>
Profit from operations							93,392
Finance income							8,930
Finance costs							<u>(22,071)</u>
Share of after-tax results of associates and joint venture	<u>-</u>	<u>(173)</u>	<u>14,237</u>	<u>5,204</u>	<u>-</u>	<u>40</u>	<u>19,308</u>
Profit before tax							<u>99,559</u>
Tax expense							<u>(18,325)</u>
Profit for the period							<u><u>81,234</u></u>
Attributable to:							
Equity holders of the Company							51,807
Non-controlling interests							<u>29,427</u>
							<u><u>81,234</u></u>

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

IGB Corporation Berhad (5745-A)
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Business segments	Property investment - retail RM '000	Property investment -commercial RM '000	Hotel RM '000	Property Development RM '000	Construction RM '000	Others RM '000	Group RM '000
31 March 2015							
Revenue							
Total revenue	133,714	34,911	79,170	89,418	120,535	26,585	484,333
Intersegment revenue	<u>(11,286)</u>	<u>(2,979)</u>	<u>(1,700)</u>	<u>-</u>	<u>(120,535)</u>	<u>(13,558)</u>	<u>(150,058)</u>
External revenue	<u>122,428</u>	<u>31,932</u>	<u>77,470</u>	<u>89,418</u>	<u>-</u>	<u>13,027</u>	<u>334,275</u>
Results							
Segment results (external)	82,021	18,355	15,242	25,969	775	(6,087)	136,275
Finance income							6,908
Unallocated expense							<u>(6,722)</u>
Profit from operations							136,461
Finance costs							(19,445)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>16,572</u>	<u>(6,206)</u>	<u>2,013</u>	<u>-</u>	<u>7</u>	<u>12,386</u>
Profit from ordinary activities before tax							129,402
Tax-Company and subsidiaries							<u>(28,927)</u>
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.

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 19 May 2016, the Company announced to Bursa Malaysia that its wholly-owned dormant subsidiary, Pekeliling Property Sdn Bhd ("PPSB") had held its Final General Meeting on 19 May 2016 in respect of the members' voluntary winding-up of PPSB and that pursuant to Section 272(5) of the Companies Act 1965 PPSB will be dissolved with effect from 19 August 2016.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2015.

M13 Capital commitment

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

	Group	
	31 March 2016 RM'000	31 December 2015 RM'000
Authorised by Directors and contracted:		
Investment property	1,040,742	1,076,012
Property, plant and equipment	-	-
	<u>1,040,742</u>	<u>1,076,012</u>
Authorised by Directors but not contracted:		
Investment property	2,815	3,422
Property, plant and equipment	56,270	65,633
	<u>59,085</u>	<u>69,055</u>

K1 Review of performance

For the three months ended 31 March 2016, Group revenue decreased by 16% to RM280.2 million when compared to the corresponding period in 2015 of RM334.3 million due to lower contributions from the Property Development division.

Group pre-tax profit decreased by 23% to RM99.6 million when compared to pre-tax profit of RM129.4 million achieved in the corresponding period in 2015 due to lower contributions from the Property Development and Property Investment divisions. In addition, the Group pre-tax profit for 2015 had included a one-off gain of RM17.2 million from the disposal of property, plant and equipment by an associate.

K2 Comparison with immediate preceding quarter

Group revenue achieved for the three months ended 31 March 2016 decreased by less than 2% to RM280.2 million when compared to the three months ended 31 December 2015 of RM284.6 million due to lower contributions from the Property Investment-commercial and Hotel divisions.

Group pre-tax profit increased by 14% to RM99.6 million when compared to pre-tax profit of RM87.6 million achieved for the three months ended 31 December 2015 mainly attributable to better results from the Property Development and Investment divisions as well as higher finance income received in the current quarter of RM8.9 million (1Q2015: RM5.8 million).

K3 Prospects for 2016

Group revenue achieved for the three months to 31 March 2016 was within expectations.

Whilst contributions from the Property Development division decreased by 83% to RM14.9 million (1Q2015: RM89.4 million) and Property Investment, commercial division decreased by 3% to RM30.8 million (1Q2015: RM31.9 million), contributions from the other operating divisions have improved ie. Property Investment, retail division increased by 2% to RM125.3 million (1Q2015: RM122.4 million), Hotel division increased by 21% to RM93.7 million (1Q2015: RM77.5 million) and Investment Division increased by 19% to RM15.5 million (1Q2015: RM13.0 million).

Revenue from the Property Development division during the current quarter has decreased significantly when compared to the same period last year, as the Group has yet to launch any new development projects in view of the current weak sentiment in the property sector. The Group currently has two projects in hand ie. the 166-units condominium, known as 328 Tun Razak at Jalan Tun Razak, Kuala Lumpur which is scheduled to be completed next month and the 31-units condominium known as Damai Residence in the vicinity of The Ampwalk, Kuala Lumpur which is currently about 30% completed.

In the Property Investment division, occupancy rates at four of the office towers in Mid Valley City are above 90% whilst the 5th building, Centrepoint North, is currently about 50% occupied as the previous single occupant of the building left in 2015. Elsewhere, occupancies at Menara Tan & Tan and Plaza Permata are also above 90%.

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 RM131.2 million (1Q2015: RM125.4 million) and RM93.6 million (1Q2015: RM90.0 million) respectively, an increase of about 5% and 4% respectively.

K3 Prospects for 2016 (continued)

Despite the depressed market experienced during the first quarter of 2016, revenue achieved by the Hotel division was higher with a 21% increase in turnover arising from the opening of four new hotels in 2015. The four new hotels opened last year were the 210-rooms Cititel Express Ipoh, the 234-rooms Cititel Express Penang, the 415-rooms Wembley Penang and the 280-rooms Tank Stream, Sydney.

Revenue from the Investment division which had improved by 19% when compared to the corresponding period last year was mainly from Mid Valley City Energy Sdn Bhd, the distributor of electricity in Mid Valley City and from IGB International School, which is located in Sungai Buloh.

When compared to the first three months of 2015, Group pre-tax profit achieved for the current first three months had decreased by 23%. However, with the improved performances from the Property Investment and Hotel divisions, the Board is cautiously optimistic that the performance for the Group for FY2016 will be satisfactory.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 31.03.2016 RM '000	Cumulative current Year-To-Date ended 31.03.2016 RM '000
Malaysian income tax		
- Company and subsidiaries	19,909	19,909
Overprovision in previous year	(2,016)	(2,016)
Transferred to deferred tax	(5)	(5)
	17,888	17,888
Overseas tax		
- Company and subsidiaries	437	437
	18,325	18,325

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate as certain income were not subjected to income 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 31 March 2016 were as follows:

	31.03.2016 RM '000
Total financial assets at cost	<u>12,703</u>
Total financial assets at fair value (after provision for diminution in value)	<u>9,034</u>
Total financial assets at market value at 31 March 2016	<u>9,034</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 2016 were as follows:

<i>Borrowings in RM unless otherwise stated</i>	31.03.2016 RM '000
Long term borrowings:	
Secured	
Term Loan	<u>1,526,606</u>
Short term borrowings:	
Secured	
Revolving credit	259,162
Current portin of term loan	21,759
Revolving credit (£)	350,813
Revolving credit (AUD)	74,840
Unsecured	
Revolving credit	<u>150,769</u>
	<u>857,343</u>
TOTAL	<u>2,383,949</u>
Capital and reserves attributable to equity holders of the Company	<u>4,303,151</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 2016.

K13 Earnings per share

		Current Quarter ended 31.03.2016	Preceding Year Quarter ended 31.03.2015	Current Year-To- Date ended 31.03.2016	Preceding Year-To- Date ended 31.03.2015
Profit for the period	RM '000	<u>51,807</u>	<u>65,145</u>	<u>51,807</u>	<u>65,145</u>
Weighted average number of ordinary shares in issue	'000	<u>1,334,898</u>	<u>1,364,798</u>	<u>1,334,898</u>	<u>1,364,798</u>
Basic earnings per share	sen	<u>3.88</u>	<u>4.77</u>	<u>3.88</u>	<u>4.77</u>

Note: As at 31 March 2016, the exercise price of RM2.88 per new ordinary share pursuant to the Executives Share Option Scheme ("ESOS") is above the fair value quoted market price, hence the ESOS shares are anti-dilutive.

K14 Profit from operations

	Current Year Quarter ended 31.03.2016 RM '000	Cumulative Current Year-To-Date ended 31.03.2016 RM '000
Profit from operations is stated after charging:		
Depreciation	39,173	39,173
Unrealised foreign exchange loss	7,125	7,125
	<u>46,298</u>	<u>46,298</u>
Profit from operations is stated after crediting:		
Foreign exchange gain	9	9
Other income (excluding finance income and dividend income)	4,844	4,844
	<u>51,151</u>	<u>51,151</u>

K15 Realised and unrealised retained earnings

	As at 31.03.2016 RM '000	<i>Audited</i> As at 31.12.2015 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,741,265	3,755,922
- unrealised loss	(185,177)	(160,763)
	3,556,088	3,595,159
ii) Associates		
- realised profit	269,478	249,115
- unrealised profit	(2,632)	301
	266,846	249,416
iii) Group consolidation adjustments	(330,187)	(333,062)
Total Group retained earnings as per unaudited consolidated statement of financial position	3,492,747	3,511,513

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 24 May 2016.