

Interim Financial Report for the three months ended 30 June 2017

Contents	Page
Condensed Consolidated Income Statements	1
Condensed Consolidated Statements of Comprehensive Income	2
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Changes in Equity	4-5
Condensed Consolidated Cash Flow Statements	6
Explanatory Notes to the Interim Financial Report:	
M1 – Basis of preparation	7
M2 - Qualification	7
M3 – Seasonality or cyclicalities	7
M4 – Significant unusual items	7
M5 – Material changes in estimates	7
M6 – Debt and equity securities	7
M7 – Dividends paid	7
M8 – Segment reporting	8-9
M9 – Valuations	10
M10 – Material events subsequent to the end of the interim period	10
M11 – Changes in the composition of the Group	10
M12 – Contingent liabilities and contingent assets	10
M13 – Capital commitment	10
K1 – Review of performance	11
K2 – Comparison with immediate preceding quarter	11
K3 – Prospects for 2017	12
K4 – Profit forecast/profit guarantee	12
K5 – Tax	13
K6 – Unquoted investments	13
K7 – Financial assets at fair value	13
K8 – Corporate proposals	13
K9 – Group borrowings and debt securities	15
K10 – Financial instruments	16
K11 – Material litigation	16
K12 – Proposed dividend	16
K13 – Earnings per share	16
K14 – Profit from operations	17
K15 – Realized and unrealized retained earnings	17
K16 – Authorization for issue	17

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 30.06.2017 RM' 000	Preceding Year Quarter 30.06.2016 RM' 000	Current Year- To-Date 30.06.2017 RM' 000	Preceding Year- To-Date 30.06.2016 RM' 000
Revenue	246,587	262,522	501,365	542,729
Cost of sales	(102,073)	(124,531)	(205,790)	(254,423)
Gross profit	144,514	137,991	295,575	288,306
Other operating income	9,534	14,031	54,419	18,884
Administrative expenses	(43,338)	(43,857)	(75,340)	(96,973)
Other operating expenses	(1,798)	(8,049)	(26,700)	(16,709)
Profit from operations	108,912	100,116	247,954	193,508
Finance income	11,919	8,202	22,327	17,132
Finance costs	(16,877)	(20,723)	(34,717)	(42,795)
Share of after-tax results of associates and joint venture	17,229	6,012	19,713	25,321
Profit before tax	121,183	93,607	255,277	193,166
Less tax:				
Company and subsidiaries	(18,144)	(11,857)	(4,839)	(30,182)
Profit for the period	103,039	81,750	250,438	162,984
Attributable to:				
Equity holders of the Company	76,296	54,078	191,547	105,885
Non-controlling interests	26,743	27,672	58,891	57,099
	103,039	81,750	250,438	162,984
Earnings per share (sen)				
- basic	5.72	4.05	14.35	7.93
- diluted ^{note 1}	5.72	4.05	14.35	7.93
Dividends per ordinary share (sen)	5.0	5.0	5.0	5.0

Note 1:

The exercise price of RM2.88 per new ordinary share pursuant to the Executives Share Option Scheme is higher than the fair value quoted average market price for the six months ended 30 June 2017.

Therefore, diluted earnings per share equals to basic earnings per share.

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

	Current Year Quarter 30.06.2017 RM' 000	Preceding Year Quarter 30.06.2016 RM' 000	Current Year- To-Date 30.06.2017 RM' 000	Preceding Year- To-Date 30.06.2016 RM' 000
Profit for the period	103,039	81,750	250,438	162,984
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(4,641)	(10,112)	(19,663)	(73,335)
Non-controlling interests	(1,660)	205	(2,460)	(410)
Total comprehensive income for the period, net of tax	<u>96,738</u>	<u>71,843</u>	<u>228,315</u>	<u>89,239</u>
Total comprehensive income attributable to:				
Equity holders of the Company	71,654	43,966	171,883	32,550
Non-controlling interests	25,084	27,877	56,432	56,689
	<u>96,738</u>	<u>71,843</u>	<u>228,315</u>	<u>89,239</u>

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

	30.06.2017 RM '000	<i>Audited</i> 31.12.2016 RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	857,789	682,399
Share premium	-	112,641
Treasury shares	(81,093)	(81,093)
Other reserves	46,549	128,961
Retained earnings	3,776,315	3,659,850
	4,599,560	4,502,758
Non-controlling interests	83,112	91,389
TOTAL EQUITY	4,682,672	4,594,147
Represented by:		
Non current assets		
Property, plant and equipment	1,391,509	1,433,504
Long term prepaid lease	408	422
Investment properties	2,757,370	2,673,799
Inventories	267,714	265,364
Investments in associates and joint ventures	856,022	852,608
Deferred tax assets	21,187	12,796
	5,294,210	5,238,493
Current assets		
Inventories	600,325	525,763
Financial assets at fair value through profit or loss	7,026	7,626
Receivables and contract assets	277,101	195,594
Amounts owing by associates and joint ventures	73,563	66,952
Tax recoverable	23,382	21,333
Cash held in Housing Development Accounts	105,982	87,700
Cash and bank balances	1,388,561	934,710
	2,475,940	1,839,678
Assets classified as held-for-sale	-	708,025
	2,475,940	2,547,703
Less: Current liabilities		
Payables and contract liabilities	538,148	703,861
Amounts owing to associates	4	4
Borrowings	374,482	485,671
Current tax payable	114,138	106,881
	1,026,772	1,296,417
Net current assets	1,449,168	1,251,286
Less: Non current liabilities		
Payables and contract liabilities	75,231	80,155
Borrowings	1,855,842	1,644,136
Deferred tax liabilities	129,633	171,341
	2,060,706	1,895,632
	4,682,672	4,594,147

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

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2017

(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	Other reserves	Retained earnings	Interests	
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000					
At 1 January 2017	1,364,798	682,399	(29,902)	(81,093)	112,641	128,961	3,659,850	91,389	4,594,147
Adjustments for effects of Companies Act 2016 (See Note 1)	-	175,390	-	-	(112,641)	(62,749)	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(19,663)	191,546	56,432	228,315
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(8,336)	8,336	-
Dividend paid	-	-	-	-	-	-	(66,745)	(73,045)	(139,790)
Total transactions with equity holders	-	-	-	-	-	-	(75,081)	(64,709)	(139,790)
At 30 June 2017	1,364,798	857,789	(29,902)	(81,093)	-	46,549	3,776,315	83,112	4,682,672

Note 1

With the Companies Act, 2016 ("New Companies Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM112,641,000 and RM62,749,000 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Companies Act, the Group may exercise its right to use these credit amounts within 24 months after the commencement of the New Companies Act. The Board of Directors will make a decision thereon by 31 January 2019.

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

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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	-	-	-	-	-	(73,335)	105,885	56,689	89,239
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(8,019)	8,019	-
Redemption of Redeemable Preference shares in a subsidiary	-	-	-	-	-	-	-	(2,494)	(2,494)
Share buy back	-	-	(1)	(2)	-	-	-	-	(2)
Dividend paid	-	-	-	-	-	-	(66,745)	(73,805)	(140,550)
Total transactions with equity holders	-	-	(1)	(2)	-	-	(74,764)	(68,280)	(143,046)
At 30 June 2016	1,364,798	682,399	(29,900)	(81,090)	112,641	86,340	3,542,634	53,960	4,396,884

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

	30.06.2017 RM '000	30.06.2016 RM '000
Operating activities		
Receipts from customers	439,183	489,962
Payments to contractors, suppliers and employees	(252,401)	(159,092)
Cash flow (used in)/from operations	186,782	330,870
Interest paid	(31,878)	(47,165)
Income taxes paid	(49,731)	(44,939)
Net cash generated from operating activities	105,173	238,766
Investing activities		
Investment in associates	-	(1,168)
Interest received	22,327	17,132
Additions to property, plant and equipment, investment properties and land held for property development	(184,511)	(103,156)
Capital repayment to non-controlling interests of a subsidiary	-	(2,494)
Purchase of unit trusts	(600)	(1,724)
Dividends received from associates	167	1,960
Proceeds from disposal of property, plant and equipment	572,590	-
Deposits released by licensed banks	-	291,158
Net repayments/(advances) from/(to) associates and joint ventures	(10,376)	(14,199)
Net cash generated from investing activities	399,597	187,509
Financing activities		
Purchase of treasury shares	-	(2)
Net receipts/(repayments) of bank borrowings	97,678	(50,089)
Dividends paid to non-controlling interests of a subsidiary	(71,695)	(62,048)
Dividend paid	(66,745)	(66,745)
Net cash used in financing activities	(40,762)	(178,884)
Foreign currencies exchange difference	8,125	3,126
Net decrease in cash and cash equivalents	464,008	247,391
Cash and cash equivalents at 1 January	984,426	526,306
Cash and cash equivalents at 30 June	1,456,559	776,823
Add: Restricted cash		
Deposits pledged with licensed banks	37,984	272,124
As per statement of financial position	1,494,543	1,048,947

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 June 2017**

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 2016.

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 2016 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 2017)

•	Amendments to MFRS 107	Statement of cash flow – disclosure initiative
•	Amendments to MFRS 112	Income taxes – recognition of deferred tax assets for unrealized losses

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 2016 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 30 June 2017 and up to the date of this report remained at 29,901,600 (31.12.2016: 29,901,600) ordinary shares of RM0.50 each.

M7 Dividends paid

An Interim single-tier dividend of 10% for the financial year ended 31 December 2016 was paid on 17 March 2017.

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
30 June 2017							
Revenue							
Total revenue	285,601	67,919	147,347	14,975	126,940	56,080	698,862
Intersegment revenue	<u>(27,852)</u>	<u>(3,830)</u>	<u>(3,143)</u>	<u>-</u>	<u>(126,940)</u>	<u>(35,732)</u>	<u>(197,497)</u>
External revenue	<u>257,749</u>	<u>64,089</u>	<u>144,204</u>	<u>14,975</u>	<u>-</u>	<u>20,348</u>	<u>501,365</u>
Results							
Segment results (external)	170,520	38,748	59,102	4,066	(44)	(1,083)	271,309
Unallocated expense							<u>(23,355)</u>
Profit from operations							247,954
Finance income							22,327
Finance costs							(34,717)
Share of after-tax results of associates and joint venture	-	1,683	17,803	(20)	-	247	19,713
Profit before tax							<u>255,277</u>
Tax expense							<u>(4,839)</u>
Profit for the period							<u>250,438</u>
Attributable to:							
Equity holders of the Company							191,547
Non-controlling interests							<u>58,891</u>
							<u>250,438</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
30 June 2016							
Revenue							
Total revenue	270,216	68,635	186,751	23,631	128,633	57,770	735,636
Intersegment revenue	<u>(28,035)</u>	<u>(5,964)</u>	<u>(4,066)</u>	<u>-</u>	<u>(128,633)</u>	<u>(26,209)</u>	<u>(192,907)</u>
External revenue	<u>242,181</u>	<u>62,671</u>	<u>182,685</u>	<u>23,631</u>	<u>-</u>	<u>31,561</u>	<u>542,729</u>
Results							
Segment results (external)	160,565	33,084	21,800	3,355	10	(3,902)	214,912
Unallocated expense							<u>(21,404)</u>
Profit from operations							193,508
Finance income							17,132
Finance costs							(42,795)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>(204)</u>	<u>13,776</u>	<u>8,857</u>	<u>-</u>	<u>2,892</u>	<u>25,321</u>
Profit before tax							193,166
Tax expense							<u>(30,182)</u>
Profit for the period							<u>162,984</u>
Attributable to:							
Equity holders of the Company							105,885
Non-controlling interests							<u>57,099</u>
							<u>162,984</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

There are no changes in the composition of the Group since 31 December 2016 up to the date of this report.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2016.

M13 Capital commitment

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

	Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Authorised by Directors and contracted:		
Investment property	702,177	820,084
Authorised by Directors but not contracted:		
Investment property	197,628	199,289
Property, plant and equipment	5,412	8,723
	203,040	208,012

K1 Review of performance

	Individual Period			Cumulative Period		
	3 months to 30.06.2017 RM' 000	3 months to 30.06.2016 RM' 000	Variance %	6 months to 30.06.2017 RM' 000	6 months to 30.06.2016 RM' 000	Variance %
Revenue	246,587	262,522	-6%	501,365	542,729	-8%
Operating profit	108,912	100,116	9%	247,954	193,508	28%
Profit before interest and tax	138,060	114,330	21%	289,994	235,961	23%
Profit before tax	121,183	93,607	29%	255,277	193,166	32%
Profit after tax	103,039	81,750	26%	250,438	162,984	54%
Profit attributable to ordinary equity holders of the Company	76,296	54,078	41%	191,547	105,885	81%

For the three months ended 30 June 2017:

- i) Group revenue decreased by 6% when compared to the corresponding period in 2016 due mainly to lower contribution from the Hotel division. Group revenue for the three months to 30 June 2016 included revenue from Micasa Hotel Yangon and Renaissance Kuala Lumpur Hotel which had since been disposed in July 2016 and January 2017 respectively. Revenue from these two hotels for the three months to 30 June 2016 were RM26.6 million.
- ii) However, Group pre-tax profit increased by 29% when compared to the corresponding period in 2016 due mainly to higher contributions from the Property Investment and Hotel divisions including higher pre-tax profit from The Tank Stream Hotel in Sydney.

K2 Comparison with immediate preceding quarter

	3 months to 30.06.2017 RM' 000	3 months to 31.03.2017 RM' 000	Variance %
Revenue	246,587	254,778	-3%
Operating profit	108,912	139,042	-22%
Profit before interest and tax	138,060	151,934	-9%
Profit before tax	121,183	134,094	-10%
Profit after tax	103,039	147,399	-30%
Profit attributable to ordinary equity holders of the Company	76,296	130,366	-41%

Group revenue achieved for the three months ended 30 June 2017 decreased by 3% when compared to the immediate preceding quarter due to lower revenue from the Property Investment-Retail and Hotel divisions.

Group pre-tax profit decreased by 10% due in part to the recognition of gain from the disposal of Renaissance Kuala Lumpur Hotel in the previous quarter. The percentage decrease for Group after-tax profit was higher due to the recognition of deferred tax amounting to RM41.0 million arising from the disposal of Renaissance Kuala Lumpur Hotel in the preceding quarter.

K3 Prospects for 2017

Group revenue achieved for the six months to 30 June 2017 decreased by 8% to RM501.4 million when compared to the corresponding period in 2016.

The three divisions which contributed lower revenue were: Property Development division decreased by 36% to RM15.0 million (1H2016: RM23.6 million), Hotel division decreased by 21% to RM144.2 million (1H2016: RM182.7 million) and Investment Division decreased by 36% to RM20.3 million (1H2016: RM31.6 million). The operating divisions which achieved better revenue were: Property Investment, commercial division increased by 2% to RM64.1 million (1H2016: RM62.7 million) and Property Investment, retail division increased by 6% to RM257.7 million (1H2016: RM242.2 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 not launched any new development projects in view of the current weak sentiment in the property sector. The Group has two projects in hand ie. the 31-units condominium known as "Damai Residence" located in the vicinity of The Ampwalk at Ampang, Kuala Lumpur which is currently about 70% completed and the 400-units condominium known as "Stonor 3" located in the vicinity of Kuala Lumpur City Centre which is currently about 25% completed.

In the Property Investment division, four of the office towers in Mid Valley City achieved average occupancy rate above 90% for the period under review and the 5th building, Centrepoint North, is currently about 60% occupied. For the two buildings outside Mid Valley City, Menara Tan & Tan and Plaza Permata achieved average occupancy rate of 80% and 93% 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 RM261.0 million (1H2016: RM255.8 million) and RM184.1 million (1H2016: RM180.3 million) respectively, both an increase of about 2% when compared to the previous year.

Revenue from the Hotel division was lower mainly as a result of the loss in revenue arising from the disposals of Cititel Express Kuala Lumpur, MiCasa Hotel Apartments, Yangon and Renaissance Kuala Lumpur Hotel which were completed in March 2016, July 2016 and January 2017 respectively. These three hotels had contributed revenue of RM57.4 million for the six months to 30 June 2016. However, this was mitigated by the higher revenue contributed by The Tank Stream Hotel in Sydney.

Revenue from the Investment division, 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, had decreased by 36% to RM20.3 million (1H2016: RM31.6 million).

Notwithstanding the lower revenue achieved for the first six months of 2017, Group pre-tax profit have increased by 32% to RM255.3 million when compared to the corresponding period in 2016 due to better performance from the Property Investment and Hotel divisions and a one-off gain of about RM34.3 million from the disposal of Renaissance Kuala Lumpur Hotel.

Based on the results achieved for the six months to 30 June 2017, the Board is cautiously optimistic that the performance for the Group for FY2017 will be satisfactory.

K4 Profit forecast/profit guarantee

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

K5 Tax

	3 months ended 30.06.2017 RM '000	6 months ended 30.06.2017 RM '000
Malaysian income tax		
- Company and subsidiaries	20,709	47,753
Overprovision in previous year	(598)	(491)
Transferred to deferred tax	(1,958)	(43,006)
	18,153	4,256
Overseas tax		
- Company and subsidiaries	(9)	583
	18,144	4,839

The effective tax rate of the Group for the current quarter and the current year-to-date 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 30 June 2017 were as follows:

	30.06.2017 RM '000
Total financial assets at cost	12,703
Total financial assets at fair value (after provision for diminution in value)	7,026
Total financial assets at market value at 30 June 2017	7,026

K8 Corporate proposals

Members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016

On 23 February 2017, an announcement was made to Bursa Securities on the proposed acquisition by Goldis Berhad ("Goldis") of the entire equity interest in the Company not already owned by Goldis, by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016 between the Company and all the shareholders of the Company, other than Goldis ("Proposed Scheme").

On 30 March 2017, an announcement was made to Bursa Securities that the Company had on 30 March 2017 written to Goldis requesting an extension of time up to 5.00 p.m. on 28 April 2017 to evaluate the Proposed Scheme. The request was agreed by Goldis on even date.

On 26 April 2017, an announcement was made to Bursa Securities that the Proposed Scheme will be put forward to the Scheme Shareholders (defined in the announcement as all shareholders of the Company other than Goldis) for consideration at a Court Convened Meeting to be convened.

K8 Corporate proposals (continued)

Members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016 (continued)

On 30 June 2017, an announcement was made to Bursa Securities that the Company had received a Revised Proposal Letter from Goldis in respect of the Proposed Scheme. The key changes to the Proposed Scheme, as outlined in the Revised Proposal Letter are:

- (i) the proportion of cash to New RCCPS as part of the Cash and New RCCPS Option has been revised from 20% cash and 80% New RCCPS to 12% cash and 88% New RCCPS; and
- (ii) Scheme Shareholders holding less than 100 Scheme Shares may elect to accept any of the Consideration Options.

Except as otherwise outlined in the announcement dated 30 June 2017, all of the terms and conditions of the Proposed Scheme set out in the announcement dated 23 February 2017 remain as announced.

On 4 July 2017, an announcement was made to Bursa Securities that the Company's Board of Directors (save for the Interested Directors), had deliberated on the contents of the Revised Proposal Letter from Goldis in respect of the Proposed Scheme, and had decided to put forward the Proposed Scheme, pursuant to the revised terms, to the Scheme Shareholders for consideration on the basis of the preliminary opinion of the Independent Adviser.

On 20 July 2017, an announcement was made to Bursa Securities that the Company had on 20 July 2017 received a letter from Goldis stating the following:

- (i) in relation to Paragraph 2.7(b) of the Proposal Letter which provides that Goldis will acquire the Scheme Shares with all the rights, benefits and entitlements attached thereto, including the right to all dividends and/or distributions declared, paid or made on or after the date of the Proposal Letter, Goldis has chosen to waive any rights and entitlements to any dividends which IGB may declare, make or pay to the Scheme Shareholders for the FYE 31 December 2017, prior to the date of sanction of the Proposed Scheme by the High Court. As a result of this waiver, the Scheme Shareholders will now be entitled to retain such dividends; and
- (ii) for the avoidance of doubt, notwithstanding the waiver set out above, Goldis will not reduce the Offer Price by an amount equivalent to the net dividend for each IGB Share which the Scheme Shareholders are entitled to retain. Similarly, if Goldis declares, makes or pays any dividend before the Consideration Shares and the Consideration New RCCPS are issued, the Consideration Shares Issue Price and the Consideration New RCCPS Issue Price will not be reduced by an amount equivalent to the net dividend for each Consideration Share or Consideration New RCCPS that the Scheme Shareholders are not entitled to.

All other terms and conditions to the Proposed Scheme as set out in the Proposal Letter and as revised by the Revised Proposal Letter remain the same.

On 31 July 2017, an application was submitted to the Securities Commission Malaysia under the Rules on Take-overs, Mergers and Compulsory Acquisitions for consent to issue the Explanatory Statement to Shareholders.

K9 Group borrowings and debt securities

Group borrowings as at 30 June 2017 were as follows:

As at 30 June 2017							
	Long term	Short term			Total borrowings		
	RM denomination RM '000	AUD denomination RM '000	£ denomination RM '000	RM denomination RM '000	AUD denomination RM '000	£ denomination RM '000	RM denomination RM '000
Secured							
Term Loan	1,355,152	-	-	20,705	-	-	1,375,857
Revolving credit	-	49,476	-	28,727	49,476	-	28,727
Medium term notes	500,690	-	-	-	-	-	500,690
Unsecured							
Revolving credit	-	-	-	275,574	-	-	275,574
	1,855,842	49,476	-	325,006	49,476	-	2,180,848
As at 30 June 2016							
	Long term	Short term			Total borrowings		
	RM denomination RM '000	AUD denomination RM '000	£ denomination RM '000	RM denomination RM '000	denomination RM '000	£ denomination RM '000	RM denomination RM '000
Secured							
Term Loan	1,532,548	-	-	92,121	-	-	1,624,669
Revolving credit	-	74,747	340,018	128,375	74,747	340,018	128,375
Unsecured							
Revolving credit	-	-	-	225,587	-	-	225,587
	1,532,548	74,747	340,018	446,083	74,747	340,018	1,978,631

In November 2016, Southkey Megamall Sdn Bhd, a 70%-owned subsidiary, entered into an agreement for an unrated eight years Medium Term Notes ("MTN") programme of up to RM1.0 billion in nominal value. As at 30 June 2017, RM500.0 million nominal value of MTNs have been issued with maturity date on 20 December 2021.

In October 2016, the £-denominated borrowing was fully repaid in view of the favourable exchange rate at that time.

In respect of the AUD-denominated borrowing by Tank Stream Holdings Pty Ltd, a 100%-owned subsidiary, AUD5.0 million each was repaid in August 2016 and February 2017 respectively.

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

An Interim Single Tier Dividend of 5.0 sen per ordinary share is declared for the financial year ending 31 December 2017 and will be paid on 21 September 2017 to every member who is entitled to receive the dividend at 4.00 p.m. on 8 September 2017.

	Interim 2017	Interim 2016	Interim 2016
Per ordinary share (sen)	5.0	5.0	5.0
Net dividend (RM'000)	66,745	66,745	66,745
Date payable/paid	21 September 2017	17 March 2017	23 September 2016

K13 Earnings per share

		3 months ended 30.06.2017	3 months ended 30.06.2016	6 months ended 30.06.2017	6 months ended 30.06.2016
Profit for the period	RM '000	<u>76,296</u>	<u>54,078</u>	<u>191,547</u>	<u>105,885</u>
Weighted average number of ordinary shares in issue	'000	<u>1,334,897</u>	<u>1,334,898</u>	<u>1,334,897</u>	<u>1,334,898</u>
Basic earnings per share	sen	<u>5.72</u>	<u>4.05</u>	<u>14.35</u>	<u>7.93</u>
Diluted earnings per share	sen	<u>5.72</u>	<u>4.05</u>	<u>14.35</u>	<u>7.93</u>

Note: The exercise price of RM2.88 per new ordinary share pursuant to the Executives Share Option Scheme ("ESOS") is higher than the fair value quoted average market price for the six months ended 30 June 2017. Therefore, the diluted earnings per share equals to basic earnings per share.

K14 Profit from operations

	3 months ended 30.06.2017 RM '000	6 months ended 30.06.2017 RM '000
Profit from operations is stated after charging:		
Depreciation	28,918	58,030
Unrealised foreign exchange loss	794	1,986
	<hr/> <hr/>	<hr/> <hr/>
Profit from operations is stated after crediting:		
Foreign exchange gain	3,871	4,721
(Loss)/Gain on disposal of property, plant and equipment	(231)	34,047
Other income (excluding finance income and dividend income)	5,893	15,650
	<hr/> <hr/>	<hr/> <hr/>

K15 Realised and unrealised retained earnings

	As at 30.06.2017 RM '000	<i>Audited</i> As at 31.12.2016 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,949,194	3,890,435
- unrealised loss	(123,509)	(162,585)
	3,825,685	3,727,850
ii) Associates		
- realised profit	284,826	268,454
- unrealised profit	(8,393)	(6,267)
	276,433	262,187
iii) Group consolidation adjustments	(325,803)	(330,187)
Total Group retained earnings as per unaudited consolidated statement of financial position	<hr/> <hr/> 3,776,315	<hr/> <hr/> 3,659,850

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 August 2017.