

Interim Financial Report for the three months ended 30 September 2017

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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 30.09.2017 RM' 000	Preceding Year Quarter 30.09.2016 RM' 000	Current Year- To-Date 30.09.2017 RM' 000	Preceding Year- To-Date 30.09.2016 RM' 000
Revenue	259,713	324,705	761,078	867,434
Cost of sales	(108,656)	(146,350)	(314,446)	(400,773)
Gross profit	151,057	178,355	446,632	466,661
Other operating income	9,145	145,938	63,564	164,822
Administrative expenses	(39,416)	(46,576)	(114,756)	(143,549)
Other operating expenses	(2,091)	(4,620)	(28,791)	(21,329)
Profit from operations	118,695	273,097	366,649	466,605
Finance income	7,600	4,487	29,927	21,619
Finance costs	(7,000)	(19,432)	(41,717)	(62,227)
Share of after-tax results of associates and joint venture	6,234	(5,511)	25,947	19,810
Profit before tax	125,529	252,641	380,806	445,807
Less tax:				
Company and subsidiaries	(30,078)	(33,520)	(34,917)	(63,702)
Profit for the period	95,451	219,121	345,889	382,105
Attributable to:				
Equity holders of the Company	62,621	148,114	254,168	253,999
Non-controlling interests	32,830	71,007	91,721	128,106
	95,451	219,121	345,889	382,105
Earnings per share (sen)				
- basic	4.69	11.10	19.04	19.03
- diluted ^{note 1}	4.69	11.10	19.04	19.03
Dividends per ordinary share (sen)	-	-	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 nine months ended 30 September 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 30.09.2017 RM' 000	Preceding Year Quarter 30.9.2016 RM' 000	Current Year- To-Date 30.09.2017 RM' 000	Preceding Year- To-Date 30.9.2016 RM' 000
Profit for the period	95,451	219,121	345,889	382,105
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	2,883	13,328	(16,780)	(60,007)
Non-controlling interests	(916)	1,502	(3,376)	1,092
Total comprehensive income for the period, net of tax	<u>97,418</u>	<u>233,951</u>	<u>325,733</u>	<u>323,190</u>
Total comprehensive income attributable to:				
Equity holders of the Company	65,504	161,443	237,387	193,993
Non-controlling interests	31,914	72,508	88,346	129,197
	<u>97,418</u>	<u>233,951</u>	<u>325,733</u>	<u>323,190</u>

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

	30.09.2017 RM '000	<i>Audited</i> 31.12.2016 RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	859,229	682,399
Share premium	-	112,641
Treasury shares	(81,093)	(81,093)
Other reserves	49,432	128,961
Retained earnings	3,768,106	3,659,850
	4,595,674	4,502,758
Non-controlling interests	129,488	91,389
TOTAL EQUITY	4,725,162	4,594,147
Represented by:		
Non current assets		
Property, plant and equipment	1,400,540	1,433,504
Long term prepaid lease	402	422
Investment properties	2,796,582	2,673,799
Inventories	231,332	265,364
Investments in associates and joint ventures	870,164	852,608
Deferred tax assets	21,527	12,796
	5,320,547	5,238,493
Current assets		
Inventories	605,513	525,763
Financial assets at fair value through profit or loss	6,734	7,626
Receivables and contract assets	260,943	195,594
Amounts owing by associates and joint ventures	79,884	66,952
Tax recoverable	22,009	21,333
Cash held in Housing Development Accounts	94,413	87,700
Cash and bank balances	1,292,113	934,710
	2,361,609	1,839,678
Assets classified as held-for-sale	36,765	708,025
	2,398,374	2,547,703
Less: Current liabilities		
Payables and contract liabilities	489,635	703,861
Amounts owing to associates	4	4
Borrowings	431,435	485,671
Current tax payable	116,009	106,881
	1,037,083	1,296,417
Net current assets	1,361,291	1,251,286
Less: Non current liabilities		
Payables and contract liabilities	76,301	80,155
Borrowings	1,750,742	1,644,136
Deferred tax liabilities	129,633	171,341
	1,956,676	1,895,632
	4,725,162	4,594,147

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

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 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	-	-	-	-	-	(16,780)	254,167	88,346	325,733
Issuance of new shares in the Company	500	1,440	-	-	-	-	-	-	1,440
Issuance of new shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	10,500	10,500
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(12,396)	12,396	-
Dividend paid	-	-	-	-	-	-	(133,515)	(73,143)	(206,658)
Total transactions with equity holders	500	1,440	-	-	-	-	(145,911)	(50,247)	(194,718)
At 30 September 2017	1,365,298	859,229	(29,902)	(81,093)	-	49,432	3,768,106	129,488	4,725,162

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)
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Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2016
(The figures have not been audited)

	Attributable to equity holders						Non-controlling Interests		Total RM '000
	Issued and fully paid ordinary shares of RM0.50 each		Treasury Shares ordinary shares of RM0.50 each		Share premium RM '000	Revaluation and other reserves RM '000	Retained earnings RM '000	RM '000	
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value 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	-	-	-	-	-	(60,007)	254,000	129,197	323,190
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(15,483)	15,483	-
Redemption of Redeemable Preference shares in a subsidiary	-	-	-	-	-	-	-	(2,494)	(2,494)
Share buy back	-	-	(1)	(2)	-	-	-	-	(2)
Dividend paid	-	-	-	-	-	-	(133,489)	(73,487)	(206,976)
Total transactions with equity holders	-	-	(1)	(2)	-	-	(148,972)	(60,498)	(209,472)
At 30 September 2016	1,364,798	682,399	(29,900)	(81,090)	112,641	99,668	3,616,541	134,250	4,564,409

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

	30.09.2017 RM '000	30.09.2016 RM '000
Operating activities		
Receipts from customers	719,592	719,545
Payments to contractors, suppliers and employees	(365,886)	(224,987)
Cash flow (used in)/from operations	353,706	494,558
Interest paid	(62,021)	(66,597)
Income taxes paid	(76,903)	(85,846)
Net cash generated from operating activities	214,782	342,115
Investing activities		
Investment in associates	-	(1,168)
Interest received	29,927	21,619
Additions to property, plant and equipment, investment properties and land held for property development	(253,382)	(202,701)
Capital repayment to non-controlling interests of a subsidiary	-	(2,494)
Purchase of unit trusts	(892)	(2,078)
Dividends received from associates	167	1,960
Proceeds from disposal of property, plant and equipment	576,590	220,072
Proceeds from disposal of associates	-	2,706
Deposits released by licensed banks	-	534,088
Net repayments/(advances) from/(to) associates and joint ventures	(20,582)	(19,148)
Net cash generated from investing activities	331,828	552,856
Financing activities		
Proceeds from shares issued by the Company	1,440	-
Proceeds from shares issued to non-controlling interests of a subsidiary	10,500	-
Purchase of treasury shares	-	(2)
Net receipts/(repayments) of bank borrowings	72,674	(468,875)
Dividends paid to non-controlling interests of a subsidiary	(144,839)	(135,535)
Dividend paid	(133,515)	(133,489)
Net cash used in financing activities	(193,740)	(737,901)
Foreign currencies exchange difference	11,246	3,126
Net decrease in cash and cash equivalents	352,870	157,070
Cash and cash equivalents at 1 January	984,426	526,306
Cash and cash equivalents at 30 September	1,348,542	686,502
Add: Restricted cash		
Deposits pledged with licensed banks	37,984	29,192
As per statement of financial position	1,386,526	715,694

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 September 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 cyclicity

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

	No. of Ordinary Shares	Nominal Value RM '000
As at 31 December 2016	1,364,798,340	682,399
New ordinary shares issued pursuant to exercise of options under the Employee Share Option Scheme and listed on 7 September 2017	500,000	250
As at 30 September 2017	1,365,298,340	682,649

The number of issued shares as at 30 September 2017 and up to the date of this report was 1,365,298,340 (31.12.2016: 1,364,798,340).

Other than the above, 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 September 2017 and up to the date of this report was 29,901,600 (31.12.2016: 29,901,600).

M7 Dividends paid

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

An Interim single-tier dividend of 10% for the financial year ending 31 December 2017 was paid on 21 September 2017.

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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 September 2017							
Revenue							
Total revenue	427,467	102,076	227,337	25,676	195,695	84,959	1,063,210
Intersegment revenue	<u>(41,793)</u>	<u>(5,783)</u>	<u>(5,097)</u>	<u>-</u>	<u>(195,695)</u>	<u>(53,764)</u>	<u>(302,132)</u>
External revenue	<u>385,674</u>	<u>96,293</u>	<u>222,240</u>	<u>25,676</u>	<u>-</u>	<u>31,195</u>	<u>761,078</u>
Results							
Segment results (external)	258,070	60,282	83,028	5,867	472	(4,929)	402,790
Unallocated expense							<u>(36,141)</u>
Profit from operations							366,649
Finance income							29,927
Finance costs							(41,717)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>2,432</u>	<u>23,239</u>	<u>(71)</u>	<u>-</u>	<u>347</u>	<u>25,947</u>
Profit before tax							380,806
Tax expense							<u>(34,917)</u>
Profit for the period							<u>345,889</u>
Attributable to:							
Equity holders of the Company							254,168
Non-controlling interests							<u>91,721</u>
							<u>345,889</u>

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

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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 September 2016							
Revenue							
Total revenue	414,970	100,049	284,461	79,949	180,469	86,498	1,146,396
Intersegment revenue	<u>(44,499)</u>	<u>(8,947)</u>	<u>(5,823)</u>	<u>-</u>	<u>(180,469)</u>	<u>(39,224)</u>	<u>(278,962)</u>
External revenue	<u>370,471</u>	<u>91,102</u>	<u>278,638</u>	<u>79,949</u>	<u>-</u>	<u>47,274</u>	<u>867,434</u>
Results							
Segment results (external)	245,825	45,481	177,420	35,513	2,320	(7,137)	499,422
Unallocated expense							<u>(32,817)</u>
Profit from operations							466,605
Finance income							21,619
Finance costs							(62,227)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>(212)</u>	<u>10,751</u>	<u>6,277</u>	<u>-</u>	<u>2,994</u>	<u>19,810</u>
Profit before tax							445,807
Tax expense							<u>(63,702)</u>
Profit for the period							<u><u>382,105</u></u>
Attributable to:							
Equity holders of the Company							253,999
Non-controlling interests							<u>128,106</u>
							<u><u>382,105</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.

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 13 September 2017, an announcement was made to Bursa Securities that Blackfriars Project Management Limited became a 50% associate of Verokey Sdn Bhd, a wholly-owned subsidiary of the Company.

On 20 September 2017, an announcement was made to Bursa Securities that in respect of the voluntary winding-up of Amandamai Satu Sdn Bhd (Amandamai”) and Kennyvale Sdn Bhd (Kennyvale), both of which are wholly-owned subsidiaries of the Company, the Final Meetings of Amandamai and Kennyvale had been held on 20 September 2017 and these two companies shall be dissolved on the expiration of 3 months from 20 September 2017.

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 September 2017 RM'000	31 December 2016 RM'000
Authorised by Directors and contracted:		
Investment property	630,819	820,084
Authorised by Directors but not contracted:		
Investment property	197,497	199,289
Property, plant and equipment	4,449	8,723
	201,946	208,012

K1 Review of performance

	Individual Period			Cumulative Period		
	3 months to 30.09.2017 RM' 000	3 months to 30.09.2016 RM' 000	Variance %	9 months to 30.09.2017 RM' 000	9 months to 30.09.2016 RM' 000	Variance %
Revenue	259,713	324,705	-20%	761,078	867,434	-12%
Operating profit	118,695	273,097	-57%	366,649	466,605	-21%
Profit before interest and tax	132,529	272,073	-51%	422,523	508,034	-17%
Profit before tax	125,529	252,641	-50%	380,806	445,807	-15%
Profit after tax	95,451	219,121	-56%	345,889	382,105	-9%
Profit attributable to ordinary equity holders of the Company	62,621	148,114	-58%	254,168	253,999	0%

For the three months ended 30 September 2017:

- i) Group revenue decreased by 20% when compared to the corresponding period in 2016 due to lower contributions from the Property Development and Hotel divisions. Revenue contributed by the Property Development Division for the three months to 30 September 2017 was RM10.7 million compared to RM56.3 million achieved in 2016 attributable to a slow-down in sales of condominium units. Revenue achieved for the Hotel division was lower this quarter as revenue for the three months to 30 September 2016 had included an amount of RM23.2 million from Renaissance Kuala Lumpur Hotel which was since disposed in January 2017.
- ii) Group pre-tax profit decreased by 50% when compared to the corresponding period in 2016. The significant difference was mainly due to a one-off gain of RM136.2 million arising from the sale of Micasa Yangon which was recognized in September 2016.

K2 Comparison with immediate preceding quarter

	3 months to 30.09.2017 RM' 000	3 months to 30.06.2017 RM' 000	Variance %
Revenue	259,713	246,587	5%
Operating profit	118,695	108,912	9%
Profit before interest and tax	132,529	138,060	-4%
Profit before tax	125,529	121,183	4%
Profit after tax	95,451	103,039	-7%
Profit attributable to ordinary equity holders of the Company	62,621	76,296	-18%

Group revenue achieved for the three months ended 30 September 2017 increased by 5% when compared to the immediate preceding quarter due to higher revenue from most of the operating divisions.

Accordingly, Group pre-tax profit increased by 4%.

K3 Prospects for 2017

Group revenue achieved for the nine months to 30 September 2017 decreased by 12% to RM761.1 million when compared to the corresponding period in 2016.

The three divisions which contributed lower revenue were: Property Development division decreased by 68% to RM25.7 million (3Q2016: RM79.9 million), Hotel division decreased by 20% to RM222.2 million (3Q2016: RM278.6 million) and Investment Division decreased by 34% to RM31.2 million (3Q2016: RM47.3 million). The operating divisions which achieved better revenue were: Property Investment, commercial division increased by 6% to RM96.3 million (3Q2016: RM91.1 million) and Property Investment, retail division increased by 5% to RM387.7 million (3Q2016: RM370.5 million).

Revenue from the Property Development division 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. Currently, 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 about 81% completed and the 400-units condominium known as "Stonor 3" located in the vicinity of Kuala Lumpur City Centre which is about 26% completed.

In the Property Investment division, the office towers in Mid Valley City have mostly achieved average occupancy rates above 90%. For the two buildings outside Mid Valley City, Menara Tan & Tan and Plaza Permata achieved average occupancy rate of 74% and 86% respectively. Average rental rates for these buildings have mostly maintained at the previous year's rates.

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 RM390.6 million (3Q2016: RM381.7 million) and RM278.4 million (3Q2016: RM269.6 million) respectively, an increase of about 2% and 3% respectively when compared to the previous year.

Revenue from the Hotel division was lower mainly as a result of the reduction 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 amounting to RM79.4 million for the nine months to 30 September 2016.

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 34% to RM31.2 million (3Q2016: RM47.3 million).

For the nine months to 30 September 2017, Group pre-tax profit decreased by 15% to RM380.8 million when compared to the corresponding period in 2016.

Based on the results achieved for the nine months to 30 September 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 30.09.2017 RM '000	9 months ended 30.09.2017 RM '000
Malaysian income tax		
- Company and subsidiaries	25,492	73,245
Underprovision in previous year	4,456	3,965
Transferred to deferred tax	-	(43,006)
	29,948	34,204
Overseas tax		
- Company and subsidiaries	130	713
	30,078	34,917

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 September 2017 were as follows:

	30.09.2017 RM '000
Total financial assets at cost	12,703
Total financial assets at fair value (after provision for diminution in value)	6,734
Total financial assets at market value at 30 September 2017	6,734

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 (CCM") 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 of Malaya. 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 ("SC") under the Rules on Take-overs, Mergers and Compulsory Acquisitions for consent to issue the Explanatory Statement to Shareholders ("ES").

On 5 October 2017, an application was submitted to the High Court of Malaya for permission to hold a CCM.

On 19 October 2017, SC had via its letter dated 17 October 2017 notified that it has no further comments on the ES. The High Court of Malaya had also granted an order dated 19 October 2017 for the Company to hold a CCM within 90 days from the date of the Order to seek approval from the Scheme Shareholders for the Proposed Scheme.

On 26 October 2017, an announcement was made to Bursa Securities that the CCM will be held on 21 November 2017.

K9 Group borrowings and debt securities

Group borrowings as at 30 September 2017 were as follows:

As at 30 September 2017						
	Long term RM denomination RM '000	Short term		Total borrowings		TOTAL RM '000
		AUD denomination RM '000	RM denomination RM '000	AUD denomination RM '000	RM denomination RM '000	
Secured						
Term Loan	45,000	-	106,018	-	151,018	151,018
Revolving credit	-	33,090	15,145	33,090	15,145	48,235
Medium term notes	1,705,742	-	1,591	-	1,707,333	1,707,333
Unsecured						
Revolving credit	-	-	275,591	-	275,591	275,591
	1,750,742	33,090	398,345	33,090	2,149,087	2,182,177

As at 30 September 2016						
	Long term RM denomination RM '000	Short term		Total borrowings		TOTAL RM '000
		AUD denomination RM '000	RM denomination RM '000	AUD denomination RM '000	RM denomination RM '000	
Secured						
Term Loan	1,497,173	-	64,524	-	1,561,697	1,561,697
Revolving credit	-	63,264	128,235	63,264	128,235	191,499
Unsecured						
Revolving credit	-	-	225,658	-	225,658	225,658
	1,497,173	63,264	418,417	63,264	1,915,590	1,978,854

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 September 2017, RM500.0 million nominal value of MTNs have been issued with maturity date on 20 December 2021.

On 20 November 2017, IGB REIT Capital Sdn Bhd, a wholly-owned subsidiary of IGB REIT via MTrustee Berhad, issued the first tranche AAA-rated Medium Term Notes (Tranche 1, MTNs") amounting to RM1.2 billion which was advanced to IGB REIT to fully settle the existing RM1.2 billion Fixed Rate Term Loan. The Tranche 1 MTNs has a tenure of seven years.

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

During this quarter, no dividend is declared or proposed in respect of the financial year ending 31 December 2017.

K13 Earnings per share

		3 months ended 30.09.2017	3 months ended 30.09.2016	9 months ended 30.09.2017	9 months ended 30.09.2016
Profit for the period	RM '000	<u>62,621</u>	<u>148,114</u>	<u>254,168</u>	<u>253,999</u>
Weighted average number of ordinary shares in issue	'000	<u>1,334,944</u>	<u>1,334,898</u>	<u>1,334,944</u>	<u>1,334,898</u>
Basic earnings per share	sen	<u>4.69</u>	<u>11.10</u>	<u>19.04</u>	<u>19.03</u>
Diluted earnings per share	sen	<u>4.69</u>	<u>11.10</u>	<u>19.04</u>	<u>19.03</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 September 2017. Therefore, the diluted earnings per share equals to basic earnings per share.

K14 Profit from operations

	3 months ended 30.09.2017 RM '000	9 months ended 30.09.2017 RM '000
Profit from operations is stated after charging:		
Depreciation	28,262	86,292
Unrealised foreign exchange loss	1,130	3,116
	<hr/> <hr/>	<hr/> <hr/>
Profit from operations is stated after crediting:		
Foreign exchange gain	4,678	9,399
Gain on disposal of property, plant and equipment	-	34,047
Other income (excluding finance income and dividend income)	4,468	20,118
	<hr/> <hr/>	<hr/> <hr/>

K15 Realised and unrealised retained earnings

	As at 30.09.2017 RM '000	<i>Audited</i> As at 31.12.2016 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,934,163	3,890,435
- unrealised loss	(122,921)	(162,585)
	3,811,242	3,727,850
ii) Associates		
- realised profit	289,485	268,454
- unrealised profit	(6,818)	(6,267)
	282,667	262,187
iii) Group consolidation adjustments	(325,803)	(330,187)
Total Group retained earnings as per unaudited consolidated statement of financial position	3,768,106	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 21 November 2017.