

## Interim Financial Report for the three months ended 31 December 2017

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### Notes:

M1 to M12 are explanatory notes in accordance with MFRS134.

K1 to K14 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)*

	<b>Current Year Quarter 31.12.2017 RM' 000</b>	Preceding Year Quarter 31.12.2016 RM' 000	<b>Current Year- To-Date 31.12.2017 RM' 000</b>	Preceding Year- To-Date 31.12.2016 RM' 000
Revenue	<b>329,352</b>	282,874	<b>1,090,430</b>	1,150,308
Cost of sales	<b>(142,334)</b>	(134,084)	<b>(456,780)</b>	(534,857)
Gross profit	<b>187,018</b>	148,790	<b>633,650</b>	615,451
Other operating income	<b>519</b>	11,147	<b>64,083</b>	175,969
Administrative expenses	<b>(50,746)</b>	(69,784)	<b>(165,502)</b>	(213,333)
Other operating expenses	<b>(7,296)</b>	9,012	<b>(36,087)</b>	(12,317)
Profit from operations	<b>129,495</b>	99,165	<b>496,144</b>	565,770
Finance income	<b>14,480</b>	3,975	<b>44,407</b>	25,594
Finance costs	<b>(12,575)</b>	(16,402)	<b>(54,292)</b>	(78,629)
Share of after-tax results of associates and joint venture	<b>3,471</b>	2,428	<b>29,418</b>	22,238
Profit before tax	<b>134,871</b>	89,166	<b>515,677</b>	534,973
Less tax:				
Company and subsidiaries	<b>(16,161)</b>	(16,218)	<b>(51,078)</b>	(79,920)
Profit for the period	<b>118,710</b>	72,948	<b>464,599</b>	455,053
Attributable to:				
Equity holders of the Company	<b>86,718</b>	43,994	<b>340,885</b>	297,993
Non-controlling interests	<b>31,992</b>	28,954	<b>123,714</b>	157,060
	<b>118,710</b>	72,948	<b>464,599</b>	455,053
Earnings per share (sen)				
- basic	<b>6.50</b>	3.30	<b>25.53</b>	22.32
- diluted <sup>note 1</sup>	<b>6.50</b>	3.30	<b>25.53</b>	22.32
Dividends per ordinary share (sen)	<b>-</b>	5.0	<b>5.0</b>	10.0

*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 twelve months ended 31 December 2017. Therefore, diluted earnings per share equals to basic earnings per share.*

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

	<b>Current Year Quarter 31.12.2017 RM' 000</b>	Preceding Year Quarter 31.12.2016 RM' 000	<b>Current Year- To-Date 31.12.2017 RM' 000</b>	Preceding Year- To-Date 31.12.2016 RM' 000
Profit for the period	<b>118,710</b>	72,948	<b>464,599</b>	455,053
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	<b>(24,144)</b>	42,621	<b>(40,924)</b>	(30,714)
Non-controlling interests	<b>(2,242)</b>	5,978	<b>(5,618)</b>	5,569
Total comprehensive income for the period, net of tax	<b>92,324</b>	121,547	<b>418,057</b>	429,908
Total comprehensive income attributable to:				
Equity holders of the Company	<b>62,574</b>	86,614	<b>299,961</b>	267,279
Non-controlling interests	<b>29,750</b>	34,933	<b>118,096</b>	162,629
	<b>92,324</b>	121,547	<b>418,057</b>	429,908

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

	<b>31.12.2017</b> <b>RM '000</b>	<i>Audited</i> 31.12.2016 RM '000
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	<b>859,453</b>	682,399
Share premium	-	112,641
Treasury shares	<b>(81,093)</b>	(81,093)
Other reserves	<b>24,927</b>	128,961
Retained earnings	<b>3,850,763</b>	3,659,850
	<b>4,654,050</b>	4,502,758
Non-controlling interests	<b>73,940</b>	91,389
<b>TOTAL EQUITY</b>	<b>4,727,990</b>	4,594,147
Represented by:		
<b>Non current assets</b>		
Property, plant and equipment	<b>1,376,802</b>	1,433,504
Long term prepaid lease	<b>395</b>	422
Investment properties	<b>2,879,921</b>	2,673,799
Inventories	<b>304,658</b>	265,364
Investments in associates and joint ventures	<b>847,471</b>	852,608
Deferred tax assets	<b>27,498</b>	12,796
Intangible assets	<b>6,000</b>	-
	<b>5,442,745</b>	5,238,493
<b>Current assets</b>		
Inventories	<b>593,031</b>	525,763
Financial assets at fair value through profit or loss	<b>262</b>	7,626
Receivables and contract assets	<b>194,632</b>	195,594
Amounts owing by associates and joint ventures	<b>88,866</b>	66,952
Tax recoverable	<b>15,193</b>	21,333
Cash held in Housing Development Accounts	<b>26,020</b>	87,700
Cash and bank balances	<b>1,525,963</b>	934,710
	<b>2,443,967</b>	1,839,678
Assets classified as held-for-sale	-	708,025
	<b>2,443,967</b>	2,547,703
<b>Less: Current liabilities</b>		
Payables and contract liabilities	<b>557,934</b>	703,861
Amounts owing to associates	<b>4</b>	4
Borrowings	<b>443,268</b>	485,671
Current tax payable	<b>113,104</b>	106,881
	<b>1,114,310</b>	1,296,417
<b>Net current assets</b>	<b>1,329,657</b>	1,251,286
<b>Less: Non current liabilities</b>		
Payables and contract liabilities	<b>85,927</b>	80,155
Borrowings	<b>1,839,163</b>	1,644,136
Deferred tax liabilities	<b>119,322</b>	171,341
	<b>2,044,412</b>	1,895,632
	<b>4,727,990</b>	4,594,147

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

**Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 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					
<b>At 1 January 2017</b>	<b>1,364,798</b>	<b>682,399</b>	<b>(29,902)</b>	<b>(81,093)</b>	<b>112,641</b>	<b>128,961</b>	<b>3,659,850</b>	<b>91,389</b>	<b>4,594,147</b>
Adjustments for effects of Companies Act 2016 (See Note 1)	-	<b>175,390</b>	-	-	<b>(112,641)</b>	<b>(62,749)</b>	-	-	-
Total comprehensive income for the period	-	-	-	-	-	<b>(40,924)</b>	<b>340,885</b>	<b>118,096</b>	<b>418,057</b>
Issuance of new shares in the Company	<b>500</b>	<b>1,664</b>	-	-	-	<b>(361)</b>	<b>136</b>	-	<b>1,439</b>
Issuance of new shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	<b>10,500</b>	<b>10,500</b>
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	<b>(16,593)</b>	<b>16,593</b>	-
Dividend paid	-	-	-	-	-	-	<b>(133,515)</b>	<b>(162,638)</b>	<b>(296,153)</b>
Total transactions with equity holders	<b>500</b>	<b>1,664</b>	-	-	-	<b>(361)</b>	<b>(149,972)</b>	<b>(135,545)</b>	<b>(284,214)</b>
<b>At 31 December 2017</b>	<b>1,365,298</b>	<b>859,453</b>	<b>(29,902)</b>	<b>(81,093)</b>	-	<b>24,927</b>	<b>3,850,763</b>	<b>73,940</b>	<b>4,727,990</b>

*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.*

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**Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 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	
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	-	-	-	-	-	(30,714)	297,993	162,629	429,908
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(16,166)	16,166	-
Redemption of Redeemable Preference shares in a subsidiary	-	-	-	-	-	-	-	(2,494)	(2,494)
Share buy back	-	-	(2)	(5)	-	-	-	-	(5)
Dividend paid	-	-	-	-	-	-	(133,490)	(150,463)	(283,953)
Total transactions with equity holders	-	-	(2)	(5)	-	-	(149,656)	(136,791)	(286,452)
At 31 December 2016	1,364,798	682,399	(29,901)	(81,093)	112,641	128,961	3,659,850	91,389	4,594,147

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

	<b>31.12.2017</b>	<i>Audited</i> 31.12.2016
	<b>RM '000</b>	RM '000
<b>Operating activities</b>		
Receipts from customers	<b>1,032,482</b>	1,280,641
Payments to contractors, suppliers and employees	<b>(504,405)</b>	(513,373)
Cash flow (used in)/from operations	<b>528,077</b>	767,268
Interest paid	<b>(67,408)</b>	(90,670)
Income taxes paid	<b>(105,436)</b>	(111,235)
<b>Net cash generated from operating activities</b>	<b>355,233</b>	565,363
<b>Investing activities</b>		
Investment in associates	-	(1,168)
Interest received	<b>44,407</b>	27,764
Additions to property, plant and equipment, investment properties and land held for property development	<b>(340,968)</b>	(324,098)
Capital repayment to non-controlling interests of a subsidiary (Purchase)/Disposal of unit trusts	-	(2,494)
Dividends received from associates	<b>167</b>	1,891
Proceeds from disposal of property, plant and equipment	<b>581,590</b>	201,968
Proceeds from disposal of associates	-	546
Deposits (held with)/released by licensed banks	<b>(3,580)</b>	534,088
Movement in fixed deposits with maturity of more than 3 months	<b>(251,404)</b>	-
Net repayments/(advances) from/(to) associates and joint ventures	<b>(14,809)</b>	(1,991)
<b>Net cash generated from investing activities</b>	<b>8,039</b>	438,769
<b>Financing activities</b>		
Proceeds from shares issued by the Company	<b>1,440</b>	-
Proceeds from shares issued to non-controlling interests of a subsidiary	<b>10,500</b>	-
Purchase of treasury shares	-	(5)
Net receipts/(repayments) of bank borrowings	<b>165,740</b>	(269,551)
Dividends paid to non-controlling interests of a subsidiary	<b>(152,719)</b>	(140,817)
Dividend paid	<b>(133,515)</b>	(133,490)
<b>Net cash used in financing activities</b>	<b>(108,554)</b>	(543,863)
Foreign currencies exchange difference	<b>19,871</b>	(2,149)
<b>Net increase in cash and cash equivalents</b>	<b>254,718</b>	460,269
Cash and cash equivalents at 1 January	<b>984,426</b>	526,306
<b>Cash and cash equivalents at 31 December</b>	<b>1,259,015</b>	984,426
Add: Restricted cash		
Fixed deposits with maturity of more than 3 months	251,404	-
Deposits pledged with licensed banks	41,564	37,984
<b>As per statement of financial position</b>	<b>1,551,983</b>	1,022,410

**Explanatory notes to the Interim Financial Statements  
for the three months ended 31 December 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
As at 31 December 2016	1,364,798,340
New ordinary shares issued pursuant to exercise of options under the Employee Share Option Scheme and listed on 7 September 2017	500,000
As at 31 December 2017	1,365,298,340
New ordinary shares issued pursuant to exercise of options under the Employee Share Option Scheme on 19 January 2018	6,048,000
As at 9 February 2018	1,371,346,340

The number of issued shares as at 31 December 2017 was 1,365,298,340 (31.12.2016: 1,364,798,340).

The number of issued shares as at the date of this report is 1,371,346,340.

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 31 December 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**

<b>Business segments</b>	<b>Property investment - retail RM '000</b>	<b>Property investment -commercial RM '000</b>	<b>Hotel RM '000</b>	<b>Property development RM '000</b>	<b>Construction RM '000</b>	<b>Others RM '000</b>	<b>Group RM '000</b>
<b>FY 2017</b>							
<b>Revenue</b>							
Total revenue	573,981	135,320	307,824	102,326	319,613	113,269	1,552,333
Intersegment revenue	<u>(55,672)</u>	<u>(7,741)</u>	<u>(6,990)</u>	<u>-</u>	<u>(319,613)</u>	<u>(71,887)</u>	<u>(461,903)</u>
External revenue	<u>518,309</u>	<u>127,579</u>	<u>300,834</u>	<u>102,326</u>	<u>-</u>	<u>41,382</u>	<u>1,090,430</u>
<b>Results</b>							
Segment results (external)	340,631	64,837	107,741	38,070	280	(2,763)	548,796
Unallocated expense							<u>(52,651)</u>
Profit from operations							496,145
Finance income							44,407
Finance costs							(54,292)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>3,109</u>	<u>26,137</u>	<u>(176)</u>	<u>-</u>	<u>347</u>	<u>29,417</u>
Profit before tax							515,677
Tax expense							<u>(51,078)</u>
Profit for the period							<u>464,599</u>
Attributable to:							
Equity holders of the Company							340,885
Non-controlling interests							<u>123,714</u>
							<u>464,599</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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<b>Business segments</b>	<b>Property investment - retail RM '000</b>	<b>Property investment -commercial RM '000</b>	<b>Hotel RM '000</b>	<b>Property development RM '000</b>	<b>Construction RM '000</b>	<b>Others RM '000</b>	<b>Group RM '000</b>
FY 2016							
Revenue							
Total revenue	546,995	131,614	387,459	93,551	237,021	114,770	1,511,410
Intersegment revenue	<u>(55,457)</u>	<u>(6,728)</u>	<u>(7,757)</u>	<u>-</u>	<u>(237,021)</u>	<u>(54,139)</u>	<u>(361,102)</u>
External revenue	<u>491,538</u>	<u>124,886</u>	<u>379,702</u>	<u>93,551</u>	<u>-</u>	<u>60,631</u>	<u>1,150,308</u>
Results							
Segment results (external)	324,305	67,544	189,635	45,616	(2,872)	(9,949)	614,279
Unallocated expense							<u>(48,509)</u>
Profit from operations							565,770
Finance income							25,594
Finance costs							(78,629)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>2,558</u>	<u>10,670</u>	<u>5,369</u>	<u>-</u>	<u>3,641</u>	<u>22,238</u>
Profit before tax							534,973
Tax expense							<u>(79,920)</u>
Profit for the period							<u>455,053</u>
Attributable to:							
Equity holders of the Company							297,993
Non-controlling interests							<u>157,060</u>
							<u>455,053</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.

On 27 November 2017, an announcement was made to Bursa Securities that in respect of the voluntary winding-up of X-Speed Sdn Bhd ("X-Speed"), a wholly-owned subsidiary of the Company, the Final Meeting of X-Speed had been held on 27 November 2017 and the company shall be dissolved on the expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting of X-Speed on 27 November 2017 with the Companies Commission of Malaysia.

## **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:

	<b>Group</b>	
	<b>31 December 2017 RM'000</b>	31 December 2016 RM'000
Authorised by Directors and contracted:		
Investment property	<b>413,939</b>	820,084
Authorised by Directors but not contracted:		
Investment property	<b>435,167</b>	199,289
Property, plant and equipment	<b>9,267</b>	8,723
	<b>444,434</b>	208,012

## K1 Review of performance

	Individual Period			Cumulative Period		
	3 months to 31.12.2017 RM' 000	3 months to 31.12.2016 RM' 000	Variance %	12 months to 31.12.2017 RM' 000	12 months to 31.12.2016 RM' 000	Variance %
Revenue	<b>329,352</b>	282,874	16%	<b>1,090,430</b>	1,150,308	-5%
Operating profit	<b>129,495</b>	99,165	31%	<b>496,144</b>	565,770	-12%
Profit before interest and tax	<b>147,446</b>	105,568	40%	<b>569,969</b>	613,602	-7%
Profit before tax	<b>134,871</b>	89,166	51%	<b>515,677</b>	534,973	-4%
Profit after tax	<b>118,621</b>	72,948	63%	<b>464,599</b>	455,053	2%
Profit attributable to ordinary equity holders of the Company	<b>86,718</b>	43,994	97%	<b>340,885</b>	297,993	14%

When comparing three months ended 31 December 2017 with three months ended 31 December 2016:

- i) Group revenue increased by 16% mainly due to recognition of turnover of RM61.9 million from sale of land by a subsidiary which mitigated the lower revenue achieved for the Hotel division. Revenue for the three months to 31 December 2016 had included an amount of RM22.5 million from Renaissance Kuala Lumpur Hotel which was disposed in January 2017.
- ii) Group pre-tax profit increased by 51% as a result of better performances from the Property Investment-Retail and Hotel divisions in addition to the one-off gain of RM27.3 million from the disposal of land by a subsidiary recognized in the current quarter.

## K2 Comparison with immediate preceding quarter

	3 months to 31.12.2017 RM' 000	3 months to 30.09.2017 RM' 000	Variance %
Revenue	<b>329,352</b>	259,713	27%
Operating profit	<b>129,495</b>	118,695	9%
Profit before interest and tax	<b>147,446</b>	132,529	11%
Profit before tax	<b>134,871</b>	125,529	7%
Profit after tax	<b>118,621</b>	95,451	24%
Profit attributable to ordinary equity holders of the Company	<b>86,718</b>	62,621	38%

When comparing three months ended 31 December 2017 with three months ended 30 September 2017:

- i) Group revenue increased by 27% mainly due to recognition of turnover of RM61.9 million from sale of land by a subsidiary which was completed in December 2017.
- ii) Group pre-tax profit increased by 7% mainly due to recognition of a one-off gain of RM27.3 million from the disposal of land by a subsidiary which mitigated the lower pre-tax profit achieved by the other operating divisions.

### **K3 Prospects for 2018**

Group revenue achieved for the financial year ended 31 December 2017 decreased by 5% to RM1,090.4 million when compared to the corresponding period in 2016.

The two divisions which contributed lower revenue were: Hotel division decreased by 21% to RM300.8 million (FY2016: RM379.7 million) and Investment Division decreased by 32% to RM41.4 million (FY2016: RM60.6 million). The operating divisions which achieved better revenue were: Property Development increased by 9% to RM102.3 million (FY2016: RM93.6 million), Property Investment, commercial division increased by 2% to RM127.6 million (FY2016: RM124.9 million) and Property Investment, retail division increased by 5% to RM518.3 million (FY2016: RM491.5 million).

Revenue from the Property Development division has increased when compared to the same period last year mainly due to the one-off recognition of turnover of RM61.9 million from the sale of land by a subsidiary. 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 progress ie. the 31-units condominium known as "Damai Residence" located in the vicinity of The Ampwalk at Ampang, Kuala Lumpur which is about 85% completed and the 400-units condominium known as "Stonor 3" located in the vicinity of Kuala Lumpur City Centre which is about 35% 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 68% and 87% respectively. Average rental rates for these buildings have mostly remained 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 RM524.9 million (FY2016: RM507.3 million) and RM373.6 million (FY2016: RM361.1 million) respectively, both an increase of about 3% 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 a combined revenue of about RM102.3 million in FY2016. Average occupancy rates and average room rates achieved by the Group's hotels for FY2017 has by and large remained at FY2016 level.

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% mainly as a result of lower consumption of utilities by the tenants at Mid Valley.

For the financial year ended 31 December 2017, Group pre-tax profit decreased by about 4% to RM515.7 million when compared to the corresponding period in 2016.

As a result of the scheduled completion of the Corporate Exercise in mid-March 2018, as detailed in Note K8 below, this shall be the final Interim Report to be released by the Group. Future results and performance of the Group will be consolidated with the results of the listed holding company.

**K4 Profit forecast/profit guarantee**

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

**K5 Tax**

	<b>3 months ended 31.12.2017 RM '000</b>	<b>12 months ended 31.12.2017 RM '000</b>
Malaysian income tax		
- Company and subsidiaries	<b>29,493</b>	<b>102,738</b>
(Over)/Underprovision in previous year	<b>(149)</b>	<b>3,816</b>
Transferred to deferred tax	<b>(19,525)</b>	<b>(62,531)</b>
	<b>9,819</b>	<b>44,023</b>
Overseas tax		
- Company and subsidiaries	<b>6,342</b>	<b>7,055</b>
	<b>16,161</b>	<b>51,078</b>

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 as well as the reversal of deferred tax provisions arising mainly from the disposal of certain assets by the Group.

**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 December 2017 were as follows:

	<b>31.12.2017 RM '000</b>
Total financial assets at cost	<b>1,114</b>
Total financial assets at fair value (after provision for diminution in value)	<b>262</b>
Total financial assets at market value at 31 December 2017	<b>262</b>

**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.

## **K8 Corporate proposals (continued)**

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

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.

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 an Order to hold a CCM.



## **K8 Corporate proposals (continued)**

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

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.

On 27 October 2017, the ES and the Independent Advice Letter, both dated 27 October 2017, were submitted to Bursa Securities.

On 21 November 2017, an announcement was made to Bursa Securities that at the CCM held on 21 November 2017 the resolution to approve the Proposed Scheme was approved by the requisite majority.

On 28 December 2017, an announcement was made to Bursa Securities that the High Court of Malaya had on 28 December 2017 granted an order sanctioning the Proposed Scheme.

On 9 January 2018, an announcement was made to Bursa Securities that the order of the High Court sanctioning the Proposed Scheme was lodged with the Registrar of Companies Malaysia on 9 January 2018 and accordingly, the Proposed Scheme is now legally effective.

On 10 January 2018, an announcement was made to Bursa Securities that Scheme Shareholders whose names appear on the Record of Depositors of the Company as at 5.00 p.m. on 25 January 2018 will be entitled to participate in the Scheme. The other key events and dates included in the announcement are as follows:

Last day of trading of IGB shares	:	18 January 2018 (5.00 p.m.)
Date of suspension of trading of IGB Shares	:	19 January 2018 (9.00 a.m.)
Scheme Entitlement Date	:	25 January 2018
Election Offer Notice (together with Election Notice) to Entitled Scheme Shareholders	:	29 January 2018
Election Period	:	29 January 2018 to 20 February 2018
Settlement of Offer Price	:	Within 10 days after 20 February 2018 (sometime early March 2018)
Tentative date of completion of Scheme	:	Early March 2018
Tentative date for delisting of IGB Shares	:	Mid-March 2018

On 29 January 2018, an announcement was made to Bursa Securities that the Election Offer Notice (together with the Election Notice) dated 29 January 2018 had been sent to the Entitled Scheme Shareholders on 29 January 2018.

**K9 Group borrowings and debt securities**

Group borrowings as at 31 December 2017 were as follows:

As at 31 December 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	
<b>Secured</b>						
Term Loan	45,000	-	106,024	-	151,024	151,024
Revolving credit	-	31,607	15,145	31,607	15,145	46,752
Medium term notes	1,794,163	-	14,900	-	1,809,063	1,809,063
<b>Unsecured</b>						
Revolving credit	-	-	275,592	-	275,592	275,592
	<b>1,839,163</b>	<b>31,607</b>	<b>411,661</b>	<b>31,607</b>	<b>2,250,824</b>	<b>2,282,431</b>
As at 31 December 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	
<b>Secured</b>						
Term Loan	1,350,176	-	101,916	-	1,452,092	1,452,092
Revolving credit	-	64,760	43,194	64,760	43,194	107,954
Medium term notes	293,960	-	-	-	293,960	293,960
<b>Unsecured</b>						
Revolving credit	-	-	275,801	-	275,801	275,801
	<b>1,644,136</b>	<b>64,760</b>	<b>420,911</b>	<b>64,760</b>	<b>2,065,047</b>	<b>2,129,807</b>

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 31 December 2017, RM600.0 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 ended 31 December 2017.

### **K13 Earnings per share**

		<b>3 months ended 31.12.2017</b>	3 months ended 31.12.2016	<b>12 months ended 31.12.2017</b>	12 months ended 31.12.2016
Profit for the period	RM '000	<u><b>86,718</b></u>	43,994	<u><b>340,885</b></u>	<u>297,993</u>
Weighted average number of ordinary shares in issue	'000	<u><b>1,335,058</b></u>	1,334,896	<u><b>1,335,058</b></u>	<u>1,334,896</u>
<b>Basic earnings per share</b>	sen	<u><u><b>6.50</b></u></u>	<u>3.30</u>	<u><u><b>25.53</b></u></u>	<u><u>22.32</u></u>
<b>Diluted earnings per share</b>	sen	<u><u><b>6.50</b></u></u>	<u>3.30</u>	<u><u><b>25.53</b></u></u>	<u><u>22.32</u></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 twelve months ended 31 December 2017. Therefore, the diluted earnings per share equals to basic earnings per share.

**K14 Profit from operations**

	<b>3 months ended 31.12.2017 RM '000</b>	<b>12 months ended 31.12.2017 RM '000</b>
Profit from operations is stated after charging:		
Depreciation	<b>24,097</b>	<b>110,389</b>
Unrealised foreign exchange loss	<b>14,886</b>	<b>9,436</b>
	<hr/> <hr/>	<hr/> <hr/>
Profit from operations is stated after crediting:		
Foreign exchange gain		<b>833</b>
Gain on disposal of property, plant and equipment	-	<b>34,047</b>
Other income (excluding finance income and dividend income)	<b>9,085</b>	<b>29,203</b>
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**K15 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 9 February 2018.