

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	(Unaudited) Individual Quarter		(Unaudited) Cumulative Quarter	
		Current Quarter 30 Sep 2018 RM'000	Preceding Year Quarter 30 Sep 2017 (Restated) RM'000	Current Year To Date 30 Sep 2018 RM'000	Preceding Year To Date 30 Sep 2017 (Restated) RM'000
Revenue	12	60,662	75,312	327,175	315,703
Cost of sales		(30,240)	(51,488)	(218,574)	(211,599)
Gross profit		30,422	23,824	108,601	104,104
Other income		2,337	2,666	6,126	7,641
Other expenses		(14,484)	(9,175)	(42,455)	(40,231)
Share of results of associates		(1,110)	(1,183)	(1,393)	(1,859)
Profit before taxation	22	17,165	16,132	70,879	69,655
Taxation	17	(11,494)	(8,960)	(18,422)	(20,383)
Profit/Total comprehensive income for the financial period		5,671	7,172	52,457	49,272
Profit/Total comprehensive income attributable to:					
Owners of the parent		5,688	7,172	52,486	49,296
Non-controlling interests		(17)	-	(29)	(24)
		5,671	7,172	52,457	49,272
<b>Earnings per share ("EPS")</b>					
<b>attributable to owners of the parent</b>					
		sen	sen	sen	sen
Basic	21	0.54	0.68	4.95	4.64
Fully diluted	21	0.52	0.55	4.23	3.76

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

**I-Berhad (7029-H)**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018**

	Note	(Unaudited) As at 30 Sep 2018 RM'000	(Unaudited) As at 31 Dec 2017 (Restated) RM'000	(Unaudited) As at 01 Jan 2017 (Restated) RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		102,289	84,106	77,332
Investment properties		412,910	386,588	312,347
Investments in associates		162,701	102,698	43,849
Deferred tax assets		4,648	695	2,369
		<u>682,548</u>	<u>574,087</u>	<u>435,897</u>
<b>Current assets</b>				
Inventories		784,507	662,481	627,219
Trade and other receivables		160,749	115,687	132,694
Current tax assets		2,405	2,206	1,640
Short-term deposits with licensed financial institution		20,670	143,601	166,505
Cash and bank balances		17,413	30,767	13,148
		<u>985,744</u>	<u>954,742</u>	<u>941,206</u>
<b>TOTAL ASSETS</b>	12	<u>1,668,292</u>	<u>1,528,829</u>	<u>1,377,103</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		599,865	598,972	501,638
Reserves		328,784	297,791	348,979
Equity component - ICULS		31,974	32,808	35,927
Equity component - RCULS		14,547	14,547	14,547
		<u>975,170</u>	<u>944,118</u>	<u>901,091</u>
Non-controlling interests		87	116	137
<b>TOTAL EQUITY</b>		<u>975,257</u>	<u>944,234</u>	<u>901,228</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities		4,750	5,704	6,290
Liability component - ICULS		470	967	1,952
Liability component - RCULS		191,015	192,901	192,106
		<u>196,235</u>	<u>199,572</u>	<u>200,348</u>
<b>Current liabilities</b>				
Trade and other payables		488,937	379,247	267,657
Current tax liabilities		7,765	5,776	7,870
Hire purchase liability		98	-	-
		<u>496,800</u>	<u>385,023</u>	<u>275,527</u>
<b>TOTAL LIABILITIES</b>	12	<u>693,035</u>	<u>584,595</u>	<u>475,875</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,668,292</u>	<u>1,528,829</u>	<u>1,377,103</u>
Net assets per share attributable to owners of the parent (RM)		<u>0.97</u>	<u>0.94</u>	<u>0.90</u>

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

I-Berhad (7029-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	----- Attributable to owners of the parent -----									
	Share capital	Share premium	Revaluation reserve	Warrant reserve	Equity component ICULS	Equity component RCULS	Retained earnings	Total	Non-controlling interests	Total equity
(Unaudited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2017 (As previously stated)</b>	501,638	93,996	1,331	39,126	35,927	14,547	169,496	856,061	137	856,198
Effects of changes in accounting policy	-	-	-	-	-	-	45,030	45,030	-	45,030
<b>Balance as at 1 January 2017 (Restated)</b>	501,638	93,996	1,331	39,126	35,927	14,547	214,526	901,091	137	901,228
Total comprehensive income for the financial period	-	-	-	-	-	-	49,296	49,296	(24)	49,272
Transactions with owners:										
Conversion of ICULS during the financial period	2,329	817	-	-	(2,013)	-	-	1,133	-	1,133
Dividends paid	-	-	-	-	-	-	(18,931)	(18,931)	-	(18,931)
	2,329	817	-	-	(2,013)	-	(18,931)	(17,798)	-	(17,798)
Reclassification pursuant to S618(2) of CA 2016*	94,813	(94,813)	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2017</b>	598,780	-	1,331	39,126	33,914	14,547	244,891	932,589	113	932,702
<b>(Unaudited)</b>										
<b>Balance as at 1 January 2018</b>	598,972	-	1,331	39,126	32,808	14,547	257,334	944,118	116	944,234
Total comprehensive income for the financial period	-	-	-	-	-	-	52,486	52,486	(29)	52,457
Transactions with owners:										
Conversion of ICULS during the financial period	893	-	-	-	(834)	-	-	59	-	59
Dividends paid	-	-	-	-	-	-	(21,493)	(21,493)	-	(21,493)
	893	-	-	-	(834)	-	(21,493)	(21,434)	-	(21,434)
<b>Balance as at 30 September 2018</b>	599,865	-	1,331	39,126	31,974	14,547	288,327	975,170	87	975,257

Note:

\* Effective from 31 January 2017, the new Companies Act 2016 ("CA 2016") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

**I-Berhad (7029-H)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	(Unaudited) Period ended 30 Sep 2018	(Unaudited) Period ended 30 Sep 2017 (Restated)
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	70,879	69,655
Adjustments for:		
Non-cash/operating items	9,465	9,310
Operating profit before working capital changes	80,344	78,965
Net changes in current assets	(129,387)	68,731
Net changes in current liabilities	78,774	(418)
Cash generated from operations	29,731	147,278
Tax paid	(21,507)	(20,194)
Tax refunded	135	276
Net cash (used in)/ generated from operating activities	8,359	127,360
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(28,323)	(9,668)
Proceeds from disposal of property	7	-
Investment in an associate company	(61,396)	(50,752)
Development costs incurred for investment properties	(26,322)	(31,526)
Withdrawal from/(Placement in) short-term deposits with licensed financial institutions	122,931	-
Interest received	3,598	2,958
Net cash generated from/(used in) investing activities	10,495	(88,988)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
ICULS coupons paid	(540)	(481)
RCULS coupons paid	(10,105)	(8,019)
Finance lease interest paid	(70)	-
Dividend paid	(21,493)	(18,931)
Net cash used in financing activities	(32,208)	(27,431)
Net (decrease)/increase in cash and cash equivalents	(13,354)	10,941
Cash and cash equivalents at beginning of financial period	30,728	179,653
Cash and cash equivalents at end of financial period	17,374	190,594
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	17,372	34,821
Deposits with licensed banks/financial institutions	41	155,812
Deposits pledged as bank guarantee	(39)	(39)
Total	17,374	190,594

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes.

## Part A – Explanatory Notes Pursuant to MFRS 134

### 1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and method of computation adopted by the Group in this quarterly report are consistent with those in the annual financial statements for the year ended 31 December 2017 except as follows:

On 1 January 2018, the Group adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2018.

#### 1 January 2018

Amendments to MFRS 1	Annual Improvements to MFRSs 2014-2016 Cycle
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 128	Annual Improvements to MFRSs 2014-2016 Cycle
Amendments to MFRS 140	Transfer of Investment Property

The Group has not adopted the following standards and interpretations that have been issued and not yet effective:

#### 1 January 2019

Amendments to MFRS 3	Annual Improvements to MFRSs 2015-2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Annual Improvements to MFRSs 2015-2017 Cycle
MFRS 16	Leases
Amendments to MFRS 112	Annual Improvements to MFRSs 2015-2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Annual Improvements to MFRSs 2015-2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

#### 1 January 2020

Amendment to MFRS 3	Business Combinations
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Intangible Assets

### Malaysian Financial Reporting Standards (MFRS Framework)

The Group is required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. Accordingly, the Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 January 2018. In presenting its first MFRS financial statements, the Group has restated the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition has been made retrospectively against opening retained earnings and the details of changes are set out in Note 23 to the interim financial statements.

### 2 Seasonal or cyclical factors

The Group's results were not materially impacted by any seasonal or cyclical factors apart from the Leisure segment as both the Leisure Park@i-City and Best Western i-City receive more visitors during weekends, school holidays and festive seasons.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED

**3 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 2018.

**4 Material changes in estimates**

There were no material changes in estimates that have material effect as at quarter ended 30 September 2018.

**5 Debt and equity securities**

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities, in the current quarter.

**6 Dividend paid**

In respect of financial year ended 31 December 2017, a final single tier dividend of 2.13 sen per ordinary share amounting to RM21,493,463.45 was paid on 21 September 2018.

**7 Carrying amount of revalued assets**

The carrying values of investment properties have been brought forward without significant changes from the audited financial statements for the financial year ended 31 December 2017.

**8 Material events subsequent to the end of interim period**

There is no material event subsequent to the end of the interim period.

**9 Changes in composition of the Group**

There was no change in the composition of the Group as at 30 September 2018.

**10 Capital commitments**

	<b>As at 30.09.2018</b>
	<b>RM'000</b>
Approved and contracted for, analysed as follows:	
Leisure	132,702
Investment properties	65,044
	<hr/>
	197,746
	<hr/> <hr/>

**11 Significant related party transactions**

There was no significant related party transaction during the current quarter.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**12 Segmental information- By business segments**

Financial period ended 30 September 2018	Property Development RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
Total revenue	291,242	5,771	31,504	2,373	330,890
Inter-segment revenue	(180)	(980)	(2,100)	(455)	(3,715)
External revenue	291,062	4,791	29,404	1,918	327,175
<b>Results</b>					
Segment results	69,925	(1,870)	2,692	(1,586)	69,161
Interest income	1,562	0	15	1,534	3,111
Share of results of associates	-	(1,300)	(93)	-	(1,393)
Profit /(Loss) before taxation	71,487	(3,170)	2,614	(52)	70,879
Taxation	-	-	-	-	(18,422)
Profit for the financial period					52,457

As at 30 September 2018

**Assets**

Segment assets	900,235	474,214	94,927	29,162	1,498,538
Tax recoverable	-	-	-	-	2,405
Deferred tax assets	-	-	-	-	4,648
Investment in associates	-	-	-	-	162,701
Total assets					1,668,292

**Liabilities**

Segment liabilities	664,710	6,674	2,715	6,421	680,520
Current tax liabilities	-	-	-	-	7,765
Deferred tax liabilities	-	-	-	-	4,750
Total liabilities					693,035

Financial period ended 30 September 2017(Restated)	Property Development RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Consolidated RM'000
<b>Revenue</b>					
Total revenue	281,484	4,328	32,480	1,038	319,330
Inter-segment revenue	(180)	(753)	(2,357)	(337)	(3,627)
	281,304	3,575	30,123	701	315,703

**Results**

Segment results	67,158	(1,001)	1,210	(1,528)	65,839
Interest income	620	0	-	5,055	5,675
Share of results of associates	-	(1,794)	(65)	-	(1,859)
Profit /(Loss) before taxation	67,778	(2,795)	1,145	3,527	69,655
Taxation	-	-	-	-	(20,383)
Profit for the financial period					49,272

As at 30 September 2017(Restated)

**Assets**

Segment assets	720,829	402,364	72,634	156,968	1,352,795
Tax recoverable	-	-	-	-	2,165
Deferred tax assets	-	-	-	-	968
Investment in associates	-	-	-	-	92,743
Total assets					1,448,671

**Liabilities**

Segment liabilities	472,255	6,967	2,151	6,670	488,043
Current tax liabilities	-	-	-	-	9,400
Deferred tax liabilities	-	-	-	-	18,524
Total liabilities					515,967

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia and other directives****13 Auditors' Report on preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

**14 Review of performance – Current financial quarter ended 30 September 2018 by segment**

	Quarter ended/ Three months ended			Year to date/ Nine months ended			
	30.09.2018	30.09.2017 (Restated)	Change	30.09.2018	30.09.2017 (Restated)	Change	30.09.2017 (Previously stated)
	RM'000	RM'000	%	RM'000	RM'000	%	RM'000
<b>Revenue</b>							
Property development	47,069	62,415	(25)	291,062	281,304	3	301,575
Property investment	1,770	1,184	49	4,791	3,575	34	3,575
Leisure	11,460	11,483	(0)	29,404	30,123	(2)	30,123
Others	363	230	58	1,918	701	>100	701
<b>Total</b>	<b>60,662</b>	<b>75,312</b>		<b>327,175</b>	<b>315,703</b>		<b>335,974</b>
<b>Profit/(Loss) before taxation</b>							
Property development	19,036	14,689	30	71,487	67,778	5	76,298
Property investment	(2,061)	(1,772)	(16)	(3,170)	(2,795)	(13)	(2,795)
Leisure	1,648	2,082	(21)	2,614	1,145	>100	1,145
Others	(1,458)	1,133	>(100)	(52)	3,527	>100	3,527
<b>Total</b>	<b>17,165</b>	<b>16,132</b>		<b>70,879</b>	<b>69,655</b>		<b>78,175</b>

For the current financial quarter ended 30 September 2018 ("Q3 2018"), the Group posted lower revenue of RM60.7 million despite recording higher profit before tax of RM17.1 million as compared to the restated revenue and profit before tax of RM75.3 million and RM16.1 million respectively for the corresponding financial quarter ended 30 September 2017 ("Q3 2017") thereby resulting in a decreased revenue of 19.4% with an increased profit before tax of 6.2% respectively.

**a) Property development**

Revenue was lower in the current quarter as Hill10 which was launched during the comparative quarter received very good response. In addition, i-Suite, Liberty, Parisien and Hyde developments have also contributed to the higher revenue in the corresponding quarter. The stronger result in the current quarter is a result of the MFRS 15 adjustment to the comparative quarters.

**b) Property investment**

The slight improvement in revenue for Q3 2018 is due to the lease of the additional completed investment properties in the segment. The extended loss before taxation is a result of the share of results of an associate which is incurring pre-operating expenses.

**c) Leisure**

The leisure segment revenue has been sustained while the additional maintenance and upgrading works carried out in the current quarter to enhance customers' experience has resulted in a lower profit before tax for the current quarter.



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**15 Comment on material changes in profit before taxation of the current quarter compared with the preceding quarter**

	<b>Current Quarter 30.09.2018 RM'000</b>	<b>Preceding Quarter 30.06.2018 RM'000</b>	<b>Change %</b>
Revenue	60,662	107,164	(43)
Share of result of associates	(1,110)	(263)	>(100)
Profit before tax	17,165	28,698	(40)

The Group registered lower revenue and profit before tax of RM60.7 million and RM17.1 million respectively for the current quarter as compared to RM107.2 million and RM28.7 million respectively for the preceding quarter due to the lower revenue from the property segment as compared to that from the preceding quarter.

**16 Commentary on prospects**

The Board expects a challenging market ahead for the Property Development segment amid the consolidation of both national and global economy, and thus, adopts a cautious approach.

The Group's unbilled sales as at 30 September 2018 stood at RM160.7 million as compared to RM305.4 million as at 30 June 2018.

The Company remain focused on enhancing i-City development and continue improving the living experience as well as value of i-City development. In addition, the Group is also focusing on the on-going development of its Investment Properties namely, Corporate Office Tower, Double Tree by Hilton and second Convention Centre which will contribute recurring income stream to the Group in the near future.

Under the foregoing circumstances, the Board is of view that the operating performance of the Group will be challenging for the remaining quarter of the financial year ending 31 December 2018 despite the Group's continuous strategic efforts.

**17 Taxation**

	<b>Quarter ended/ Three months ended</b>		<b>Year to date/ Nine months ended</b>	
	<b>30.09.2018 RM'000</b>	<b>30.09.2017 RM'000</b>	<b>30.09.2018 RM'000</b>	<b>30.09.2017 RM'000</b>
Taxation				
- Income tax	10,000	7,190	22,017	18,946
Under/(Over) provision in prior year				
- Income tax	1,494	1,770	1,144	1,977
- Deferred tax	-	-	(4,739)	(540)
	1,494	1,770	(3,595)	1,437
Total	11,494	8,960	18,422	20,383

Overall, the effective tax rate is slightly higher than the statutory tax rate mainly due to the impact of the MFRS 15 adjustments.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**18 Group borrowings and debt securities**

The Group has no borrowing as at 30 September 2018 other than the liability components of remaining unconverted 70.5 million five year 2% to 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM35.3 million; 264.0 million five year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-A") of RM132.0 million; and 138.0 million five year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-B") of RM69.0 million.

<b>As at 30 September 2018</b>	<b>Non-current RM'000</b>	<b>Repayable within one year RM'000</b>
<b>Unsecured</b>		
Irredeemable Convertible Unsecured Loan Securities ("ICULS")	470	1,057
Redeemable Convertible Unsecured Loan Securities ("RCULS")	191,015	10,050
	<u>191,485</u>	<u>11,107</u>
<b>As at 30 September 2017</b>	<b>Non-current RM'000</b>	<b>Repayable within one year RM'000</b>
<b>Unsecured</b>		
Irredeemable Convertible Unsecured Loan Securities ("ICULS")	2,543	1,088
Redeemable Convertible Unsecured Loan Securities ("RCULS")	200,224	10,020
	<u>202,767</u>	<u>11,108</u>

**19 Material litigation**

The Group is not engaged in any material litigation as at 31 October 2018 the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**20 Dividend**

No interim dividend has been recommended during the third quarter ended 30 September 2018.

**21 Earnings per share**

(i) Basic Earnings per Share

	<b>Quarter ended/ Three months ended</b>		<b>Year to date/ Nine months ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017 (Restated)</b>	<b>30.09.2018</b>	<b>30.09.2017 (Restated)</b>
Profit attributable to owners of the parent (RM'000)	5,688	7,172	52,486	49,296
Weighted average number of ordinary shares in issue ('000)	1,061,314	1,061,314	1,061,314	1,061,314
Basic earnings per share (sen)	0.54	0.68	4.95	4.64

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**21 Earnings per share (continued)**

(ii) Diluted Earnings per Share

	Quarter ended/ Three months ended		Year to date/ Nine months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Profit attributable to owners of the parent (RM'000)	5,688	7,172	52,486	49,296
After tax effects of interest	1,112	-	3,166	118
Weighted average number of ordinary shares in issue ('000)	1,061,314	1,061,314	1,061,314	1,061,314
Effect of dilution ('000)	254,326	254,326	254,326	254,326
Diluted earnings per share (sen)	0.52	0.55	4.23	3.76

**22 Note to consolidated statements of comprehensive income**

	Quarter ended/ Three months ended		Year to date/ Nine months ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Profit before taxation for the financial period is arrived at after crediting:				
Interest income	650	1,972	3,111	5,675
Other income	1,687	694	3,015	1,966
and charging:				
Depreciation of property, plant and equipment	3,298	3,909	10,140	11,575

**23. Details of changes in interim financial statements**

The Group has initially applied MFRS 15 'Revenue from contracts with customers' on 1 January 2018.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The adoption of MFRS 15 during the financial year affected its property development activities whereby:

- separate performance obligation was identified and revenue recognition was deferred for performance which has not been satisfied; and
- capitalised expenses attributable to the contracts with customers were expensed off by reference to the completed performance to date

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED  
30 SEPTEMBER 2018 - UNAUDITED**23. Details of changes in interim financial statements (continued)**

The adoption had resulted in the change in the accounting policy which had been applied retrospectively and resulted in the restatements of the financial statements for prior financial periods which can be summarised below:

	<b>Note</b>	<b>Cumulative Quarters Ended 30 September 2017 RM'000</b>	<b>As at 1 January 2017 RM'000</b>
Total adjustment to revenue as a result of distinct goods and services	(a)	20,271	(33,956)
Total adjustment to cost of sales as a result of distinct goods and services	(a)	(17,128)	7,174
Net adjustment to operating expenses due to costs incurred in fulfilling a contract	(b)	5,377	(18,248)
Impact of MFRS 15 on the result of the Group		8,520	(45,030)

- a) An entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer. The Group's property development projects which are fitted and furnished have been identified as an area to determine the distinct performance obligation upon the adoption of MFRS 15.
- b) An entity shall recognise an asset from the costs incurred to fulfill a contract if those costs meet the criteria as per specified in the standard. The Group's sales and marketing cost in relation to the property development segment has been recognised as asset upon the adoption of MFRS 15.

MFRS 1 requires an entity to reconcile equity, total comprehensive income and statement of financial position for prior periods. The following tables represent the reconciliations from FRSs to MFRSs for respective periods:

Reconciliation of Equity

	<b>Note</b>	<b>As at 30 September 2017 RM'000</b>	<b>As at 1 January 2017 RM'000</b>
Equity as per reported under FRS		896,192	856,198
Effects from adoption MFRS 15	(a)	36,510	45,030
Equity on transition to MFRS		932,702	901,228

- (a) Effect from adoption of MFRS 15 as at 30 September 2017 is a result of opening balance adjustment as at 1 January 2017 and cumulative quarters ended 30 September 2017.

**23. Details of changes in interim financial statements (continued)**

MFRS 1 requires an entity to reconcile equity, total comprehensive income and statement of financial position for prior periods. The following tables represent the reconciliations from FRSs to MFRSs for respective periods: (continued)

Reconciliation of Statement of Comprehensive Income

For the cumulative quarters ended 30 September 2017

	<b>Previously stated under FRSs RM '000</b>	<b>Effects of MFRS 15 RM'000</b>	<b>Restated under MFRS RM'000</b>
Revenue	335,974	(20,271)	315,703
Cost of sales	(228,727)	17,128	(211,599)
Gross profit	107,247	(3,143)	104,104
Other income	7,641	-	7,641
Other expenses	(34,854)	(5,377)	(40,231)
Share of results of associates	(1,859)	-	(1,859)
Profit before taxation	78,175	(8,520)	69,655
Taxation	(20,383)	-	(20,383)
Profit for the financial period	57,792	(8,520)	49,272

Reconciliation of Statement of Financial Positioni) Inventories

	<b>As at 31 December 2017 RM'000</b>	<b>As at 1 January 2017 RM'000</b>
As per reported under FRS	222,022	65,769
Effects from adoption MFRS 15	440,459	561,450
As restated transition to MFRS	662,481	627,219

ii) Trade and other payables

	<b>As at 31 December 2017 RM'000</b>	<b>As at 1 January 2017 RM'000</b>
As per reported under FRS	392,175	301,613
Effects from adoption MFRS 15	(12,928)	(33,956)
As restated transition to MFRS	379,247	267,657

**23. Details of changes in interim financial statements (continued)**

MFRS 1 requires an entity to reconcile equity, total comprehensive income and statement of financial position for prior periods. The following tables represent the reconciliations from FRSs to MFRSs for respective periods: (continued)

Reconciliation of Statement of Financial Position (continued)iii) Retained earnings

	<b>As at 31 December 2017 RM'000</b>	<b>As at 1 January 2017 RM'000</b>
As per reported under FRS	226,041	169,496
Effects from adoption MFRS 15	31,293	45,030
As restated transition to MFRS	<u>257,334</u>	<u>214,526</u>

**24 Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 November 2018.