

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	(Unaudited) Individual Quarter		(Unaudited) Cumulative Quarter	
		Current Quarter 31 Dec 2018 RM'000	Preceding Year Quarter 31 Dec 2017 (Restated) RM'000	Current Year To Date 31 Dec 2018 RM'000	Preceding Year To Date 31 Dec 2017 (Restated) RM'000
Revenue	12	47,969	139,484	375,144	455,187
Cost of sales		(27,223)	(103,876)	(245,797)	(315,475)
Gross profit		20,746	35,608	129,347	139,712
Other income		1,572	2,683	7,698	10,324
Other expenses		(14,858)	(15,569)	(57,313)	(57,287)
Share of results of associates		(1,558)	(1,052)	(2,951)	(2,911)
Profit before taxation	22	5,902	21,670	76,781	89,838
Taxation	17	377	(6,284)	(18,045)	(26,667)
Profit/Total comprehensive income for the financial period		6,279	15,386	58,736	63,171
Profit/Total comprehensive income attributable to:					
Owners of the parent		6,307	15,383	58,793	63,192
Non-controlling interests		(28)	3	(57)	(21)
		6,279	15,386	58,736	63,171
Earnings per share ("EPS")					
attributable to owners of the parent		sen	sen	sen	sen
Basic	21	0.59	1.45	5.54	5.95
Fully diluted	21	0.57	1.28	4.80	4.92

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 31 DECEMBER 2018**

	(Unaudited) As at 31 Dec 2018 RM'000	(Unaudited) As at 31 Dec 2017 (Restated) RM'000	(Unaudited) As at 01 Jan 2017 (Restated) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	118,194	84,106	77,332
Investment properties	479,939	384,744	312,347
Investments in associates	161,143	102,698	43,849
Deferred tax assets	1,660	3,992	2,369
	<u>760,936</u>	<u>575,540</u>	<u>435,897</u>
Current assets			
Inventories	752,789	662,481	627,219
Trade and other receivables	144,277	115,687	132,694
Current tax assets	2,840	2,206	1,640
Short-term deposits with licensed financial institution	10	143,601	166,505
Cash and bank balances	18,803	30,767	13,148
	<u>918,719</u>	<u>954,742</u>	<u>941,206</u>
TOTAL ASSETS	12 <u>1,679,655</u>	<u>1,530,282</u>	<u>1,377,103</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	600,008	598,972	501,638
Reserves	336,544	299,244	348,979
Equity component - ICULS	31,840	32,808	35,927
Equity component - RCULS	14,547	14,547	14,547
	<u>982,939</u>	<u>945,571</u>	<u>901,091</u>
Non-controlling interests	59	116	137
TOTAL EQUITY	<u>982,998</u>	<u>945,687</u>	<u>901,228</u>
Non-current liabilities			
Deferred tax liabilities	4,161	5,704	6,290
Liability component - ICULS	-	967	1,952
Liability component - RCULS	-	192,901	192,106
	<u>4,161</u>	<u>199,572</u>	<u>200,348</u>
Current liabilities			
Liability component - ICULS	1,016	1,085	1,117
Liability component - RCULS	203,833	10,050	8,040
Trade and other payables	487,571	368,112	258,500
Current tax liabilities	-	5,776	7,870
Hire purchase liability	76	-	-
	<u>692,496</u>	<u>385,023</u>	<u>275,527</u>
TOTAL LIABILITIES	12 <u>696,657</u>	<u>584,595</u>	<u>475,875</u>
TOTAL EQUITY AND LIABILITIES	<u>1,679,655</u>	<u>1,530,282</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 YEAR ENDED 31 DECEMBER 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
Balance as at 1 January 2017 (As previously stated)	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
Balance as at 1 January 2017 (Restated)	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	-	-	-	-	-	-	63,192	63,192	(21)	63,171
Transactions with owners:										
Conversion of ICULS during the financial period	2,454	884	-	-	(3,119)	-	-	219	-	219
Dividends paid	-	-	-	-	-	-	(18,931)	(18,931)	-	(18,931)
	2,454	884	-	-	(3,119)	-	(18,931)	(18,712)	-	(18,712)
Reclassification pursuant to S618(2) of CA 2016*	94,880	(94,880)	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	598,972	-	1,331	39,126	32,808	14,547	258,787	945,571	116	945,687
(Unaudited)										
Balance as at 1 January 2018	598,972	-	1,331	39,126	32,808	14,547	258,787	945,571	116	945,687
Total comprehensive income for the financial period	-	-	-	-	-	-	58,793	58,793	(57)	58,736
Transactions with owners:										
Conversion of ICULS during the financial period	1,036	-	-	-	(968)	-	-	68	-	68
Dividends paid	-	-	-	-	-	-	(21,493)	(21,493)	-	(21,493)
	1,036	-	-	-	(968)	-	(21,493)	(21,425)	-	(21,425)
Balance as at 31 December 2018	600,008	-	1,331	39,126	31,840	14,547	296,087	982,939	59	982,998

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 YEAR ENDED 31 DECEMBER 2018

	(Unaudited) Period ended 31 Dec 2018	(Unaudited) Period ended 31 Dec 2017 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	76,781	89,838
Adjustments for:		
Non-cash/operating items	17,298	(15,226)
Operating profit before working capital changes	94,079	74,612
Net changes in current assets	(69,516)	33,437
Net changes in current liabilities	57,548	69,330
Cash generated from operations	82,111	177,379
Tax paid	(23,647)	(31,814)
Tax refunded	149	276
Net cash generated from operating activities	58,613	145,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,553)	(22,291)
Proceeds from disposal of property	7	7,333
Investment in an associate company	(61,396)	(61,760)
Development costs incurred for investment properties	(90,729)	(53,154)
Withdrawal from short-term deposits with licensed financial institutions	143,591	22,904
Interest received	4,265	6,766
Net cash used in investing activities	(37,815)	(100,202)
CASH FLOWS FROM FINANCING ACTIVITIES		
ICULS coupons paid	(1,070)	(939)
RCULS coupons paid	(10,105)	(8,040)
Finance lease interest paid	(94)	(110)
Dividend paid	(21,493)	(18,931)
Net cash used in financing activities	(32,762)	(28,020)
Net (decrease)/increase in cash and cash equivalents	(11,964)	17,619
Cash and cash equivalents at beginning of financial period	30,728	13,109
Cash and cash equivalents at end of financial period	18,764	30,728
Cash and cash equivalents comprise:		
Cash and bank balances	5,526	26,022
Deposits with licensed banks/financial institutions	13,277	4,745
Deposits pledged as bank guarantee	(39)	(39)
Total	18,764	30,728

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
31 DECEMBER 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 31 December 2018.

4 Material changes in estimates

There were no material changes in estimates that have material effect as at financial year ended 31 December 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

There was no dividend payment in the current quarter.

7 Carrying amount of revalued assets

In accordance with the exemption in MFRS 1, the Group elected to measure the investment properties at the previous revaluation as deemed cost as at the date of revaluation and are subsequently stated at cost less any accumulated depreciation and impairment losses.

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 31 December 2018.

10 Capital commitments

	As at 31.12.2018
	RM'000
Approved and contracted for, analysed as follows:	
Leisure	121,192
Investment properties	142,502
	<hr/>
	263,694
	<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
31 DECEMBER 2018 - UNAUDITED**12 Segmental information- By business segments**

Financial year ended 31 December 2018	Property Development RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Consolidated RM'000
Revenue					
Total revenue	321,772	8,000	46,197	23,799	399,768
Inter-segment revenue	(240)	(1,310)	(2,474)	(20,600)	(24,624)
External revenue	<u>321,532</u>	<u>6,690</u>	<u>43,723</u>	<u>3,199</u>	<u>375,144</u>
Results					
Segment results	71,816	(3,638)	10,179	(2,198)	76,159
Interest income	2,015	0	15	1,543	3,573
Share of results of associates	-	(2,842)	(109)	-	(2,951)
Profit /(Loss) before taxation	<u>73,831</u>	<u>(6,480)</u>	<u>10,085</u>	<u>(655)</u>	<u>76,781</u>
Tax expense					<u>(18,045)</u>
Profit for the financial year					<u>58,736</u>
As at 31 December 2018					
Assets					
Segment assets	916,188	477,123	108,173	12,528	1,514,012
Tax recoverable	-	-	-	-	2,840
Deferred tax assets	-	-	-	-	1,660
Investment in associates	-	-	-	-	161,143
Total assets					<u>1,679,655</u>
Liabilities					
Segment liabilities	678,721	5,626	2,523	5,626	692,496
Current tax liabilities	-	-	-	-	0
Deferred tax liabilities	-	-	-	-	4,161
Total liabilities					<u>696,657</u>

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
31 DECEMBER 2018 - UNAUDITED**12 Segmental information- By business segments (cont'd)**

Financial year ended 31 December 2017 (Restated)	Property Development RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Consolidated RM'000
Revenue					
Total revenue	404,538	7,109	48,261	2,246	462,154
Inter-segment revenue	(715)	(2,125)	(3,588)	(539)	(6,967)
External revenue	403,823	4,984	44,673	1,707	455,187
Results					
Segment results	84,698	(3,096)	6,698	(2,775)	85,525
Interest income	945	0	-	6,279	7,224
Share of results of associates	-	(2,865)	(46)	-	(2,911)
Profit/(Loss) before taxation	85,643	(5,961)	6,652	3,504	89,838
Tax expense					(26,667)
Profit for the financial year					63,171
As at 31 December 2017 (Restated)					
Assets					
Segment assets	741,804	443,558	72,918	163,106	1,421,386
Tax recoverable	-	-	-	-	2,206
Deferred tax assets	-	-	-	-	3,992
Investment in associates	-	-	-	-	102,698
Total assets					1,530,282
Liabilities					
Segment liabilities	558,363	4,545	2,684	7,523	573,115
Current tax liabilities	-	-	-	-	5,776
Deferred tax liabilities	-	-	-	-	5,704
Total liabilities					584,595

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 31 December 2018 by segment

	Quarter ended/ Three months ended			Year to date/ Twelve months ended		
	31.12.2018 RM'000	31.12.2017 RM'000	Change %	31.12.2018 RM'000	31.12.2017 RM'000	Change %
Revenue						
Property Development	30,470	122,519	(75)	321,532	403,823	(20)
Property Investment	1,899	1,409	35	6,690	4,984	34
Leisure	14,319	14,550	(2)	43,723	44,673	(2)
Others	1,281	1,006	27	3,199	1,707	87
	<u>47,969</u>	<u>139,484</u>		<u>375,144</u>	<u>455,187</u>	
Profit /(Loss) before taxation						
Property Development	2,344	17,865	(87)	73,831	85,643	(14)
Property Investment	(3,310)	(1,783)	86	(6,480)	(5,961)	9
Leisure	7,471	5,507	29	10,085	6,652	52
Others	(603)	81	(>100)	(655)	3,504	(>100)
	<u>5,902</u>	<u>21,670</u>		<u>76,781</u>	<u>89,838</u>	

For the current financial quarter ended 31 December 2018 ("Q4 2018"), the Group posted lower revenue of RM48.0 million and profit before tax of RM5.9 million as compared to the restated revenue and profit before tax of RM139.5 million and RM21.7 million respectively for the corresponding financial quarter ended 31 December 2017 ("Q4 2017").

a) Property development

Revenue was lower in the current quarter as Plot 2 development has been completed with Liberty, Parisien and Hyde developments handed over in Q3 2018.

b) Property investment

The slight improvement in revenue for Q4 2018 was due to the lease of the additional completed investment properties in the segment. The extended loss before taxation was a result of the share of results of an associate which is incurring pre-operating expenses.

c) Leisure

The leisure segment revenue has been fairly sustainable with higher profit before tax for the current quarter as a result of more effective cost management.

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

	Current Quarter 31.12.2018 RM'000	Preceding Quarter 30.09.2018 RM'000	Changes %
Revenue	47,969	60,662	(21)
Share of result of associates	(1,558)	(1,110)	(40)
Profit before tax	5,902	17,165	(66)

The Group registered lower revenue and profit before tax of RM48.0 million and RM5.9 million respectively for the current quarter as compared to RM60.7 million and RM17.2 million respectively for the preceding quarter. The reduction for both revenue and profit before tax was due to the full completion and handover of Plot 2 development with the last phase handed over in Q3 2018.

16 Commentary on prospects

The Board expects a challenging market ahead for the Property Development segment amid the consolidation of both national and global economies, and has thus continuously to adopt a cautious approach.

The Group's unbilled sales as at 31 December 2018 stood at RM149.0 million as compared to RM160.7 million as at 30 September 2018.

While preparing for new project launches within i-City, the Group remain focused on enhancing the value of i-City development and has continued to improve the living experience at i-City. With the current rapid development, i-City is poised to become the heart of Selangor's "golden triangle" with new business opportunities and investments. 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 apart from the Central i-City Shopping Centre (a joint venture with Central Pattana of Thailand) which is slated to open in the first quarter 2019.

Under the foregoing circumstances, the Board is of view that the operating performance of the Group will remain challenging for the financial year ending 31 December 2019 despite the Group's continuous strategic efforts.

17 Taxation

	Quarter ended/ Three months ended		Year to date/ Twelve months ended	
	31.12.2018 RM'000	31.12.2017 (Restated) RM'000	31.12.2018 RM'000	31.12.2017 (Restated) RM'000
Taxation				
- Income tax	(6,074)	8,157	15,943	27,103
- Deferred tax	5,168	(3,434)	5,168	(3,434)
	(906)	4,723	21,111	23,669
Under/(Over) provision in prior year				
- Income tax	1	(36)	1,145	1,941
- Deferred tax	528	1,597	(4,211)	1,057
	529	1,561	(3,066)	2,998
Total	(377)	6,284	18,045	26,667

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
31 DECEMBER 2018 - UNAUDITED**17 Taxation (continued)**

Overall, the effective tax rate approximates to the statutory tax rate.

18 Group borrowings and debt securities

The Group has no borrowing as at 31 December 2018 other than the liability components of remaining unconverted balance of more than 70.1 million five year 2% to 3% irredeemable convertible unsecured loan stocks ("ICULS") of more than RM35.1 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.

As at 31 December 2018	Non-current RM'000	Repayable within one year RM'000
Unsecured		
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	1,016
Redeemable Convertible Unsecured Loan Stocks ("RCULS")	-	203,833
	-	204,849
As at 31 December 2017	Non-current RM'000	Repayable within one year RM'000
Unsecured		
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	967	1,085
Redeemable Convertible Unsecured Loan Stocks ("RCULS")	192,901	10,050
	193,868	11,135

19 Material litigation

The Group is not engaged in any material litigation as at 20 February 2019, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

20 Dividend

In respect of the financial year ended 31 December 2018, a final single tier dividend amounting to approximately RM17.6 million representing approximately 30% of the Group's post tax profits has been proposed by the Directors for shareholders' approval at the forthcoming Annual General Meeting.

The Dividend per Ordinary Share ("DPS") shall take into account the potential additional number of ICULS and RCULS that may be converted up to the entitlement date. The payment and entitlement dates will be announced at a later date.

21 Earnings per share

(i) Basic Earnings per Share

	Quarter ended/ Three months ended		Year to date/ Twelve months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit attributable to owners of the parent (RM'000)	6,307	15,383	58,793	63,192
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)	0.59	1.45	5.54	5.95

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

(ii) Diluted Earnings per Share

	Quarter ended/ Three months ended		Year to date/ Twelve months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit attributable to owners of the parent (RM'000)	6,307	15,383	58,793	63,192
After tax effects of interest	1,167	1,429	4,333	1,547
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)	0.57	1.28	4.80	4.92

22 Note to consolidated statements of comprehensive income

	Quarter ended/ Three months ended		Year to date/ Twelve months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	Restated RM'000	RM'000	Restated RM'000
Profit before taxation for the financial year is arrived at after crediting:				
Interest income	462	1,549	3,573	7,224
Other income	1,110	1,253	4,125	3,219
and charging:				
Depreciation of property, plant and equipment	3,442	3,091	13,582	14,666
Depreciation of investment properties	608	461	2,431	1,844
Allowance for diminution of receivables	865	1,286	1,915	1,286

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

Besides that, in accordance with the exemption in MFRS 1, the Group elected to measure the investment properties at the previous revaluation as deemed cost as at the date of revaluation and are subsequently stated at cost less any accumulated depreciation and impairment losses.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
31 DECEMBER 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:

	Note	Cumulative Year Ended 31 December 2017 RM'000	As at 1 January 2017 RM'000
Total adjustment to revenue as a result of distinct goods and services	(a)	9,893	(33,956)
Total adjustment to cost of sales as a result of distinct goods and services	(a)	(2,409)	7,174
Net adjustment to operating expenses due to costs incurred in fulfilling a contract	(b)	6,253	(18,248)
Net adjustment to operating expenses due to depreciation of investment properties		1,844	-
Net adjustment to deferred taxation		(3,297)	-
Impact of MFRS 1 and MFRS 15 on the result of the Group		12,284	(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

	Note	As at 31 December 2017 RM'000	As at 1 January 2017 RM'000
Equity as per reported under FRS		912,941	856,198
Effects from adoption MFRS 1		(1,844)	-
Effects from adoption MFRS 15	(a)	34,590	45,030
Equity on transition to MFRS		945,687	901,228

- (a) Effect from adoption of MFRS 15 as at 31 December 2017 is a result of opening balance adjustment as at 1 January 2017 and cumulative year ended 31 December 2017.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
31 DECEMBER 2018 - UNAUDITED**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 year ended 31 December 2017

	Previously stated under FRSs RM '000	Effects of MFRS 1 RM'000	Effects of MFRS 15 RM'000	Restated under MFRS RM'000
Revenue	465,080	-	(9,893)	455,187
Cost of sales	(317,884)	-	2,409	(315,475)
Gross profit	147,196	-	(7,484)	139,712
Other income	10,324	-	-	10,324
Other expenses	(49,190)	(1,844)	(6,253)	(57,287)
Share of results of associates	(2,911)	-	-	(2,911)
Profit before taxation	105,419	(1,844)	(13,737)	89,838
Taxation	(29,964)	-	3,297	(26,667)
Profit for the financial period	75,455	(1,844)	(10,440)	63,171

Reconciliation of Statement of Financial Positioni) Investment properties

	As at 31 December 2017 RM'000	As at 1 January 2017 RM'000
As per reported under FRS	386,588	312,347
Effects from adoption MFRS 1	(1,844)	-
As restated transition to MFRS	384,744	312,347

ii) Inventories

	As at 31 December 2017 RM'000	As at 1 January 2017 RM'000
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

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) Trade and other payables

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

iv) Retained earnings

	As at 31 December 2017 RM'000	As at 1 January 2017 RM'000
As per reported under FRS	226,041	169,496
Effects from adoption MFRS 1	(1,844)	-
Effects from adoption MFRS 15	34,590	45,030
As restated transition to MFRS	<u>258,787</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 27 February 2019.