

Interim Financial Report for the three months ended 30 September 2018

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Note:

A1 to A11 are explanatory notes in accordance with MFRS134.

B1 to B13 are explanatory notes in accordance with paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

Condensed Consolidated Income Statements

(The figures have not been audited)

	Current Year Quarter 30.09.2018 RM' 000	Preceding Year Quarter 30.09.2017 RM' 000	Current Year- To-Date 30.09.2018 RM' 000	Preceding Year- To-Date 30.09.2017 RM' 000
Revenue	353,217	285,916	940,909	838,860
Cost of sales	(167,234)	(126,123)	(425,241)	(369,623)
Gross profit	185,983	159,793	515,668	469,237
Other operating income	13,214	9,701	31,636	66,063
Administrative expenses	(47,239)	(45,300)	(145,823)	(133,982)
Other operating expenses	6,086	(1,156)	(11,919)	(25,237)
Profit from operations	158,044	123,038	389,562	376,081
Finance income	10,510	8,915	33,570	33,834
Finance costs	(31,619)	(19,976)	(93,149)	(78,377)
Share of after-tax results of associates and joint venture	2,198	6,234	8,917	25,947
Profit before tax	139,133	118,211	338,900	357,485
Less tax:				
Company and subsidiaries	(32,054)	(32,100)	(87,479)	(40,827)
Profit for the period	107,079	86,111	251,421	316,658
Attributable to:				
Equity holders of the Company	68,289	35,770	143,637	155,261
Non-controlling interests	38,790	50,341	107,784	161,397
	107,079	86,111	251,421	316,658
Earnings per share (sen)				
- basic	10.30	5.88	21.66	25.52
- diluted	7.50	4.51	15.89	19.46

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statements of Comprehensive Income

(The figures have not been audited)

	Current Year Quarter 30.09.2018 RM' 000	Preceding Year Quarter 30.09.2017 RM' 000	Current Year- To-Date 30.09.2018 RM' 000	Preceding Year- To-Date 30.09.2017 RM' 000
Profit for the financial period	107,079	86,111	251,421	316,658
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	7,558	2,410	(11,215)	(13,890)
- non-controlling interests	95	(150)	(31)	(7,834)
Available-for-sale financial assets				
- net change in fair value	1,734	-	8,847	6,956
Items that may subsequently be reclassified to profit or loss	9,387	2,260	(2,399)	(14,768)
Total comprehensive income for the financial period	<u>116,466</u>	<u>88,371</u>	<u>249,022</u>	<u>301,890</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	77,581	38,181	141,269	148,329
Non-controlling interests	38,885	50,190	107,753	153,561
Total comprehensive income for the financial period	<u>116,466</u>	<u>88,371</u>	<u>249,022</u>	<u>301,890</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 explanatory notes attached to these interim financial statements.

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

	30.09.2018	<i>Audited</i> 31.12.2017
	RM '000	RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,582,360	1,633,541
Inventories	286,776	286,576
Investment properties	3,302,990	2,931,959
Long term prepaid lease	676	395
Intangible assets	17,666	17,899
Associates and joint ventures	853,030	847,471
Available-for-sale financial assets	71,496	53,088
Concession receivables	107,009	104,979
Deferred tax assets	23,696	27,559
Prepayment	-	1,516
	<u>6,245,699</u>	<u>5,904,983</u>
CURRENT ASSETS		
Inventories	642,377	590,700
Financial assets at fair value through profit or loss	1,611	1,782
Concession receivables	3,923	4,061
Amounts owing by associates and joint ventures	89,758	88,866
Receivables and contract assets	231,347	198,894
Tax recoverable	21,235	18,158
Cash held under Housing Development Accounts	40,946	26,020
Deposits, cash and bank balances	1,214,880	1,561,873
	<u>2,246,077</u>	<u>2,490,354</u>
TOTAL ASSETS	<u>8,491,776</u>	<u>8,395,337</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	884,327	645,030
Treasury shares	(5,722)	(5,722)
Redeemable Convertible Cumulative Preference Shares	504,038	365,847
Other reserves	17,075	27,273
Retained earnings	1,961,047	1,678,340
	<u>3,360,765</u>	<u>2,710,768</u>
Non-controlling interests	145,383	1,322,847
TOTAL EQUITY	<u>3,506,148</u>	<u>4,033,615</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	92,590	95,327
Deferred tax liabilities	136,816	143,195
Redeemable Convertible Cumulative Preference Shares	49,932	31,746
Interest bearing bank borrowings	3,443,229	2,856,048
	<u>3,722,567</u>	<u>3,126,316</u>
CURRENT LIABILITIES		
Payables and contract liabilities	575,502	575,657
Amounts owing to associates	4	4
Current tax liabilities	113,468	92,831
Redeemable Convertible Cumulative Preference Shares	24,381	17,096
Interest bearing bank borrowings	549,706	549,818
	<u>1,263,061</u>	<u>1,235,406</u>
TOTAL LIABILITIES	<u>4,985,628</u>	<u>4,361,722</u>
TOTAL EQUITY AND LIABILITIES	<u>8,491,776</u>	<u>8,395,337</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

IGB Berhad (515802-U)
(formerly known as Goldis Berhad)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2018
(The figures have not been audited)

	Attributable to equity holders					Non-controlling	Total Equity RM '000	
	Share Capital RM '000	Treasury Shares RM '000	Redeemable Convertible Cumulative Preference Shares RM '000	Other reserves RM '000	Retained earnings RM '000	Total RM '000		Interests RM '000
At 1 January 2018	645,030	(5,722)	365,847	27,273	1,678,340	2,710,768	1,322,847	4,033,615
Total comprehensive income for the period	-	-	-	(2,368)	143,637	141,269	107,753	249,022
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	65,871	-	(49,015)	-	13	16,869	-	16,869
Dividend paid to non-controlling interests	-	-	-	-	-	-	(78,686)	(78,686)
Dividend paid to ordinary shareholders	-	-	-	-	(13,733)	(13,733)	-	(13,733)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
- acquisition of IGB Corporation Berhad	173,426	-	187,206	(7,830)	168,824	521,626	(1,253,136)	(731,510)
- other subsidiaries	-	-	-	-	(16,034)	(16,034)	46,605	30,571
Total transactions with equity holders	239,297	-	138,191	(7,830)	139,070	508,728	(1,285,217)	(776,489)
At 30 September 2018	884,327	(5,722)	504,038	17,075	1,961,047	3,360,765	145,383	3,506,148

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2017

(The figures have not been audited)

	Share Capital RM '000	Share Premium RM '000	Treasury Shares RM '000	Redeemable Convertible Cumulative Preference Shares RM '000	Other reserves RM '000	Retained earnings RM '000	Total RM '000	RM '000	Total Equity RM '000
At 1 January 2017	610,891	32,809	(5,722)	366,921	59,658	1,487,329	2,551,886	1,299,380	3,851,266
Adjustments for effects of Companies Act 2016 (See Note 1)	32,809	(32,809)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(6,934)	155,261	148,327	153,563	301,890
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	1,085	-	-	(940)	-	-	145	-	145
Dividend paid to ordinary shareholders	-	-	-	-	-	(12,171)	(12,171)	-	(12,171)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(108,639)	(108,639)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(8,982)	(8,982)	20,323	11,341
Total transactions with equity holders	1,085	-	-	(940)	-	(21,153)	(21,008)	(88,316)	(109,324)
At 30 September 2017	644,785	-	(5,722)	365,981	52,724	1,621,437	2,679,205	1,364,627	4,043,832

Note 1

With the Companies Act, 2016 coming into effect on 31 January 2017, the credit standing in the share premium account of RM32,809,000 was transferred to the share capital account.

Condensed Consolidated Cash Flow Statements

(The figures have not been audited)

	30.09.2018	30.09.2017
	RM '000	RM '000
Operating activities		
Receipts from customers	949,670	787,421
Payments to contractors, suppliers and employees	(476,384)	(435,186)
Cash flow generated from/(used in) operations	473,286	352,235
Interests paid	(85,784)	(96,295)
Income taxes paid	(73,451)	(82,805)
Net cash generated from operating activities	314,051	173,135
Investing activities		
Additional investments in available-for-sale financial assets	(9,436)	(20,944)
Additional investments in financial assets through profit or loss	(20)	(892)
Proceeds from disposal of financial assets through profit or loss	-	9,615
Additions to property, plant and equipment, investment properties and land held for property development	(426,503)	(253,454)
Proceeds from disposal of property, plant and equipment	15	576,905
Proceeds from redemption of preferences shares in a subsidiary	(1,562)	-
Movements in Fixed Deposits with maturity more than 3 months	251,297	-
Net repayments from associates and joint ventures	2,513	(20,582)
Dividend received from associates	69	167
Interest received	30,037	30,304
Net cash (used in)/generated from investing activities	(153,590)	321,119
Financing activities		
Dividend paid to ordinary shareholders	(13,733)	(12,171)
Dividend paid to holders of RCPS	(23,273)	(18,169)
Dividend paid to non-controlling interests	(160,301)	(180,335)
Proceeds from issuance of new ordinary shares	17,418	-
Acquisition of additional interests in subsidiary	(658,371)	(600)
Issuance of new shares to non-controlling interests	12,000	11,940
Receipt of bank borrowings net of repayments	582,338	55,522
Payments of hire-purchase and financing lease liabilities	-	(62)
Additional deposit held with trustee	(5,305)	-
Net cash used in financing activities	(249,227)	(143,875)
Currency translation differences	2,691	11,246
Net (decrease)/increase in cash and cash equivalents	(88,766)	350,379
Cash and cash equivalents at 1 January	1,293,635	1,012,025
Cash and cash equivalents at 30 September	1,207,560	1,373,650
Add: Restricted cash		
Deposits pledged with licensed banks	48,266	39,274
As per statement of financial position	1,255,826	1,412,924

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

PART A - Explanatory notes pursuant to MFRS 134

A1 Accounting Policies and Methods of Computation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 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 Securities") Listing Requirements, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017.

These condensed consolidated interim financial statements have 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 2017 except for the adoption of the following amendments to MFRSs that are applicable for the current financial year:

(Effective for annual periods beginning on or after 1 January 2018)

•	Amendments to MFRS 140	Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties
•	IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
•	Amendments to MFRS 9	Financial Instruments

The adoption of the above amendments to MFRSs did not have any material impact on the financial statements of the Group.

A2 Seasonality or cyclicity

The Group's operations were not materially affected by seasonal or cyclical factors other than as disclosed elsewhere in this Report.

A3 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.

A4 Material changes in estimates

Not applicable.

A5 Capital Management, Issuances, Repurchases and Repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period, except as follows:

Date	No. of Ordinary Shares	Remarks
As at 31 December 2017	611,474,118	Including 2,858,020 treasury shares
Issued in January 2018	20,000	Conversion of Redeemable Convertible Cumulative Preference Shares ("RCPS") into ordinary shares
Issued in February 2018	32,062	Conversion of RCPS into ordinary shares
Issued in March 2018	57,808,634	Allotment of new ordinary shares
Issued in April 2018	449,342	Conversion of RCPS into ordinary shares
Issued in May 2018	19,721,308	Conversion of RCCPS into ordinary shares
Issued in July 2018	5,000	Conversion of RCPS into ordinary shares
Issued in August 2018	9,256	Conversion of RCCPS into ordinary shares
As at 30 September 2018	689,519,720	

The number of ordinary shares as at the date of this report is 689,519,720.

Date	No. of RCPS	Remarks
As at 31 December 2017	453,492,452	
January 2018	(45,600)	Conversion of RCPS into ordinary shares
February 2018	(73,102)	Conversion of RCPS into ordinary shares
April 2018	(1,024,500)	Conversion of RCPS into ordinary shares
July 2018	(11,400)	Conversion of RCPS into ordinary shares
As at 30 September 2018	452,337,850	

The number of RCPS as at the date of this report is 452,337,850.

Date	No. of RCCPS	Remarks
As at 31 December 2017	-	
March 2018	76,817,705	Allotment of new Redeemable Convertible Cumulative Preference Shares ("RCCPS")
May 2018	(19,721,308)	Conversion of RCCPS into ordinary shares
August 2018	(9,256)	Conversion of RCCPS into ordinary shares
As at 30 September 2018	57,087,141	

The number of RCCPS as at the date of this report is 57,087,141.

A5 Capital Management, Issuances, Repurchases and Repayment of debt and equity securities (continued)

Date	No. of treasury shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2017/ 30 September 2018	2,858,020			5,721,421
Purchased in October 2018	352,900	2.43	2.57	891,942
Purchased in November 2018	228,000	2.50	2.60	579,466
As at 14 November 2018	3,438,920			7,192,829

The number of treasury shares held as at the report date is 3,438,920 ordinary shares at an average cost of RM2.09 per ordinary share.

A6 Dividends paid

An Interim Single Tier dividend of 4% per annum (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 August 2017 up to and including 15 February 2018 was paid on 14 February 2018.

An Interim Single Tier Dividend of 2.0 sen per ordinary share for the financial year ending 31 December 2018 was paid on 28 September 2018.

An Interim Single Tier Dividend of 4.5% per annum (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 February 2018 up to and including 15 August 2018 was paid on 28 September 2018.

An Interim Single Tier Dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the six months period from and including 2 March 2018 up to and including 1 September 2018 was paid on 28 September 2018.

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A7 Segment Reporting

Business segments	Property investment - retail RM '000	Property investment -commercial RM '000	Hotel RM '000	Property development RM '000	Construction RM '000	Others RM '000	Group RM '000
9 months to 30 September 2018							
Revenue							
Total revenue	435,917	144,547	227,989	101,261	349,858	144,998	1,404,570
Intersegment revenue	<u>(42,160)</u>	<u>(24,317)</u>	<u>(4,720)</u>	<u>-</u>	<u>(349,858)</u>	<u>(42,606)</u>	<u>(463,661)</u>
External revenue	<u>393,757</u>	<u>120,230</u>	<u>223,269</u>	<u>101,261</u>	<u>-</u>	<u>102,392</u>	<u>940,909</u>
Results							
Segment results (external)	268,761	76,133	51,130	50,640	(73)	(14,154)	432,437
Unallocated expense							(42,875)
Profit from operations							389,562
Finance income							33,570
Finance costs							(93,149)
Share of after-tax results of associates and joint ventures	-	1,388	3,980	1,629	-	1,920	8,917
Profit before tax							338,900
Tax expense							(87,479)
Profit for the period							<u>251,421</u>
Attributable to:							
Equity holders of the Company							143,637
Non-controlling interests							<u>107,784</u>
							<u>251,421</u>

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

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A7 Segment Reporting (continued)

Business segments	Property investment - retail RM '000	Property investment -commercial RM '000	Hotel RM '000	Property development RM '000	Construction RM '000	Others RM '000	Group RM '000
9 months to 30 September 2017							
Revenue							
Total revenue	427,467	149,132	245,866	25,676	195,695	117,996	1,161,832
Intersegment revenue	(41,835)	(18,553)	(6,812)	-	(195,695)	(60,077)	(322,972)
External revenue	<u>385,632</u>	<u>130,579</u>	<u>239,054</u>	<u>25,676</u>	<u>-</u>	<u>57,919</u>	<u>838,860</u>
Results							
Segment results (external)	258,070	71,545	90,129	5,867	472	(13,861)	412,222
Unallocated expense							(36,141)
Profit from operations							376,081
Finance income							33,834
Finance costs							(78,377)
Share of after-tax results of associates and joint ventures	-	2,432	23,239	(71)	-	347	25,947
Profit before tax							357,485
Tax expense							(40,827)
Profit for the period							<u>316,658</u>
Attributable to:							
Equity holders of the Company							155,261
Non-controlling interests							<u>161,397</u>
							<u>316,658</u>

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

A8 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.

A9 Changes in the composition of the Group

On 11 July 2018, an announcement was made to Bursa Securities that IGB Corporation Berhad, a wholly-owned subsidiary, had on even date incorporated six wholly-owned private limited companies namely, MVS North Tower Sdn Bhd, MVS South Tower Sdn Bhd, MVS Centrepoint North Tower Sdn Bhd, MVS Centrepoint South Tower Sdn Bhd, MVS Northpoint Hotel Sdn Bhd and MVS Southpoint Hotel Sdn Bhd, with each new subsidiary having an issued capital of two shares. The new subsidiaries are to be used as investment vehicles for future development projects.

A10 Capital commitment

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

	Group	
	30 September 2018 RM'000	31 December 2017 RM'000
Approved and contracted for:		
Property, plant and equipment	472	472
Investment properties	276,124	209,993
Others	26,189	37,310
	302,785	247,775

A11 Fair value of financial instruments

There were no contingent liabilities or contingent assets since 31 December 2017.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	Total RM '000
Financial assets at fair value through profit or loss	1,611	-	-	1,611
Available-for-sale financial assets	-	71,496	-	71,496
	1,611	71,496	-	73,107

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the previous financial year ended 31 December 2017.

There were no transfers between the levels of the fair value hierarchy during the financial period ended 30 September 2018.

B1 Review of performance

	3 months to 30.09.2018 RM' 000	3 months to 30.09.2017 RM' 000	Variance %
Revenue	353,217	285,916	24%
Profit from operations	158,044	123,038	28%
Profit before interest and tax	170,752	138,187	24%
Profit before tax	139,133	118,211	18%
Profit after tax	107,079	86,111	24%
Profit attributable to ordinary equity holders	68,289	35,770	91%

When comparing three months ended 30 September 2018 with three months ended 30 September 2017:

- i) Group revenue increased by 24% mainly due to higher contribution from the Property Development, Property Investment-Retail and Investment divisions.
- ii) Group pre-tax profit increased by 18% due to higher contributions from the Property Development, Property Investment-Commercial and Property Investment-Retail divisions.

Property Investment – Retail

The Group's retail division is mainly represented by IGB REIT, the owner of Mid Valley Megamall and The Gardens Mall. For the 3 months ended 30 September 2018, IGB REIT reported total gross revenue and net property income of RM133.7 million (3Q2017: RM129.6 million) and RM96.6 million (3Q2017: RM94.3 million) respectively, an increase of about 3% and 2% respectively.

Property Investment – Commercial

In the Property Investment - Commercial division, average occupancy rates for 3Q2018 for the Group's commercial buildings was above 80% with average rental rates at RM6.00 psf which is comparable to the previous year.

Property Development

Revenue recognition from the Property Development division during the current quarter increased significantly to RM64.0 million when compared to the same period last year of RM10.7 million mainly due to recognition of higher percentage of completion in respect of the Group's development project. The Group's development project currently under construction at about 55% completion is "Stonor 3", a 400-unit condominium located in the vicinity of KLCC.

Hotel

Revenue contributed by the Hotel division for the 3 months to 30 September 2018 decreased by 7% to RM78.6 million (3Q2017: RM84.7 million) mainly as a result of lower average occupancy rates achieved by most of the local hotels in the current year.

B2 Comparison with immediate preceding quarter

	3 months to 30.09.2018 RM' 000	3 months to 30.06.2018 RM' 000	Variance %
Revenue	353,217	293,498	20%
Profit from operations	158,044	111,103	42%
Profit before interest and tax	170,752	135,163	26%
Profit before tax	139,133	99,492	40%
Profit after tax	107,079	74,130	44%
Profit attributable to ordinary equity holders	68,289	41,270	65%

When comparing three months ended 30 September 2018 with three months ended 30 June 2018:

- i) Group revenue increased by 20% to RM353.2 million from RM293.5 million in the previous quarter mainly due to higher contributions from most of the operating divisions.
- ii) Accordingly, Group pre-tax profit increased by 40% to RM139.1 million from RM99.5 million in the previous quarter.

B3 Prospects for 2018

	Cumulative Period		
	9 months to 30.09.2018 RM' 000	9 months to 30.09.2017 RM' 000	Variance %
Revenue	940,909	838,860	12%
Operating profit	389,562	376,081	4%
Profit before interest and tax	432,049	435,862	-1%
Profit before tax	338,900	357,485	-5%
Profit after tax	251,421	316,658	-21%
Profit attributable to ordinary equity holders	143,637	155,261	-7%

With the completion of the Corporate Exercise as detailed in Note B6 below, the Board expects full consolidation of the Group's businesses in the coming months and the Group's results from operations will be satisfactory.

When comparing nine months ended 30 September 2018 with nine months ended 30 September 2017:

- i) Group revenue increased by 12% to RM940.9 million from RM838.9 million.
- ii) However, Group pre-tax profit decreased by 5% to RM338.9 million from RM357.5 million as the previous year's results included a one-off gain of RM34.0 million from the sale of the Group's Renaissance Kuala Lumpur Hotel and higher finance costs incurred in the current year.

B3 Prospects for 2018 (continued)

Property Investment – Retail and Commercial

The property investment segment will be more challenging in the near term with the scheduled increase in supply of new retail space and slower demand for office space in Kuala Lumpur. However, with the prime location of the Group's retail malls and office buildings, the Board expects contribution from this segment to be satisfactory.

Mid Valley Southpoint offices with net lettable area of about 490,000 sq. ft. was completed and obtained its Certificate of Occupation on 6 July 2018 and is expected to contribute positively to the growth of this division.

Property Development

In view of the current weak sentiment in the property development market, 2018 will continue to be a difficult and challenging year for the property development segment.

Hotel

Total revenue achieved for the nine months to 30 September 2018 decreased by 6% to RM223.3 million (30 September 2017: RM239.1 million) mainly as a result of a lower average occupancy rates achieved by most of the local hotels in the current year.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current year quarter ended 30.09.2018 RM '000	Cumulative current Year-To-Date ended 30.09.2018 RM '000
Malaysian income tax		
- Company and subsidiaries	25,019	87,394
Underprovision in previous year	2,084	3,985
Transferred to deferred tax	3,939	(7,968)
	31,042	83,411
Overseas tax		
- Company and subsidiaries	1,012	4,068
	32,054	87,479

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate as certain income were not subjected to income tax.

The effective tax rate of the Group for the current year-to-date was higher than the statutory tax rate as certain expenses were not allowable for tax purposes and there is no group relief for losses incurred by certain subsidiaries.

B6 Corporate proposals

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

On 23 February 2017, the Company had proposed to acquire the entire equity interest in IGB Corporation Berhad ("IGBC") not already owned by the Company by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016 ("Proposed Scheme"), at the offer price of RM3.00 per share. The Proposed Scheme was legally effective upon receiving the Order of the High Court of Malaya which was lodged with the Registrar of Companies Malaysia on 9 January 2018.

On 2 March 2018, the total cash settlement amounting to RM658 million together with the issuance of 57,808,634 new ordinary share and 76,817,705 new Redeemable Convertible Cumulative Preference Shares ("RCCPS") in the Company was made to the shareholders of IGBC other than the Company ("Scheme Shareholders"). All the IGBC shares held by the Scheme Shareholders has also been transferred to the Company on 2 March 2018.

Following the completion of the Proposed Scheme, IGBC became a wholly-owned subsidiary of the Company and IGBC was delisted from the official list of Bursa Securities on 16 March 2018.

On 20 March 2018, the Company changed its name from Goldis Berhad to IGB Berhad.

Proposed transfer of IGBC's entire direct holdings of 1,733,617,754 units in IGB Real Estate Investment Trust ("IGB REIT") to the Company

On 30 August 2018, an announcement was made to Bursa Securities that IGBC wishes to transfer to the Company its entire direct holdings of 1,733,617,754 units in IGB REIT representing approximately 49.12% interest in IGB REIT.

On 25 September 2018, an announcement was made to Bursa Securities that Securities Commission Malaysia had vide its letter dated 25 September 2018, approved the exemption sought by the Company and its persons acting in concert from the obligation to undertake a mandatory take-over offer on the IGB REIT units not already owned by the Company following the Proposed Transfer.

No other approvals are required from the relevant authorities and the Proposed Transfer is expected to be completed by the end of 2018.

B7 Group borrowings and debt securities

Group borrowings as at 30 September 2018 were as follows:

30 September 2018					
	Long term RM denomination RM '000	Short term		TOTAL	
		Foreign denomination '000	RM denomination RM '000	Foreign denomination '000	RM denomination RM '000
Secured					
Term Loan - RM	135,000	-	156	-	135,156
Revolving credit - RM	1,302,500	-	81,109	-	1,383,609
Revolving credit - USD		10,000	41,365	10,000	41,365
Medium Term Notes - RM	2,005,729	-	1,591	-	2,007,320
Unsecured					
Revolving credit - RM	-	-	425,485	-	425,485
	3,443,229		549,706		3,992,935

B8 Material litigation

As at the date of this report, there are no pending material litigation which exceeds 5% of the net assets of the Group.

B9 Proposed dividend

During this quarter, no dividend is declared or proposed in respect of the financial year ending 31 December 2018.

B10 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the financial period.

		Current Year Quarter ended 30.09.2018	Preceding Year Quarter ended 30.09.2017	Current Year-To-Date ended 30.09.2018	Preceding Year-To-Date ended 30.09.2017
Net Profit for the period	RM '000	<u>68,289</u>	35,770	<u>143,637</u>	155,261
Weighted average number of ordinary shares in issue	'000	<u>663,040</u>	608,544	<u>663,040</u>	608,361
Basic earnings per share	sen	<u><u>10.30</u></u>	<u>5.88</u>	<u><u>21.66</u></u>	<u>25.52</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from maximum conversion of RCPS and RCCPS.

		Current Year Quarter ended 30.09.2018	Preceding Year Quarter ended 30.09.2017	Current Year-To-Date ended 30.09.2018	Preceding Year-To-Date ended 30.09.2017
Net Profit for the period	RM '000	68,289	35,770	143,637	155,261
Add: Interest on RCPS and RCCPS saved as a result of conversion	RM '000	1,253	760	3,504	2,386
Less: Tax relief thereon	RM '000	(624)	(149)	(1,165)	(508)
Adjusted Net Profit	RM '000	<u>68,918</u>	<u>36,381</u>	<u>145,976</u>	<u>157,139</u>
Weighted average number of ordinary shares in issue	'000	663,040	608,544	663,040	608,361
Adjustment for potential dilution on maximum conversion of RCPS and RCCPS	'000	<u>255,481</u>	<u>198,972</u>	<u>255,481</u>	<u>198,972</u>
	'000	<u>918,521</u>	<u>807,516</u>	<u>918,521</u>	<u>807,333</u>
Diluted earnings per share	sen	<u><u>7.50</u></u>	<u>4.51</u>	<u><u>15.89</u></u>	<u>19.46</u>

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter ended 30.09.2018 RM '000	Cumulative Current Year-To-Date ended 30.09.2018 RM '000
(a) Interest income	10,510	33,570
(b) Other income including investment income	13,214	31,636
(c) Interest expense	31,619	93,149
(d) Depreciation and amortisation	21,198	74,823
(e) Unrealised foreign exchange loss	(6,307)	9,636
(f) Foreign exchange gain	4,794	8,877

B12 Audit Report Qualification

The audit report of the Group's annual financial statements for the year ended 31 December 2017 did not contain any qualification.

B13 Authorisation for issue

This Interim Financial Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 November 2018.