

Interim Financial Report for the three months ended 31 December 2018

Contents	Page
Condensed Consolidated Income Statements	1
Condensed Consolidated Statements of Comprehensive Income	2
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Changes in Equity	4-5
Condensed Consolidated Cash Flow Statements	6
Explanatory Notes to the Interim Financial Report:	
A1 – Accounting policies and methods of computation	7
A2 – Seasonality or cyclicalities	7
A3 – Significant unusual items	7
A4 – Material changes in estimates	7
A5 – Capital management, issuances, repurchases and repayment of debt and equity securities	8-9
A6 – Dividends paid	9
A7 – Segment reporting	10-11
A8 – Material events subsequent to the end of the interim period	12
A9 – Changes in the composition of the Group	12
A10 – Capital commitment	12
A11 – Fair value of financial instruments	13
B1 – Review of performance	14
B2 – Comparison with immediate preceding quarter	15
B3 – Prospects for 2019	15-16
B4 – Profit forecast/profit guarantee	16
B5 – Tax	16
B6 – Corporate proposals	17
B7 – Group borrowings and debt securities	18
B8 – Material litigation	18
B9 – Proposed dividend	18
B10 – Earnings per share	19
B11 – Notes to statements of comprehensive income	20
B12 – Audit Report qualification	20
B13 – Authorisation for issue	20

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 31.12.2018 RM' 000	Preceding Year Quarter 31.12.2017 RM' 000	Current Year- To-Date 31.12.2018 RM' 000	<i>Audited</i> Preceding Year- To-Date 31.12.2017 RM' 000
Revenue	361,101	383,390	1,302,010	1,222,250
Cost of sales	(154,587)	(185,035)	(579,828)	(554,658)
Gross profit	206,514	198,355	722,182	667,592
Other operating income	12,106	6,867	43,742	72,930
Administrative expenses	(47,124)	(55,050)	(192,947)	(189,032)
Other operating expenses	(1,154)	(10,849)	(13,073)	(36,086)
Profit from operations	170,342	139,323	559,904	515,404
Finance income	10,721	15,796	44,291	49,630
Finance costs	(39,737)	(24,757)	(132,886)	(103,134)
Share of after-tax results of associates and joint venture	365	3,472	9,282	29,419
Profit before tax	141,691	133,834	480,591	491,319
Less tax:				
Company and subsidiaries	(1,597)	(18,721)	(89,076)	(59,548)
Profit for the period	140,094	115,113	391,515	431,771
Attributable to:				
Equity holders of the Company	92,006	59,882	235,643	215,143
Non-controlling interests	48,088	55,231	155,872	216,628
	140,094	115,113	391,515	431,771
Earnings per share (sen)				
- basic	13.76	9.84	35.24	35.36
- diluted	10.07	7.47	25.86	26.94

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 31.12.2018 RM' 000	Preceding Year Quarter 31.12.2017 RM' 000	Current Year- To-Date 31.12.2018 RM' 000	<i>Audited</i> Preceding Year- To-Date 31.12.2017 RM' 000
Profit for the financial period	140,094	115,113	391,515	431,771
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	(27,642)	(20,051)	(38,857)	(33,941)
- non-controlling interests	(2,011)	(8,665)	(2,042)	(16,499)
Available-for-sale financial assets				
- net change in fair value	-	(5,135)	-	1,821
Items that may subsequently be reclassified to profit or loss	(29,653)	(33,851)	(40,899)	(48,619)
Financial assets at fair value through other comprehensive income - net change	(1,328)	-	7,519	-
Total comprehensive income for the financial period	109,113	81,262	358,135	383,152
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	63,036	34,694	204,305	183,023
Non-controlling interests	46,077	46,568	153,830	200,129
Total comprehensive income for the financial period	109,113	81,262	358,135	383,152

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)

	31.12.2018	<i>Audited</i> 31.12.2017
	RM '000	RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,630,762	1,633,541
Inventories	435,542	286,576
Investment properties	3,525,249	2,931,959
Long term prepaid lease	563	395
Intangible assets	17,590	17,899
Associates and joint ventures	833,559	847,471
Available-for-sale financial assets	-	53,088
Financial assets at fair value through other comprehensive income	70,329	-
Concession receivables	114,936	104,979
Deferred tax assets	22,060	27,559
Prepayment	-	1,516
	6,650,590	5,904,983
CURRENT ASSETS		
Inventories	462,258	590,700
Financial assets at fair value through profit or loss	199	1,782
Financial assets at fair value through other comprehensive income	1,233	-
Concession receivables	3,925	4,061
Amounts owing by associates and joint ventures	90,752	88,866
Receivables and contract assets	252,922	198,894
Tax recoverable	23,163	18,158
Cash held under Housing Development Accounts	32,309	26,020
Deposits, cash and bank balances	1,030,955	1,561,873
Assets classified as held-for-sale	800	-
	1,898,516	2,490,354
	8,549,106	8,395,337
TOTAL ASSETS		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	884,326	645,030
Treasury shares	(11,925)	(5,722)
Redeemable Convertible Cumulative Preference Shares	504,039	365,847
Other reserves	(11,895)	27,273
Retained earnings	2,048,461	1,678,340
	3,413,006	2,710,768
Non-controlling interests	107,271	1,322,847
TOTAL EQUITY	3,520,277	4,033,615
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	-	95,327
Deferred tax liabilities	142,597	143,195
Redeemable Convertible Cumulative Preference Shares	49,256	31,746
Interest bearing bank borrowings	3,466,269	2,856,048
	3,658,122	3,126,316
CURRENT LIABILITIES		
Payables and contract liabilities	719,179	575,657
Amounts owing to associates	4	4
Current tax liabilities	45,059	92,831
Redeemable Convertible Cumulative Preference Shares	26,096	17,096
Interest bearing bank borrowings	580,369	549,818
	1,370,707	1,235,406
TOTAL LIABILITIES	5,028,829	4,361,722
TOTAL EQUITY AND LIABILITIES	8,549,106	8,395,337

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 year ended 31 December 2018
(The figures have not been audited)

	Attributable to equity holders					Non-controlling Interests		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	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 year	-	-	-	(31,338)	235,643	204,305	153,830	358,135
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	65,870	-	(49,014)	-	6	16,862	-	16,862
Share buy back	-	(6,203)	-	-	-	(6,203)	-	(6,203)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(157,173)	(157,173)
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	-	-	-	-	(20,619)	(20,619)	40,903	20,284
Total transactions with equity holders	239,296	(6,203)	138,192	(7,830)	134,478	497,933	(1,369,406)	(871,473)
At 31 December 2018	884,326	(11,925)	504,039	(11,895)	2,048,461	3,413,006	107,271	3,520,277

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.

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

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2017
(Audited)

	Attributable to equity holders						Non-controlling	Total Equity RM '000	
	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		Interests 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 year	-	-	-	-	(32,120)	215,143	183,023	200,129	383,152
Conversion of Redeemable Convertible Cumulative Preference Shares into ordinary shares	1,330	-	-	(1,074)	-	(94)	162	-	162
Dividend paid to ordinary shareholders	-	-	-	-	-	(12,171)	(12,171)	-	(12,171)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(200,134)	(200,134)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(265)	(11,867)	(12,132)	23,472	11,340
Total transactions with equity holders	1,330	-	-	(1,074)	(265)	(24,132)	(24,141)	(176,662)	(200,803)
At 31 December 2017	645,030	-	(5,722)	365,847	27,273	1,678,340	2,710,768	1,322,847	4,033,615

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)

	31.12.2018	<i>Audited</i> 31.12.2017
	RM '000	RM '000
Operating activities		
Receipts from customers	1,302,161	1,167,838
Payments to contractors, suppliers and employees	(665,331)	(633,262)
Cash flow generated from operations	636,830	534,576
Interests paid	(135,135)	(147,075)
Income taxes paid	(106,531)	(113,811)
Net cash generated from operating activities	395,164	273,690
Investing activities		
Additional investments in available-for-sale financial assets	(9,436)	(21,623)
Proceeds from disposal of financial assets through profit or loss	-	16,979
Additions to property, plant and equipment, investment properties and land held for property development	(680,194)	(306,287)
Additions to intangible assets	-	(139)
Proceeds from disposal of property, plant and equipment	15	945
Proceeds from disposal of assets classified as held-for-sales	-	607,000
Redemption of preferences shares in a subsidiary	(14,824)	-
Proceeds from redemption of preferences shares in associates	3,500	4,500
Movements in Fixed Deposits with maturity more than 3 months	251,295	(251,404)
Net repayments/(advance) from associates and joint ventures	9,506	(18,414)
Dividend received from associates	69	167
Deposits held with trustee	(11,442)	(33,963)
Deposits released from trustee	-	30,383
Interest received	39,390	44,946
Net cash (used in)/generated from investing activities	(412,121)	73,090
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	(238,788)	(190,215)
Proceeds from issuance of new ordinary shares	17,418	-
Share buy back	(6,203)	-
Acquisition of additional interests in subsidiary from non-controlling interests	(658,371)	(600)
Issuance of new shares to non-controlling interests	14,917	11,940
Receipt of bank borrowings net of repayments	637,871	164,623
Payments of hire-purchase and financing lease liabilities	-	(80)
Net cash used in financing activities	(270,162)	(44,672)
Currency translation differences	2,343	(20,498)
Net (decrease)/increase in cash and cash equivalents	(287,119)	302,108
Cash and cash equivalents at 1 January	1,293,635	1,012,025
Cash and cash equivalents at 31 December	1,008,859	1,293,635
Add: Restricted cash and deposits pledged with licensed bank	54,405	294,258
As per statement of financial position	1,063,264	1,587,893

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
•	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 year, 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 31 December 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 31 December 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 31 December 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	891,742
Purchased in November 2018	705,300	2.50	2.61	1,817,378
Purchased in December 2018	1,394,200	2.39	2.57	3,494,395
As at 31 December 2018	5,310,420			11,924,936
Purchased in January 2019	767,000	2.46	2.50	1,922,410
Purchased in February 2019	1,976,800	2.48	2.50	4,957,550
As at 26 February 2019	8,054,220			18,804,896

The number of treasury shares held as at the report date is 8,054,220 ordinary shares at an average cost of RM2.33 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.

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

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
FYE 31 December 2018							
Revenue							
Total revenue	585,794	193,625	306,980	166,786	648,605	198,775	2,100,565
Intersegment revenue	<u>(56,299)</u>	<u>(29,824)</u>	<u>(6,342)</u>	<u>-</u>	<u>(648,605)</u>	<u>(57,485)</u>	<u>(798,555)</u>
External revenue	<u>529,495</u>	<u>163,801</u>	<u>300,638</u>	<u>166,786</u>	<u>-</u>	<u>141,290</u>	<u>1,302,010</u>
Results							
Segment results (external)	355,042	59,092	96,060	102,837	875	10,923	624,829
Unallocated expense							<u>(64,925)</u>
Profit from operations							559,904
Finance income							44,291
Finance costs							<u>(132,886)</u>
Share of after-tax results of associates and joint ventures	<u>-</u>	<u>1,920</u>	<u>5,089</u>	<u>1,777</u>	<u>-</u>	<u>496</u>	<u>9,282</u>
Profit before tax							<u>480,591</u>
Tax expense							<u>(89,076)</u>
Profit for the year							<u><u>391,515</u></u>
Attributable to:							
Equity holders of the Company							235,643
Non-controlling interests							<u>155,872</u>
							<u><u>391,515</u></u>

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

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

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
FYE 31 December 2017							
Revenue							
Total revenue	573,981	197,804	332,485	102,326	319,613	163,531	1,689,740
Intersegment revenue	(55,714)	(24,595)	(8,367)	-	(319,613)	(59,201)	(467,490)
External revenue	<u>518,267</u>	<u>173,209</u>	<u>324,118</u>	<u>102,326</u>	<u>-</u>	<u>104,330</u>	<u>1,222,250</u>
Results							
Segment results (external)	340,631	72,274	136,008	25,722	(3,460)	(3,120)	568,055
Unallocated expense							(52,651)
Profit from operations							515,404
Finance income							49,630
Finance costs							(103,134)
Share of after-tax results of associates and joint ventures	-	3,109	26,139	(176)	-	347	29,419
Profit before tax							491,319
Tax expense							(59,548)
Profit for the year							<u>431,771</u>
Attributable to:							
Equity holders of the Company							215,143
Non-controlling interests							<u>216,628</u>
							<u>431,771</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.

On 8 January 2019, an announcement was made to Bursa Securities that Micasa Hotel Limited, a 65% owned indirect subsidiary in Myanmar held through Earning Edge Sdn Bhd, had been placed under members' voluntary winding up and dissolved on 17 December 2018 following notification received from The Government of the Republic of the Union of Myanmar, Ministry of Investment and Foreign Economic Relations, Directorate of Investment and Company Administration, and therefore ceased to be a subsidiary of the Group.

On 10 January 2019, an announcement was made to Bursa Securities that Tan & Tan Developments Berhad, a wholly-owned subsidiary of IGB Corporation Berhad, which in turn is a wholly-owned subsidiary of the Company, had on even date entered into a Shareholders' Agreement with One WSM Property Sdn Bhd and Liew Choi Har to incorporate a joint venture company with investment participation in the proportion of 51%:40%:9% respectively, to carry on the business of real estate activities.

A10 Capital commitment

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

	Group	
	31 December 2018 RM'000	31 December 2017 RM'000
Approved and contracted for:		
Property, plant and equipment	24,190	472
Investment properties	125,886	209,993
Others	20,531	37,310
	170,607	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	199	-	-	199
Financial assets at fair value through other comprehensive income	1,233	70,329	-	71,562
	1,432	70,329	-	71,761

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 year ended 31 December 2018.

B1 Review of performance

	3 months to 31.12.2018 RM' 000	3 months to 31.12.2017 RM' 000	Variance %
Revenue	361,101	383,390	-6%
Profit from operations	170,342	139,323	22%
Profit before finance costs and tax	181,428	158,591	14%
Profit before tax	141,691	133,834	6%
Profit after tax	140,094	115,113	22%
Profit attributable to ordinary equity holders	92,006	59,882	54%

When comparing three months ended 31 December 2018 with three months ended 31 December 2017:

- i) Group revenue decreased by 6% mainly due to lower contributions from the Property Development and Hotel divisions.
- ii) Group pre-tax profit increased by 6% due to higher contributions from the Property Development 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 31 December 2018, IGB REIT reported total gross revenue and net property income of RM137.2 million (4Q2017: RM134.4 million) and RM96.5 million (4Q2017: RM95.2 million) respectively, an increase of about 2% and 1% respectively.

Property Investment – Commercial

In the Property Investment - Commercial division, average occupancy rates for 4Q2018 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 decreased by 11% to RM68.4 million when compared to the same period last year of RM76.5 million. The Group's development project currently under construction at about 75% 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 31 December 2018 decreased by 7% to RM110.6 million (4Q2017: RM119.2 million) mainly as a result of lower average occupancy rates achieved by most of the hotels.

B2 Comparison with immediate preceding quarter

	3 months to 31.12.2018 RM' 000	3 months to 30.09.2018 RM' 000	Variance %
Revenue	361,101	353,217	2%
Profit from operations	170,342	158,044	8%
Profit before finance costs and tax	181,428	170,752	6%
Profit before tax	141,691	139,133	2%
Profit after tax	140,094	107,079	31%
Profit attributable to ordinary equity holders	92,006	68,289	35%

When comparing three months ended 31 December 2018 with three months ended 30 September 2018:

- i) Group revenue increased by 2% to RM361.1 million from RM353.2 million in the previous quarter mainly due to higher contributions from Property Investment-Retail divisions and Property Investment-Commercial divisions.
- ii) Group pre-tax profit increased by 2% to RM141.7 million from RM139.1 million in the previous quarter mainly due to higher contribution from Property Development divisions.

B3 Prospects for 2019

	Cumulative Period		Variance %
	Year ended 31.12.2018 RM' 000	Year ended 31.12.2017 RM' 000	
Revenue	1,302,010	1,222,250	7%
Operating profit	559,905	515,404	9%
Profit before finance costs and tax	613,477	594,453	3%
Profit before tax	480,591	491,319	-2%
Profit after tax	391,515	431,771	-9%
Profit attributable to ordinary equity holders	235,643	215,143	10%

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

When comparing financial year ended 31 December 2018 with financial year ended 31 December 2017:

- i) Group revenue increased by 7% to RM1,302.0 million from RM1,222.3 million.
- ii) However, Group pre-tax profit decreased by 2% to RM480.6 million from RM491.3 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 2019 (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, 2019 will continue to be a difficult and challenging year for the property development segment.

Hotel

Total revenue achieved for the financial year to 31 December 2018 decreased by 8% to RM307.0 million (31 December 2017: RM332.5 million) mainly as a result of a lower average occupancy rates achieved by most of the Group's hotels. The Group expects 2019 to remain challenging.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current year quarter ended 31.12.2018 RM '000	Cumulative current Year-To-Date ended 31.12.2018 RM '000
Malaysian income tax		
- Company and subsidiaries	34,347	121,741
Overprovision in previous year	(24,872)	(20,887)
Deferred tax	(9,459)	(17,427)
	16	83,427
Overseas tax		
- Company and subsidiaries	1,581	5,649
	1,597	89,076

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

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.

On 28 December 2018, an announcement was made to Bursa Securities that the Proposed Transfer had been completed. The Company now holds the 1,733,617,754 units in IGB REIT directly.

B7 Group borrowings and debt securities

Group borrowings as at 31 December 2018 were as follows:

	31 December 2018					
	Long term		Short term		TOTAL	
	Foreign	RM	Foreign	RM	Foreign	RM
	denomination	denomination	denomination	denomination	denomination	denomination
	'000	RM '000	'000	RM '000	'000	RM '000
Secured						
Term Loan - RM	-	135,000	-	163	-	135,163
Term Loan - RMB	11,964	7,189	-	-	11,964	7,189
Revolving credit - RM	-	1,248,000	-	78,326	-	1,326,326
Revolving credit - USD			10,000	41,360	10,000	41,360
Medium Term Notes - RM	-	2,076,080	-	14,900	-	2,090,980
Unsecured						
Revolving credit - RM	-	-	-	445,620	-	445,620
		3,466,269		580,369		4,046,638

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

An Interim Single Tier Dividend of 4.5% per annum (based on the issue price of RM1.00 per RCPS) is declared for the six months period from and including 16 August 2018 up to and including 15 February 2019 and will be paid on 29 March 2019 to every member who is entitled to receive the dividend at 4.00 p.m. on 12 March 2019.

An Interim Single Tier Dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) is declared for the six months period from and including 2 September 2018 up to and including 1 March 2019 and will be paid on 29 March 2019 to every member who is entitled to receive the dividend at 4.00 p.m. on 12 March 2019.

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/year.

		Current Year Quarter ended 31.12.2018	Preceding Year Quarter ended 31.12.2017	Current Year-To-Date ended 31.12.2018	Preceding Year-To-Date ended 31.12.2017
Net Profit for the period	RM '000	<u>92,006</u>	59,882	<u>235,643</u>	215,143
Weighted average number of ordinary shares in issue	'000	<u>668,769</u>	608,420	<u>668,769</u>	608,420
Basic earnings per share	sen	<u><u>13.76</u></u>	<u>9.84</u>	<u><u>35.24</u></u>	<u>35.36</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 31.12.2018	Preceding Year Quarter ended 31.12.2017	Current Year-To-Date ended 31.12.2018	Preceding Year-To-Date ended 31.12.2017
Net Profit for the period	RM '000	92,006	59,882	235,643	215,143
Add: Interest on RCPS and RCCPS saved as a result of conversion	RM '000	1,039	689	4,544	3,074
Less: Tax relief thereon	RM '000	33	(215)	(1,132)	(724)
Adjusted Net Profit	RM '000	<u>93,078</u>	60,356	<u>239,055</u>	217,493
Weighted average number of ordinary shares in issue	'000	668,769	608,596	668,769	608,420
Adjustment for potential dilution on maximum conversion of RCPS and RCCPS	'000	<u>255,481</u>	198,900	<u>255,481</u>	198,900
	'000	<u>924,250</u>	807,496	<u>924,250</u>	807,320
Diluted earnings per share	sen	<u><u>10.07</u></u>	<u>7.47</u>	<u><u>25.86</u></u>	<u>26.94</u>

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter ended 31.12.2018 RM '000	Cumulative Current Year-To-Date ended 31.12.2018 RM '000
(a) Interest income	10,721	44,291
(b) Other income including investment income	12,106	43,742
(c) Interest expense	39,737	132,886
(d) Depreciation and amortisation	29,386	104,209
(e) Foreign exchange loss	(1,469)	8,167
(f) Foreign exchange gain	198	9,075

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 26 February 2019.