



## Interim Financial Report for the three months ended 30 September 2019

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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)*

	<b>Current Year Quarter 30.9.2019 RM' 000</b>	Preceding Year Quarter 30.9.2018 RM' 000	<b>Current Year- To-Date 30.9.2019 RM' 000</b>	Preceding Year- To-Date 30.9.2018 RM' 000
Revenue	<b>364,357</b>	353,217	<b>1,015,181</b>	940,909
Cost of sales	<b>(166,558)</b>	(167,234)	<b>(472,975)</b>	(425,241)
Gross profit	<b>197,799</b>	185,983	<b>542,206</b>	515,668
Other operating income	<b>13,102</b>	13,214	<b>31,258</b>	31,636
Administrative expenses	<b>(42,989)</b>	(47,239)	<b>(139,380)</b>	(145,823)
Other operating expenses	<b>(3,245)</b>	6,086	<b>(6,021)</b>	(11,919)
Profit from operations	<b>164,667</b>	158,044	<b>428,063</b>	389,562
Finance income	<b>6,474</b>	10,510	<b>17,200</b>	33,570
Finance costs	<b>(46,210)</b>	(31,619)	<b>(127,304)</b>	(93,149)
Share of after-tax results of associates and joint venture	<b>9,046</b>	2,198	<b>14,477</b>	8,917
Profit before tax	<b>133,977</b>	139,133	<b>332,436</b>	338,900
Less tax:				
Company and subsidiaries	<b>(25,056)</b>	(32,054)	<b>(78,585)</b>	(87,479)
Profit for the period	<b>108,921</b>	107,079	<b>253,851</b>	251,421
Attributable to:				
Equity holders of the Company	<b>66,455</b>	68,289	<b>148,764</b>	143,637
Non-controlling interests	<b>42,466</b>	38,790	<b>105,087</b>	107,784
	<b>108,921</b>	107,079	<b>253,851</b>	251,421
Earnings per share (sen)				
- basic	<b>9.77</b>	10.30	<b>21.86</b>	21.66
- diluted	<b>7.17</b>	7.50	<b>16.11</b>	15.89

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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

	<b>Current Year Quarter 30.9.2019 RM' 000</b>	Preceding Year Quarter 30.9.2018 RM' 000	<b>Current Year- To-Date 30.9.2019 RM' 000</b>	Preceding Year- To-Date 30.9.2018 RM' 000
Profit for the financial period	<b>108,921</b>	107,079	<b>253,851</b>	251,421
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	<b>(14,949)</b>	7,558	<b>(15,441)</b>	(11,215)
- non-controlling interests	-	95	-	(31)
Items that may subsequently be reclassified to profit or loss	<b>(14,949)</b>	7,653	<b>(15,441)</b>	(11,246)
Net change in financial assets at fair value through other comprehensive income	<b>1,295</b>	1,734	<b>1,760</b>	8,847
Total comprehensive income for the financial period	<b>95,267</b>	116,466	<b>240,170</b>	249,022
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	<b>52,801</b>	77,581	<b>135,083</b>	141,269
Non-controlling interests	<b>42,466</b>	38,885	<b>105,087</b>	107,753
Total comprehensive income for the financial period	<b>95,267</b>	116,466	<b>240,170</b>	249,022

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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

	<b>30.9.2019</b> <b>RM '000</b>	<i>Audited</i> 31.12.2018 RM '000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>1,626,353</b>	1,633,907
Inventories	<b>440,962</b>	435,542
Investment properties	<b>3,745,446</b>	3,522,105
Long term prepaid lease	<b>349</b>	369
Intangible assets	<b>17,586</b>	17,590
Associates and joint ventures	<b>838,518</b>	833,559
Financial assets at fair value through other comprehensive income	<b>117,998</b>	93,761
Concession receivables	<b>94,977</b>	114,936
Deferred tax assets	<b>24,913</b>	22,060
Prepayment	<b>859</b>	1,141
	<b>6,907,961</b>	6,674,970
<b>CURRENT ASSETS</b>		
Inventories	<b>488,030</b>	462,258
Concession receivables	<b>3,897</b>	3,925
Amounts owing by associates and joint ventures	<b>90,045</b>	90,752
Receivables and contract assets	<b>278,696</b>	246,365
Tax recoverable	<b>14,427</b>	23,163
Cash held under Housing Development Accounts	<b>13,434</b>	32,309
Deposits, cash and bank balances	<b>730,717</b>	1,030,955
Assets classified as held-for-sale	<b>-</b>	800
	<b>1,619,246</b>	1,890,527
<b>TOTAL ASSETS</b>	<b>8,527,207</b>	8,565,497
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	<b>885,287</b>	884,327
Treasury shares	<b>(28,971)</b>	(11,925)
Redeemable Convertible Cumulative Preference Shares	<b>503,317</b>	504,038
Other reserves	<b>(3,576)</b>	10,105
Retained earnings	<b>2,187,599</b>	2,048,461
	<b>3,543,656</b>	3,435,006
Non-controlling interests	<b>78,481</b>	107,271
<b>TOTAL EQUITY</b>	<b>3,622,137</b>	3,542,277
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>153,344</b>	142,597
Redeemable Convertible Cumulative Preference Shares	<b>31,235</b>	49,256
Interest bearing bank borrowings	<b>3,349,859</b>	3,419,856
	<b>3,534,438</b>	3,611,709
<b>CURRENT LIABILITIES</b>		
Payables and contract liabilities	<b>764,759</b>	709,371
Amounts owing to associates	<b>4</b>	4
Current tax liabilities	<b>36,964</b>	49,258
Redeemable Convertible Cumulative Preference Shares	<b>16,989</b>	26,096
Interest bearing bank borrowings	<b>551,916</b>	626,782
	<b>1,370,632</b>	1,411,511
<b>TOTAL LIABILITIES</b>	<b>4,905,070</b>	5,023,220
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,527,207</b>	8,565,497

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

**IGB Berhad** (515802-U)  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2019**

*(The figures have not been audited)*

	Attributable to equity holders					Total RM '000	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		RM '000	
<b>At 1 January 2019</b>	<b>884,327</b>	<b>(11,925)</b>	<b>504,038</b>	<b>10,105</b>	<b>2,048,461</b>	<b>3,435,006</b>	<b>107,271</b>	<b>3,542,277</b>
Total comprehensive income for the period	-	-	-	(13,681)	148,764	135,083	105,087	240,170
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	960	-	(721)	-	(287)	(48)	-	(48)
Issuance of ordinary shares	-	-	-	-	-	-	2,500	2,500
Share buy back	-	(17,046)	-	-	-	(17,046)	-	(17,046)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(145,716)	(145,716)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(9,339)	(9,339)	9,339	-
Total transactions with equity holders	960	(17,046)	(721)	-	(9,626)	(26,433)	(133,877)	(160,310)
<b>At 30 September 2019</b>	<b>885,287</b>	<b>(28,971)</b>	<b>503,317</b>	<b>(3,576)</b>	<b>2,187,599</b>	<b>3,543,656</b>	<b>78,481</b>	<b>3,622,137</b>

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2018**

	Attributable to equity holders					Total RM '000	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		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 ordinary shareholders	-	-	-	-	(13,733)	(13,733)	-	(13,733)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(78,686)	(78,686)
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

**Condensed Consolidated Cash Flow Statements**

*(The figures have not been audited)*

	<b>30.9.2019</b> <b>RM '000</b>	30.9.2018 RM '000
<b>Operating activities</b>		
Receipts from customers	<b>1,087,352</b>	949,670
Payments to contractors, suppliers and employees	<b>(559,717)</b>	(476,384)
Cash flow generated from operations	<b>527,635</b>	473,286
Interests paid	<b>(123,817)</b>	(85,784)
Income taxes paid	<b>(74,242)</b>	(73,451)
<b>Net cash generated from operating activities</b>	<b>329,576</b>	314,051
<b>Investing activities</b>		
Additional investments in associates	<b>(1,835)</b>	-
Additional investments in financial assets at fair value through other comprehensive income ("FVTOCI)	-	(9,456)
Additions to property, plant and equipment, investment properties and land held for property development	<b>(326,422)</b>	(426,503)
Additions to intangible assets	<b>(221)</b>	-
Net proceeds from disposal of FVTOCI	<b>359</b>	-
Proceeds from redemption of preferences shares in a subsidiary	-	(1,562)
Movements in Fixed Deposits with maturity more than 3 months	<b>991</b>	251,297
Net repayments/(advance) from associates and joint ventures	<b>(5,129)</b>	2,513
Dividend received from associates	<b>4,069</b>	69
Interest received	<b>17,200</b>	30,037
<b>Net cash used in investing activities</b>	<b>(310,988)</b>	(153,605)
<b>Financing activities</b>		
Dividend paid to ordinary shareholders	-	(13,733)
Dividend paid to holders of RCPS	<b>(29,517)</b>	(23,273)
Dividend paid to non-controlling interests	<b>(146,336)</b>	(160,301)
Proceeds from issuance of new ordinary shares	-	17,418
Purchase of treasury shares	<b>(17,046)</b>	-
Issuance of new shares to non-controlling interest	-	12,000
Acquisition of additional interests in a subsidiary from non-controlling interests	-	(658,371)
Receipt of bank borrowings net of repayments	<b>(145,767)</b>	582,338
Additional deposit held with trustee	<b>(4,777)</b>	(5,305)
<b>Net cash used in financing activities</b>	<b>(343,443)</b>	(249,227)
Currency translation differences	<b>1,957</b>	2,691
<b>Net decrease in cash and cash equivalents</b>	<b>(324,855)</b>	(88,781)
Cash and cash equivalents at 1 January	<b>1,001,634</b>	1,293,635
<b>Cash and cash equivalents at 30 September</b>	<b>678,736</b>	1,207,545
Add: Restricted cash and deposits pledged with licensed bank	<b>65,415</b>	48,266
<b>As per statement of financial position</b>	<b>744,151</b>	1,255,811

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 2018.

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 2018 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 2019)*

•	Annual Improvements to MFRSs 2015 – 2017 Cycle:-	
	• Amendments to MFRS 3	Business Combinations
	• Amendments to MFRS 11	Joint Arrangements
	• Amendments to MFRS 112	Income Taxes
•	Amendments to MFRS 9	Prepayment features with negative compensation
•	MFRS 16 and MFRS 117	Leases
•	Amendments to MFRS 123	Borrowing Costs
•	IC Interpretation 23	Uncertainty over Income Tax Treatments
•	Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
•	Amendments to MFRS 3	Definition of a Business

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

### **A2 Seasonality or cyclicality**

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:

<b>Date</b>	<b>No. of Ordinary Shares</b>	<b>Remarks</b>
<b>As at 31 December 2018</b>	<b>689,519,720</b>	Including 5,310,420 treasury shares
Issued in March 2019	52,500	Conversion of Redeemable Convertible Cumulative Preference Shares ("RCPS") into ordinary shares
Issued in September 2019	256,070	Conversion of Redeemable Convertible Cumulative Preference Shares ("RCCPS") into ordinary shares
<b>As at 30 September 2019</b>	<b>689,828,290</b>	

The number of ordinary shares as at the date of this report is 689,828,290.

<b>Date</b>	<b>No. of RCPS</b>	<b>Remarks</b>
<b>As at 31 December 2018</b>	<b>452,337,850</b>	
March 2019	(119,700)	Conversion of RCPS into ordinary shares
<b>As at 30 September 2019</b>	<b>452,218,150</b>	

The number of RCPS as at the date of this report is 452,218,150.

<b>Date</b>	<b>No. of RCCPS</b>	<b>Remarks</b>
<b>As at 31 December 2018</b>	<b>57,087,141</b>	
September 2019	(256,070)	Conversion of RCCPS into ordinary shares
<b>As at 30 September 2019</b>	<b>56,831,071</b>	

The number of RCCPS as at the date of this report is 56,831,071.

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

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 (continued):

<b>Date</b>	<b>No. of treasury shares</b>	<b>Lowest Price RM</b>	<b>Highest Price RM</b>	<b>Cost RM</b>
<b>As at 31 December 2018</b>	<b>5,310,420</b>			<b>11,924,936</b>
Purchased in January 2019	767,000	2.48	2.50	1,922,410
Purchased in February 2019	2,476,800	2.48	2.50	6,211,675
Purchased in March 2019	775,800	2.50	2.55	1,961,929
Purchased in April 2019	10,000	2.70	2.70	27,221
Purchased in June 2019	839,200	2.70	2.81	2,345,454
Purchased in July 2019	262,100	2.79	2.80	736,664
Purchased in August 2019	758,200	2.75	2.80	2,128,549
Purchased in September 2019	610,800	2.79	2.80	1,712,543
<b>As at 30 September 2019</b>	<b>11,810,320</b>			<b>28,971,381</b>
Distribution of treasury shares in October 2019	(4,880,966)			(12,050,350)
Purchased in October 2019	1,643,200	2.74	2.80	4,600,100
Purchased in November 2019	19,000	2.77	2.77	52,981
<b>As at 20 November 2019</b>	<b>8,591,554</b>			<b>21,574,112</b>

The number of treasury shares held as at the date of this report is 8,591,554 ordinary shares at an average cost of RM2.51 per ordinary share.

**A6 Dividends paid**

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 August 2018 up to and including 15 February 2019 was paid on 29 March 2019.

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 September 2018 up to and including 1 March 2019 was paid on 29 March 2019.

An Interim Single Tier Dividend of 5.0% per annum (based on the issue price of RM1.00 per RCPS) for the six months period from and including 16 February 2019 up to and including 15 August 2019 was paid on 27 September 2019.

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 2019 up to and including 1 September 2019 was paid on 27 September 2019.

An Interim Single Tier Dividend of 3.0 sen per ordinary share for the financial year ending 31 December 2019, comprising of 1.0 sen per ordinary share paid by way of cash and 2.0 sen per ordinary share paid by way of dividend-in-specie by distributing treasury shares. The cash dividend was paid on 4 October 2019 and the treasury shares were credited to the entitled members' account on 4 October 2019.

**A7 Segment Reporting**

<b>Business segments</b>	<b>Property investment - retail RM '000</b>	<b>Property investment -commercial RM '000</b>	<b>Hotel RM '000</b>	<b>Property development RM '000</b>	<b>Construction RM '000</b>	<b>Others RM '000</b>	<b>Group RM '000</b>
<b>9 months to 30 September 2019</b>							
<b>Revenue</b>							
Total revenue	536,243	148,914	203,245	100,659	179,053	369,812	1,537,926
Intersegment revenue	(58,710)	(20,921)	(3,114)	-	(179,053)	(260,947)	(522,745)
External revenue	<u>477,533</u>	<u>127,993</u>	<u>200,131</u>	<u>100,659</u>	<u>-</u>	<u>108,865</u>	<u>1,015,181</u>
<b>Results</b>							
Segment results (external)	308,880	56,092	33,905	86,213	1,746	(15,627)	471,209
Unallocated expense							(43,146)
Profit from operations							428,063
Finance income							17,200
Finance costs							(127,304)
Share of after-tax results of associates and joint ventures	-	919	10,060	3,105	-	393	14,477
Profit before tax							332,436
Tax expense							(78,585)
Profit for the period							<u>253,851</u>
Attributable to:							
Equity holders of the Company							148,764
Non-controlling interests							<u>105,087</u>
							<u>253,851</u>

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

**A7 Segment Reporting (continued)**

	Property investment	Property investment		Property development	Construction	Others	Group
Business segments	- retail	-commercial	Hotel	development			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	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	(42,160)	(24,317)	(4,720)	-	(349,858)	(42,606)	(463,661)
External revenue	393,757	120,230	223,269	101,261	-	102,392	940,909
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							251,421
Attributable to:							
Equity holders of the Company							143,637
Non-controlling interests							107,784
							251,421

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 26 March 2019, an announcement was made to Bursa Securities that Tan & Tan Developments Berhad ("TTDB"), a wholly-owned subsidiary of IGB Corporation Berhad, which in turn is a wholly-owned subsidiary of the Company, had acquired 100% equity interest in Hyperleap Sdn Bhd ("HSB"), for a cash consideration of RM1.00, making it a wholly-owned subsidiary of TTDB. HSB's principle activity is property investment.

#### **A10 Capital commitment**

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

	<b>Group</b>	
	<b>30 September 2019 RM'000</b>	31 December 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	<b>109,993</b>	25,866
Investment properties	<b>82,702</b>	127,005
Others	<b>14,970</b>	20,531
	<b>207,665</b>	173,402

#### **A11 Fair value of financial instruments**

There were no contingent liabilities or contingent assets since 31 December 2018.

- 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:

	<b>Level 1 RM '000</b>	<b>Level 2 RM '000</b>	<b>Level 3 RM '000</b>	<b>Total RM '000</b>
Financial assets at fair value through other comprehensive income:				
- Trading securities	<b>147</b>	-	-	<b>147</b>
- Equity securities	-	-	<b>94,829</b>	<b>94,829</b>
	<b>147</b>	-	<b>94,829</b>	<b>94,977</b>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the financial year ended 31 December 2018.

## **B1 Review of performance**

	<b>3 months to 30.9.2019 RM' 000</b>	3 months to 30.09.2018 RM' 000	Variance %
Revenue	<b>364,357</b>	353,217	3%
Profit from operations	<b>164,667</b>	158,044	4%
Profit before interest and tax	<b>180,187</b>	170,752	6%
Profit before tax	<b>133,977</b>	139,133	-4%
Profit after tax	<b>108,921</b>	107,079	2%
Profit attributable to ordinary equity holders	<b>66,455</b>	68,289	-3%

When comparing three months ended 30 September 2019 with three months ended 30 September 2018:

- i) Group revenue increased by 3% mainly due to higher contribution from the Property Investment-Commercial and Property Investment-Retail divisions.
- ii) Group pre-tax profit decreased by 4% due to lower contribution from Property Investment-Commercial and Hotel 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 2019, IGB REIT reported total gross revenue and net property income of RM136.3 million (3Q2018: RM133.7 million) and RM100.7 million (3Q2018: RM96.6 million) respectively, an increase of about 2% and 4% respectively.

### **Property Investment – Commercial**

In the Property Investment - Commercial division, average occupancy rates for 3Q2019 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 52% to RM30.8 million when compared to the same period last year of RM64.0 million as the Group's only development project currently under construction, "Stonor 3", a 400-unit condominium located in the vicinity of KLCC., nears completion.

### **Hotel**

Revenue contributed by the Hotel division for the 3 months to 30 September 2019 decreased by 10% to RM70.6 million (3Q2018: RM78.6 million) mainly as a result of lower average occupancy rates and lower average room rates by a majority of the hotels in the Group.

## B2 Comparison with immediate preceding quarter

	<b>3 months to 30.9.2019 RM' 000</b>	3 months to 30.6.2019 RM' 000	Variance %
Revenue	<b>364,357</b>	317,061	15%
Profit from operations	<b>164,667</b>	124,647	32%
Profit before interest and tax	<b>180,187</b>	133,924	35%
Profit before tax	<b>133,977</b>	88,645	51%
Profit after tax	<b>108,921</b>	65,583	66%
Profit attributable to ordinary equity holders	<b>66,455</b>	32,862	102%

When comparing three months ended 30 September 2019 with the previous quarter's three months ended 30 June 2019:

- i) Group revenue increased by 15% to RM364.4 million from RM317.1 million in the previous quarter as all operating divisions performed better this quarter.
- ii) As a result, Group pre-tax profit increased by 51% to RM134.0 million from RM88.6 million in the previous quarter.

## B3 Prospects for 2019

	<b>Cumulative Period</b>		Variance %
	<b>9 months to 30.9.2019 RM' 000</b>	9 months to 30.9.2018 RM' 000	
Revenue	<b>1,015,181</b>	940,909	8%
Profit from operations	<b>428,063</b>	389,562	10%
Profit before interest and tax	<b>459,740</b>	432,049	6%
Profit before tax	<b>332,436</b>	338,900	-2%
Profit after tax	<b>253,851</b>	251,421	1%
Profit attributable to ordinary equity holders	<b>148,764</b>	143,637	4%

### 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.

Menara Southpoint at Mid Valley City 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.

The Mall, Mid Valley Southkey, located in Johor Bahru had its soft opening on 23 April 2019 and is expected to contribute to the growth of the Group's retail division. 90% of The Mall's lettable area has been committed with tenants and currently about 70% of them are opened for business.

### **B3 Prospects for 2019 (Continued)**

#### **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**

Revenue contributed by the Hotel division for the 9 months to 30 September 2019 decreased by 11% to RM203.2 million (3Q2018: RM228.0 million) mainly as a result of lower average occupancy rates and lower average room rates achieved by a majority of the hotels in the Group. The hospitality sector is very competitive and hopefully the government's efforts to promote tourism will contribute positively to the sector.

### **B4 Profit forecast/profit guarantee**

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

### **B5 Tax**

	<b>Current year quarter ended 30.9.2019 RM '000</b>	<b>Cumulative current Year-To-Date ended 30.9.2019 RM '000</b>
Malaysian income tax		
- Company and subsidiaries	<b>26,549</b>	<b>81,256</b>
Overprovision in previous year	<b>1,015</b>	<b>2,221</b>
Transferred to deferred tax	<b>(3,207)</b>	<b>(8,816)</b>
	<b>24,357</b>	<b>74,661</b>
Overseas tax		
- Company and subsidiaries	<b>699</b>	<b>3,924</b>
	<b>25,056</b>	<b>78,585</b>

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

### **B6 Corporate proposals**

No corporate proposals have been announced during the financial quarter under review.



## B7 Group borrowings and debt securities

Group borrowings as at 30 September 2019 were as follows:

	30 September 2019					
	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
<b>Secured</b>						
Term Loan - RM	-	90,000	-	-	-	90,000
Term Loan - RMB	16,902	9,916	-	-	16,902	9,916
Revolving credit - RM	-	1,054,000	-	62,991	-	1,116,991
Revolving credit - USD	-	-	10,000	41,900	10,000	41,900
Medium Term Notes - RM	-	2,195,943	-	1,591	-	2,197,534
<b>Unsecured</b>						
Revolving credit - RM	-	-	-	445,434	-	445,434
		<b>3,349,859</b>		<b>551,916</b>		<b>3,901,775</b>

## 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 2019.

The Redeemable Convertible Cumulative Preference Shares which was issued on 15 February 2015 ("RCPS") will be maturing on 14 February 2020. As such, for the financial year ending 31 December 2020, an Interim Dividend of 5.0% per annum (based on the issue price of RM1.00 per RCPS) is declared for the six months period from and including 16 August 2019 up to and including 13 February 2020 and will be paid on 14 February 2020 to every member who is entitled to receive the dividend at 5.00 p.m. on 7 February 2020.

## 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 <b>30.9.2019</b>	Preceding Year Quarter ended 30.9.2018	Current Year-To-Date ended <b>30.9.2019</b>	Preceding Year-To-Date ended 30.9.2018
Net Profit for the period	RM '000	<u>66,455</u>	68,289	<u>148,764</u>	143,637
Weighted average number of ordinary shares in issue	'000	<u>680,481</u>	663,040	<u>680,481</u>	663,040
<b>Basic earnings per share</b>	sen	<u>9.77</u>	10.30	<u>21.86</u>	21.66

## **B10 Earnings per share (Continued)**

### **(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.

		<b>Current Year Quarter ended 30.9.2019</b>	Preceding Year Quarter ended 30.9.2018	<b>Current Year-To-Date ended 30.9.2019</b>	Preceding Year-To-Date ended 30.9.2018
Net Profit for the period	RM '000	<b>66,455</b>	68,289	<b>148,764</b>	143,637
Add: Interest on RCPS and RCCPS saved as a result of conversion	RM '000	<b>860</b>	1,253	<b>2,582</b>	3,504
Less: Tax relief thereon	RM '000	<b>(195)</b>	(624)	<b>(584)</b>	(1,165)
Adjusted Net Profit	RM '000	<b>67,120</b>	68,918	<b>150,762</b>	145,976
Weighted average number of ordinary shares in issue	'000	<b>680,481</b>	663,040	<b>680,481</b>	663,040
Adjustment for potential dilution on maximum conversion of RCPS and RCCPS	'000	<b>255,172</b>	255,481	<b>255,172</b>	255,481
	'000	<b>935,653</b>	918,521	<b>935,653</b>	918,521
<b>Diluted earnings per share</b>	sen	<b>7.17</b>	7.50	<b>16.11</b>	15.89

## **B11 Notes to Statements of Comprehensive Income**

	<b>Current Year Quarter ended 30.9.2019 RM '000</b>	<b>Cumulative Current Year-To-Date ended 30.9.2019 RM '000</b>
(a) Interest income	<b>6,474</b>	<b>17,200</b>
(b) Other income including investment income	<b>13,102</b>	<b>31,258</b>
(c) Interest expense	<b>(46,210)</b>	<b>(127,304)</b>
(d) Depreciation and amortisation	<b>(36,456)</b>	<b>(97,242)</b>
(e) Foreign exchange gain/(loss)	<b>112</b>	<b>(389)</b>

## **B12 Audit Report Qualification**

The audit report of the Group's annual financial statements for the year ended 31 December 2018 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 21 November 2019.