



Interim Financial Report for the three months ended 31 December 2019

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 cyclicity	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
A6 – Dividends paid	9
A7 – Segment reporting	11 -12
A8 – Material events subsequent to the end of the interim period	13
A9 – Changes in the composition of the Group	13
A10 – Capital commitment	13
A11 – Fair value of financial instruments	13
B1 – Review of performance	14
B2 – Comparison with immediate preceding quarter	15
B3 – Prospects for 2020	15
B4 – Profit forecast/profit guarantee	16
B5 – Tax	16
B6 – Corporate proposals	17
B7 – Group borrowings and debt securities	17
B8 – Material litigation	17
B9 – Proposed dividend	18
B10 – Earnings per share	18
B11 – Notes to statements of comprehensive income	19
B12 – Audit Report qualification	19
B13 – Authorisation for issue	19

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	Preceding	Current	Preceding
	Year	Year	Year-	Year-
	Quarter	Quarter	To-Date	To-Date
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	427,491	361,101	1,442,672	1,302,010
Cost of sales	(209,246)	(154,587)	(682,221)	(579,828)
Gross profit	218,245	206,514	760,451	722,182
Other operating income	11,654	12,106	41,219	43,742
Administrative expenses	(52,942)	(46,307)	(192,322)	(192,130)
Other operating expenses	(758)	(1,971)	(5,086)	(13,890)
Profit from operations	176,199	170,342	604,262	559,904
Finance income	9,570	10,721	26,770	44,291
Finance costs	(44,598)	(39,737)	(171,902)	(132,886)
Share of after-tax results of associates and joint venture	(10,508)	365	3,969	9,282
Profit before tax	130,663	141,691	463,099	480,591
Less tax:				
Company and subsidiaries	(18,321)	(1,597)	(96,906)	(89,076)
Profit for the period	112,342	140,094	366,193	391,515
Attributable to:				
Equity holders of the Company	59,901	92,006	208,665	235,643
Non-controlling interests	52,441	48,088	157,528	155,872
	112,342	140,094	366,193	391,515
Earnings per share (sen)				
- basic	8.80	13.76	30.66	35.24
- diluted	6.47	10.07	22.59	25.86

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)

	Current Year Quarter 31.12.2019 RM' 000	Preceding Year Quarter 31.12.2018 RM' 000	Current Year- To-Date 31.12.2019 RM' 000	Preceding Year- To-Date 31.12.2018 RM' 000
Profit for the financial period	112,342	140,094	366,193	391,515
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	28,087	(27,642)	12,646	(38,857)
- non-controlling interests	(1)	(2,011)	(1)	(2,042)
Items that may subsequently be reclassified to profit or loss	28,086	(29,653)	12,645	(40,899)
Net change in financial assets at fair value through other comprehensive income	(2,592)	20,672	(832)	29,519
Total comprehensive income for the financial period	137,836	131,113	378,006	380,135
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	85,396	85,036	220,479	226,305
Non-controlling interests	52,440	46,077	157,527	153,830
Total comprehensive income for the financial period	137,836	131,113	378,006	380,135

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)

	31.12.2019 RM '000	Audited 31.12.2018 RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,428,708	1,633,907
Inventories	442,200	435,542
Investment properties	4,009,114	3,522,105
Long term prepaid lease	342	369
Intangible assets	6,335	17,590
Associates and joint ventures	852,328	833,559
Financial assets at fair value through other comprehensive income	92,634	93,761
Concession receivables	129,468	114,936
Deferred tax assets	28,806	22,060
Prepayment	765	1,141
	6,990,700	6,674,970
CURRENT ASSETS		
Inventories	500,829	462,258
Concession receivables	5,206	3,925
Amounts owing by associates and joint ventures	97,416	90,752
Receivables and contract assets	301,268	246,365
Tax recoverable	7,271	23,163
Cash held under Housing Development Accounts	48,305	32,309
Deposits, cash and bank balances	693,808	1,030,955
Assets classified as held-for-sale	-	800
	1,654,103	1,890,527
TOTAL ASSETS	8,644,803	8,565,497
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	886,345	884,327
Treasury shares	(21,777)	(11,925)
Redeemable Convertible Cumulative Preference Shares	502,531	504,038
Other reserves	22,168	10,105
Retained earnings	2,225,106	2,048,461
	3,614,373	3,435,006
Non-controlling interests	97,309	107,271
TOTAL EQUITY	3,711,682	3,542,277
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	22,186	-
Deferred tax liabilities	150,107	142,597
Redeemable Convertible Cumulative Preference Shares	31,646	49,256
Interest bearing bank borrowings	3,284,388	3,419,856
	3,488,327	3,611,709
CURRENT LIABILITIES		
Payables and contract liabilities	843,123	709,371
Amounts owing to associates	19	4
Current tax liabilities	25,337	49,258
Redeemable Convertible Cumulative Preference Shares	17,224	26,096
Interest bearing bank borrowings	559,091	626,782
	1,444,794	1,411,511
TOTAL LIABILITIES	4,933,121	5,023,220
TOTAL EQUITY AND LIABILITIES	8,644,803	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.

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 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	
At 1 January 2019	884,327	(11,925)	504,038	10,105	2,048,461	3,435,006	107,271	3,542,277
Total comprehensive income for the year	-	-	-	11,814	208,665	220,479	157,527	378,006
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	2,018	-	(1,507)	-	(89)	422	-	422
Issuance of ordinary shares	-	-	-	-	-	-	2,500	2,500
Share buy back	-	(21,902)	-	-	-	(21,902)	-	(21,902)
Dividend paid to ordinary shareholders	-	12,050	-	-	(18,837)	(6,787)	-	(6,787)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(182,834)	(182,834)
Disposal of FVTOCI	-	-	-	249	(249)	-	-	-
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(12,845)	(12,845)	12,845	-
Total transactions with equity holders	2,018	(9,852)	(1,507)	249	(32,020)	(41,112)	(167,489)	(208,601)
At 31 December 2019	886,345	(21,777)	502,531	22,168	2,225,106	3,614,373	97,309	3,711,682

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.

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2018

	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	-	-	-	(9,338)	235,643	226,305	153,830	380,135
Issuance of ordinary shares	173,426	-	-	-	-	173,426	20,285	193,711
Issuance of Redeemable Convertible Cumulative Preference Shares ("RCCPS")	-	-	187,206	-	-	187,206	-	187,206
Share buy-back	-	(6,203)	-	-	-	(6,203)	-	(6,203)
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	65,871	-	(49,015)	-	6	16,862	-	16,862
Dividend paid to ordinary shareholders	-	-	-	-	(13,733)	(13,733)	-	(13,733)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(157,173)	(157,173)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	(7,830)	148,205	140,375	(1,232,518)	(1,092,143)
Total transactions with equity holders	239,297	(6,203)	138,191	(7,830)	134,478	497,933	(1,369,406)	(871,473)
At 31 December 2018	884,327	(11,925)	504,038	10,105	2,048,461	3,435,006	107,271	3,542,277

Condensed Consolidated Cash Flow Statements
(The figures have not been audited)

	31.12.2019 RM '000	31.12.2018 RM '000
Operating activities		
Receipts from customers	1,376,124	1,289,991
Payments to contractors, suppliers and employees	(741,096)	(716,310)
Cash flow generated from/(used in) operations	635,028	573,681
Interests paid	(163,515)	(170,713)
Income taxes paid	(104,156)	(132,526)
Net cash generated from operating activities	367,357	270,442
Investing activities		
Additional investments in subsidiaries	-	(14,849)
Acquisition of associates	(6,875)	-
Additional investments in financial assets at fair value through other comprehensive income ("FVTOCI)	(911)	(9,372)
Additions to property, plant and equipment, investment properties and land held for property development	(274,713)	(587,463)
Proceed from disposal of property, plant and equipment	-	342
Additions to intangible assets	(683)	-
Net proceeds from disposal of FVTOCI	1,271	-
Proceeds from redemption of preferences shares in associates	-	3,500
Deposits held with trustee	(5,513)	(9,423)
Net repayments/(advance) from associates and joint ventures	250	(253)
Dividend received from associates	5,105	69
Movements in Fixed Deposits with maturity more than 3 months	(20,386)	244,070
Deposits with licensed bank	-	(2,019)
Interest received	26,770	41,119
Net cash used in from investing activities	(275,685)	(334,279)
Financing activities		
Dividend paid to ordinary shareholders	(6,787)	(13,733)
Dividend paid to holders of RCPS & RCCPS	(29,517)	(23,273)
Dividend paid to non-controlling interests	(182,834)	(200,390)
Purchase of treasury shares	(9,852)	(6,203)
Issuance of new shares to non-controlling interest	-	32,336
Acquisition of additional interests in a subsidiary from non-controlling interests	-	(658,371)
Receipt of bank borrowings net of repayments	(208,105)	638,717
Net cash used in financing activities	(437,095)	(230,917)
Net decrease in cash and cash equivalents	(345,423)	(294,754)
Currency translation differences	(1,627)	2,753
Cash and cash equivalents at 1 January	1,001,634	1,293,635
Cash and cash equivalents at 31 December	654,584	1,001,634
Add: Restricted cash and deposits pledged with licensed bank	87,529	61,630
As per statement of financial position	742,113	1,063,264

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:

Date	No. of Ordinary Shares	Remarks
As at 31 December 2018	689,519,720	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
Issued in November 2019	3,947	Conversion of RCPS into ordinary shares
Issued in December 2019	319,796	Conversion of RCPS & RCCPS into ordinary shares
As at 31 December 2019	690,152,033	
Issued in January 2020	59,385	Conversion of RCPS & RCCPS into ordinary shares
Issued in February 2020	1,799,600	Conversion of RCPS & RCCPS into ordinary shares
As at 19 February 2020	692,011,018	

The number of ordinary shares as at the date of this report is 692,011,018. The number of new ordinary shares to be issued by 26 February 2020 pursuant to the conversion of RCPS as detailed below is 196,490,540.

Date	No. of RCPS	Remarks
As at 31 December 2018	452,337,850	
March 2019	(119,700)	Conversion of RCPS into ordinary shares
November 2019	(9,000)	Conversion of RCPS into ordinary shares
As at 31 December 2019	452,209,150	
January 2020	(124,000)	Conversion of RCPS into ordinary shares
February 2020	(4,085,563)	Conversion of RCPS into ordinary shares
As at 17 February 2020 *	447,999,587	

* The RCPS had matured on 14 February 2020 and subsequently delisted on 17 February 2020. The outstanding 447,999,587 RCPS will be automatically converted into new IGB Shares at the conversion ratio of 2.28 RCPS into 1 new IGB Share and shall be issued and credited into the CDS accounts of the RCPS Holders within 8 market days after the maturity date.

Date	No. of RCCPS	Remarks
As at 31 December 2018	57,087,141	
September 2019	(256,070)	Conversion of RCCPS into ordinary shares
December 2019	(319,796)	Conversion of RCCPS into ordinary shares
As at 31 December 2019	56,511,275	
January 2020	(5,000)	Conversion of RCCPS into ordinary shares
February 2020	(7,700)	Conversion of RCCPS into ordinary shares
As at 19 February 2020	56,498,575	

The number of RCCPS as at the date of this report is 56,498,575.

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):

Date	No. of treasury shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2018	5,310,420			11,924,936
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
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	94,000	2.70	2.77	256,185
As at 31 December 2019	8,666,554			21,777,316

The number of treasury shares held as at the date of this report is 8,666,554 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.

A6 Dividends paid (continued)

An Interim Single Tier Dividend of 3.0 sen per ordinary share was declared for the financial year ended 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 was credited to the entitled members' account on 4 October 2019

The Redeemable Convertible Cumulative Preference Shares which was issued on 15 February 2015 ("RCPS") had matured 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) iwa declared for the six months period from and including 16 August 2019 up to and including 13 February 2020 and was paid on 14 February 2020.

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 2019							
Revenue							
Total revenue	753,965	205,260	278,951	150,956	326,679	481,602	2,197,413
Intersegment revenue	<u>(80,372)</u>	<u>(28,056)</u>	<u>(4,423)</u>	<u>-</u>	<u>(326,679)</u>	<u>(315,211)</u>	<u>(754,741)</u>
External revenue	<u>673,593</u>	<u>177,204</u>	<u>274,528</u>	<u>150,956</u>	<u>-</u>	<u>166,391</u>	<u>1,442,672</u>
Results							
Segment results (external)	431,485	79,975	49,383	122,444	1,350	(20,510)	664,127
Unallocated expense							<u>(59,865)</u>
Profit from operations							604,262
Finance income							26,770
Finance costs							(171,902)
Share of after-tax results of associates and joint ventures	<u>-</u>	<u>(329)</u>	<u>635</u>	<u>3,816</u>	<u>-</u>	<u>(153)</u>	<u>3,969</u>
Profit before tax							463,099
Tax expense							<u>(96,906)</u>
Profit for the year							<u>366,193</u>
Attributable to:							
Equity holders of the Company							208,665
Non-controlling interests							<u>157,528</u>
							<u>366,193</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)

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	(56,299)	(23,424)	(6,342)	-	(648,605)	(63,885)	(798,555)
External revenue	<u>529,495</u>	<u>170,201</u>	<u>300,638</u>	<u>166,786</u>	<u>-</u>	<u>134,890</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							(64,925)
Profit from operations							559,904
Finance income							44,291
Finance costs							(132,886)
Share of after-tax results of associates and joint ventures	-	1,920	5,089	1,778	-	495	9,282
Profit before tax							480,591
Tax expense							(89,076)
Profit for the year							<u>391,515</u>
Attributable to:							
Equity holders of the Company							235,643
Non-controlling interests							<u>155,872</u>
							<u>391,515</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 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:

	Group	
	31 December 2019 RM'000	31 December 2018 RM'000
Approved and contracted for:		
Property, plant and equipment	76,660	25,866
Investment properties	49,941	127,005
Others	1,733	20,531
	128,334	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:

	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	Total RM '000
Financial assets at fair value through other comprehensive income:				
- Equity securities	-	-	92,634	92,634
	-	-	92,634	92,634

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

	3 months to 31.12.2019 RM' 000	3 months to 31.12.2018 RM' 000	Variance %
Revenue	427,491	361,101	18%
Profit from operations	176,199	170,342	3%
Profit before interest and tax	175,261	181,428	-3%
Profit before tax	130,663	141,691	-8%
Profit after tax	112,342	140,094	-20%
Profit attributable to ordinary equity holders	59,901	92,006	-35%

When comparing three months ended 31 December 2019 with three months ended 31 December 2018:

- i) Group revenue increased by 18% due to higher contributions from the Property Investment-Commercial and Property Investment-Retail divisions, with higher rental revenue from the Group's new office building, Menara Southpoint which is located at Mid Valley City as well as rental revenue from The Mall, Mid Valley Southkey which opened for business on 23 April 2019.
- ii) Group pre-tax profit decreased by 8% due mainly to lower contributions from the Property Investment-Commercial and Property Investment-Retail divisions arising from higher depreciation and finance costs being charged to the income statement upon commencement of business of Mid Valley City Southpoint Sdn Bhd and Southkey Megamall Sdn Bhd.

Property Investment – Retail

For the 3 months ended 31 December 2019, IGB REIT reported total gross revenue and net property income of RM139.6 million (4Q2018: RM137.2 million) and RM96.1million (4Q2018: RM96.5 million) respectively, an increase of about 2% and a decrease of 0.4% respectively.

With the opening of The Mall, Mid Valley Southkey, this division is expected to perform better in 2020.

Property Investment – Commercial

In the Property Investment - Commercial division, average occupancy rates for 4Q2019 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 23% to RM50.3 million when compared to the same period last year of RM65.5 million as the Group's development project "Stonor 3", a 400-unit condominium located in the vicinity of KLCC was completed in the previous quarter.

Hotel

Revenue contributed by the Hotel division for the 3 months to 31 December 2019 decreased by 4% to RM74.4 million (4Q2018: RM77.4 million) as a result of lower average occupancy rates and lower room rates achieved by hotels in the Group.

B2 Comparison with immediate preceding quarter

	3 months to 31.12.2019 RM' 000	3 months to 30.9.2019 RM' 000	Variance %
Revenue	427,491	364,357	17%
Profit from operations	176,199	164,667	7%
Profit before interest and tax	175,261	180,187	-3%
Profit before tax	130,663	133,977	-2%
Profit after tax	112,342	108,921	3%
Profit attributable to ordinary equity holders	59,901	66,455	-10%

When comparing three months ended 31 December 2019 with three months ended 30 September 2019:

- i) Group revenue increased by 17% to RM427.5 million from RM364.4 million in the previous quarter due to higher contributions from all the operating divisions.
- ii) However, Group pre-tax profit decreased by 2% to RM130.7 million from RM134.0 million in the previous quarter due to lower contribution from the Hotel division during this quarter.

B3 Prospects for 2020

	Cumulative Period		Variance %
	Year ended 31.12.2019 RM' 000	Year ended 31.12.2018 RM' 000	
Revenue	1,442,672	1,302,010	11%
Profit from operations	604,262	559,904	8%
Profit before interest and tax	635,001	613,477	4%
Profit before tax	463,099	480,591	-4%
Profit after tax	366,193	391,515	-6%
Profit attributable to ordinary equity holders	208,665	235,643	-11%

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 87% of them are opened for business.

B3 Prospects for 2020 (Continued)

Property Development

In view of the current weak sentiment in the property development market, 2020 will continue to be a difficult and challenging year for the property development segment. The Group's development projects were completed in 2019 and there are at present no plans for any new launches. The Group will concentrate its efforts on disposing its current stock of completed properties while at the same time planning for future launches.

Hotel

Revenue contributed by the Hotel division for the 12 months to 31 December 2019 decreased by 9% to RM279.0 million (4Q2018: RM307.0 million) as a result of lower average occupancy rates and lower average room rates achieved by a majority of the hotels in the Group.

With the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group, and in particular the Property Investment – Retail and Hotel divisions, will be affected. The Group expects 2020 to be a very challenging year and will take appropriate measures to minimise disruptions.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current year quarter ended 31.12.2019 RM '000	Cumulative current Year-To-Date ended 31.12.2019 RM '000
Malaysian income tax		
- Company and subsidiaries	29,179	110,435
Overprovision in previous year	(10,679)	(8,458)
Transferred to deferred tax	204	(8,612)
	18,704	93,365
Overseas tax		
- Company and subsidiaries	(383)	3,541
	18,321	96,906

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

On 21 November 2019, on behalf of the Board of Directors of the Company, Hong Leong Investment Bank Berhad ("HLIB") announced that the Company proposes to establish and list IGB Commercial REIT on the Main Market of Bursa Securities. The initial investment portfolio of IGB Commercial REIT shall comprise the following commercial properties ("Subject Properties") located in Kuala Lumpur, which are currently owned by subsidiaries of the Company:

Menara IGB, Mid Valley City; Centrepoint South, Mid Valley City; Centrepoint North, Mid Valley City; The Gardens South Tower, Mid Valley City; The Gardens North Tower, Mid Valley City; Menara Southpoint (excluding the residential units), Mid Valley City; Boulevard Offices (Blocks 25 and 27), Mid Valley City; Menara Tan & Tan, Jalan Tun Razak; and GTower, Jalan Tun Razak.

The Proposed REIT Establishment and Listing entails the following:

- (a) proposed disposal by the subsidiaries of the Company of their interests in the Subject Properties to IGB Commercial REIT ("Proposed Disposal") with the sale consideration to be satisfied through a combination of cash and issuance of new units in IGB Commercial REIT ("Units");
- (b) proposed restricted offer for sale and distribution-in-specie by the Company of the Units to the entitled shareholders of the Company following the Proposed Disposal; and
- (c) proposed placement of Units to institutional and selected investors to meet the public unitholding spread requirement of at least 25% pursuant to the Main Market Listing Requirements of Bursa Securities.

The Proposed REIT Establishment and Listing will be subject to, amongst others, valuation of the Subject Properties to be conducted, finalisation of the structure, terms and conditions, the necessary approvals, waivers and/or consents from the relevant authorities and the approval of the shareholders of the Company.

B7 Group borrowings and debt securities

Group borrowings as at 31 December 2019 were as follows:

	31 December 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
Secured						
Term Loan - RM	-	90,000	-	-	-	90,000
Term Loan - RMB	19,578	11,510	-	-	19,578	11,510
Revolving credit - RM	-	986,500	-	57,685	-	1,044,185
Revolving credit - USD			10,000	40,930	10,000	40,930
Medium Term Notes - RM	-	2,196,378	-	14,900	-	2,211,278
Unsecured						
Revolving credit - RM	-	-	-	445,576	-	445,576
		3,284,388		559,091		3,843,479

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 4.3% per annum (based on the issue price of RM3.28 per RCCPS) is declared for the six months period from and including 2 September 2019 up to and including 1 March 2020 and will be paid on 27 March 2020 to every member who is entitled to receive the dividend at 4.00 p.m. on 13 March 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 31.12.2019	Preceding Year Quarter ended 31.12.2018	Current Year-To-Date ended 31.12.2019	Preceding Year-To-Date ended 31.12.2018
Net Profit for the period	RM '000	<u>59,901</u>	92,006	<u>208,665</u>	235,643
Weighted average number of ordinary shares in issue	'000	<u>680,615</u>	668,769	<u>680,615</u>	668,769
Basic earnings per share	sen	<u><u>8.80</u></u>	13.76	<u><u>30.66</u></u>	35.24

(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 31.12.2019	Preceding Year Quarter ended 31.12.2018	Current Year-To-Date ended 31.12.2019	Preceding Year-To-Date ended 31.12.2018
Net Profit for the period	RM '000	59,901	92,006	208,665	235,643
Add: Interest on RCPS and RCCPS saved as a result of conversion	RM '000	859	1,040	3,441	4,544
Less: Tax relief thereon	RM '000	(199)	33	(783)	(1,132)
Adjusted Net Profit	RM '000	<u>60,561</u>	93,079	<u>211,323</u>	239,055
Weighted average number of ordinary shares in issue	'000	680,615	668,769	680,615	668,769
Adjustment for potential dilution on maximum conversion of RCPS and RCCPS	'000	254,849	255,481	254,849	255,481
	'000	<u>935,464</u>	924,250	<u>935,464</u>	924,250
Diluted earnings per share	sen	<u><u>6.47</u></u>	10.07	<u><u>22.59</u></u>	25.86

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter ended 31.12.2019 RM '000	Cumulative Current Year-To-Date ended 31.12.2019 RM '000
(a) Interest income	9,570	26,770
(b) Other income including investment income	11,654	41,219
(c) Interest expense	(44,598)	(171,902)
(d) Depreciation and amortisation	(36,347)	(133,589)
(e) Foreign exchange gain	1,477	1,088

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 19 February 2020.