

Interim Financial Report for the three months ended 30 September 2020

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	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	12
B1 – Review of performance	13
B2 – Comparison with immediate preceding quarter	14
B3 – Prospects for 2020	15
B4 – Profit forecast/profit guarantee	15
B5 – Tax	15
B6 – Corporate proposals	16 – 17
B7 – Group borrowings and debt securities	17
B8 – Material litigation	17
B9 – Proposed dividend	17
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 Year Quarter 30.9.2020 RM' 000	Preceding Year Quarter 30.9.2019 RM' 000	Current Year- To-Date 30.9.2020 RM' 000	Preceding Year- To-Date 30.9.2019 RM' 000
Revenue	279,801	364,357	739,750	1,015,181
Cost of sales	(137,308)	(166,558)	(403,211)	(472,975)
Gross profit	142,493	197,799	336,539	542,206
Other operating income	5,139	13,102	23,767	31,258
Administrative expenses	(30,437)	(42,989)	(111,591)	(139,380)
Other operating expenses	1,864	(3,245)	(4,316)	(6,021)
Profit from operations	119,059	164,667	244,399	428,063
Finance income	6,416	6,474	20,099	17,200
Finance costs	(39,319)	(46,210)	(127,016)	(127,304)
Share of after-tax results of associates and joint venture	(14,115)	9,046	(11,507)	14,477
Profit before tax	72,041	133,977	125,975	332,436
Less tax:				
Company and subsidiaries	(21,123)	(25,056)	(39,098)	(78,585)
Profit for the period	50,918	108,921	86,877	253,851
Attributable to:				
Equity holders of the Company	16,987	66,455	19,691	148,764
Non-controlling interests	33,931	42,466	67,186	105,087
	50,918	108,921	86,877	253,851
Earnings per share (sen)				
- basic	2.03	9.77	2.35	21.86
- diluted	1.94	7.17	2.33	16.11

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statements of Comprehensive Income

(The figures have not been audited)

	Current Year Quarter 30.9.2020 RM' 000	Preceding Year Quarter 30.9.2019 RM' 000	Current Year- To-Date 30.9.2020 RM' 000	Preceding Year- To-Date 30.9.2019 RM' 000
Profit for the financial period	50,918	108,921	86,877	253,851
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	7,430	(14,949)	917	(15,441)
- non-controlling interests	(6)	-	21	-
Items that may subsequently be reclassified to profit or loss	7,424	(14,949)	938	(15,441)
Net change in financial assets at fair value through other comprehensive income	(16,061)	1,295	(18,285)	1,760
Total comprehensive income for the financial period	42,281	95,267	69,530	240,170
Total comprehensive income/(loss) for the financial period attributable to:				
Equity holders of the Company	8,355	52,801	2,322	135,083
Non-controlling interests	33,926	42,766	67,208	105,087
Total comprehensive income for the financial period	42,281	95,567	69,530	240,170

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

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

	30.9.2020	<i>Audited</i> 31.12.2019
	RM '000	RM '000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,512,118	1,506,475
Inventories	443,069	442,200
Investment properties	3,906,789	3,921,642
Intangible assets	6,053	6,335
Associates and joint ventures	824,258	852,328
Financial assets at fair value through other comprehensive income	74,350	92,634
Concession receivables	130,245	129,468
Deferred tax assets	41,243	28,806
Prepayment	481	765
	6,938,606	6,980,653
CURRENT ASSETS		
Inventories	494,508	500,829
Concession receivables	5,400	5,206
Amounts owing by associates and joint ventures	87,715	97,416
Receivables and contract assets	237,968	274,326
Tax recoverable	2,363	7,271
Cash held under Housing Development Accounts	14,058	48,305
Deposits, cash and bank balances	772,734	693,808
	1,614,746	1,627,161
TOTAL ASSETS	8,553,352	8,607,814
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	1,338,596	886,344
Treasury shares	(17,660)	(21,777)
Redeemable Convertible Cumulative Preference Shares	137,686	502,531
Other reserves	4,800	22,168
Retained earnings	2,133,444	2,225,106
	3,596,866	3,614,372
Non-controlling interests	71,714	97,309
TOTAL EQUITY	3,668,580	3,711,681
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	19,266	18,693
Deferred tax liabilities	148,736	150,107
Redeemable Convertible Cumulative Preference Shares	24,806	31,646
Interest bearing bank borrowings	3,012,438	2,533,501
	3,205,246	2,733,947
CURRENT LIABILITIES		
Payables and contract liabilities	674,558	809,627
Amounts owing to associates	8	19
Current tax liabilities	49,445	25,337
Redeemable Convertible Cumulative Preference Shares	6,331	17,225
Interest bearing bank borrowings	949,184	1,309,978
	1,679,526	2,162,186
TOTAL LIABILITIES	4,884,772	4,896,133
TOTAL EQUITY AND LIABILITIES	8,553,352	8,607,814

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2020
(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 2020	886,344	(21,777)	502,531	22,168	2,225,106	3,614,372	97,309	3,711,681
Total comprehensive income for the period	-	-	-	(17,368)	19,690	2,322	67,208	69,530
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	452,252	-	(364,845)	-	(87,343)	64	-	64
Issuance of ordinary shares	-	-	-	-	-	-	14,568	14,568
Share buy back	-	(12,632)	-	-	-	(12,632)	-	(12,632)
Dividend paid to ordinary shareholders	-	16,749	-	-	(16,749)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(104,395)	(104,395)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(7,260)	(7,260)	(2,976)	(10,236)
Total transactions with equity holders	452,252	4,117	(364,845)	-	(111,352)	(19,828)	(92,803)	(112,631)
At 30 September 2020	1,338,596	(17,660)	137,686	4,800	2,133,444	3,596,866	71,714	3,668,580

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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

	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 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	-	-	-	(13,681)	148,764	135,083	105,087	240,170
Share buy-back	-	(17,046)	-	-	-	(17,046)	-	(17,046)
Conversion of Redeemable Convertible Cumulative Preference Shares to ordinary shares	960	-	(721)	-	(287)	(48)	-	(48)
Issuance of ordinary shares	-	-	-	-	-	-	2,500	2,500
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)
At 30 September 2019	885,287	(28,971)	503,317	(3,576)	2,187,599	3,543,656	78,481	3,622,137

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

	30.9.2020 RM '000	30.9.2019 RM '000
Operating activities		
Receipts from customers	809,808	1,087,352
Payments to contractors, suppliers and employees	(563,407)	(559,717)
Cash flow generated from operations	246,401	527,635
Interests paid	(131,468)	(123,817)
Income taxes paid	(23,889)	(74,242)
Net cash generated from operating activities	91,044	329,576
Investing activities		
Additional investments in associates	-	(1,835)
Additions to property, plant and equipment, investment properties and land held for property development	(94,868)	(326,422)
Additions to intangible assets	(84)	(221)
Net proceeds from disposal of financial assets at fair value through other comprehensive income	-	359
Proceeds from redemption of preferences shares in associates	1,960	-
Capital reduction	817	-
Deposit held with trustee	(979)	(4,777)
Dividend received from investment	11,108	-
Net repayments/(advance) from associates and joint ventures	7,825	(5,129)
Dividend received from associates	5,270	4,069
Movements in Fixed Deposits with maturity more than 3 months	4,020	991
Interest received	20,099	17,200
Net cash used in from investing activities	(44,832)	(315,765)
Financing activities		
Dividend paid to holders of RCPS & RCCPS	(19,261)	(29,517)
Dividend paid to non-controlling interests	(105,669)	(146,336)
Purchase of treasury shares	(12,632)	(17,046)
Issuance of new shares to non-controlling interest	14,568	-
Receipt of bank borrowings net of repayments	124,145	(145,767)
Net cash generated from/(used in) financing activities	1,151	(338,666)
Net increase/(decrease) in cash and cash equivalents	47,363	(324,855)
Currency translation differences	358	1,957
Cash and cash equivalents at 1 January	678,284	1,001,634
Cash and cash equivalents at 30 September	726,005	678,736
Add: Restricted cash and deposits pledged with licensed bank	60,787	65,415
As per statement of financial position	786,792	744,151

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 2019.

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 2019 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 2020)

•	The Conceptual Framework for Financial Reporting (Revised 2018)	
•	Amendments to MFRS 101 and 108	Definition of Material
•	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 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 2019	690,152,033	Including 8,666,554 treasury shares
Issued in January 2020	59,385	Conversion of RCPS & RCCPS into ordinary shares
Issued in February 2020	198,290,140	Conversion of RCPS & RCCPS into ordinary shares
Issued in June 2020	804	Conversion of RCCPS into ordinary shares
As at 30 September 2020	888,502,362	

The number of ordinary shares as at the date of this report is 888,502,362.

Date	No. of RCPS	Remarks
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 was automatically converted into 196,490,540 new IGB Shares at the conversion ratio of 2.28 RCPS into 1 new IGB Share and credited into the CDS accounts of the RCPS Holders on 25 February 2020.

Date	No. of RCCPS	Remarks
As at 31 December 2019	56,511,275	
January 2020	(5,000)	Conversion of RCCPS into ordinary shares
March 2020	(7,700)	Conversion of RCCPS into ordinary shares
June 2020	(804)	Conversion of RCCPS into ordinary shares
As at 30 September 2020	56,497,771	

The number of RCCPS as at the date of this report is 56,497,771.

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 2019	8,666,554			21,777,316
Purchased in February 2020	31,000	3.14	3.18	98,489
Purchased in March 2020	1,561,900	2.40	3.23	4,198,693
Purchased in April 2020	2,094,500	2.41	2.61	5,275,653
Purchased in May 2020	1,259,900	2.39	2.47	3,058,847
Distribution of treasury share in September 2020	(6,626,737)			(16,749,068)
As at 30 September 2020	6,987,117			17,659,930

The number of treasury shares held as at the date of this report is 6,987,117 ordinary shares at an average cost of RM2.53 per ordinary share.

A6 Dividends paid

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 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 August 2019 up to and including 13 February 2020 was paid on 14 February 2020.

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 2019 up to and including 1 March 2020 was paid on 27 March 2020.

An Interim Dividend of 2.0 sen per ordinary share is declared for the financial year ending 31 December 2020 to be paid by way of dividend-in-specie by distributing treasury shares. The treasury shares was credited to the entitled members' account on 30 September 2020.

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 2020 up to and including 1 September 2020 was paid on 30 September 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
9 months to 30 September 2020							
Revenue							
Total revenue	434,825	147,695	62,949	47,069	104,544	303,928	1,101,010
Intersegment revenue	(50,306)	(18,796)	(505)	-	(104,544)	(187,109)	(361,260)
External revenue	<u>384,519</u>	<u>128,899</u>	<u>62,444</u>	<u>47,069</u>	<u>-</u>	<u>116,819</u>	<u>739,750</u>
Results							
Segment results (external)	218,980	60,568	(45,569)	62,253	(4,002)	(2,247)	289,983
Unallocated expense							(45,584)
Profit from operations							244,399
Finance income							20,099
Finance costs							(127,016)
Share of after-tax results of associates and joint ventures	-	150	(14,676)	160	-	2,859	(11,507)
Profit before tax							125,975
Tax expense							(39,098)
Profit for the period							<u>86,877</u>
Attributable to:							
Equity holders of the Company							19,691
Non-controlling interests							<u>67,186</u>
							<u>86,877</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
9 months to 30 September 2019							
Revenue							
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>
Results							
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.

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

There were no changes in the composition of the Group from the date of the last report up to the date of this report.

A10 Capital commitment

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

	Group	
	30 September 2020 RM'000	31 December 2019 RM'000
Approved and contracted for:		
Property, plant and equipment	79,095	96,369
Investment properties	2,604	49,941
Others	45,150	1,733
	126,849	148,043

A11 Fair value of financial instruments

There were no contingent liabilities or contingent assets since 31 December 2019.

- 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	-	-	74,350	74,350
	-	-	74,350	74,350

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the financial year ended 31 December 2019.

B1 Review of performance

The Global outbreak of the Covid-19 pandemic beginning from late last year and early 2020 and the subsequent imposition by the Malaysian Government of the Movement Control Order (“MCO”) from 18 March 2020 which is now under the Conditional MCO phase till 6 December 2020, had a significant financial impact on the Group’s results to-date.

The Group has taken steps to mitigate the impact by taking various measures to control and reduce non-essential operating expenses. The Group will continue to monitor the situation closely and take appropriate actions when necessary.

	3 months to 30.9.2020 RM' 000	3 months to 30.9.2019 RM' 000	Variance %
Revenue	279,801	364,357	-23%
Profit from operations	119,059	164,667	-28%
Profit before interest and tax	111,360	180,187	-38%
Profit before tax	72,041	133,977	-46%
Profit after tax	50,918	108,921	-53%
Profit attributable to ordinary equity holders	16,987	66,455	-74%

When comparing three months ended 30 September 2020 with three months ended 30 September 2019:

- i) Group revenue decreased by 23% due to lower contributions from the Property Development, Property Investment-Retail and Hotel divisions.
- ii) Group pre-tax profit decreased by 46% due to lower contributions from the Property Development, Property Investment-Retail and Hotel divisions.

Property Investment – Retail

For the 3 months ended 30 September 2020, IGB REIT reported total gross revenue and net property income of RM130.7 million (3Q2019: RM136.3 million) and RM97.8 million (3Q2019: RM100.7 million) respectively, a decrease of about 4% and 3% respectively.

The Mall, Mid Valley Southkey, Johor Bahru contributed revenue of RM76.4 million to the Property Investment-Retail division but recorded pre-tax loss of RM24.1 million after accounting for depreciation of RM27.2 million and finance cost of RM35.6 million.

Property Investment – Commercial

For the 3 months ended 30 September 2020, Property Investment – Commercial division contributed gross revenue and pre-tax profit of RM43.3 million (3Q2019: RM43.1 million) and RM19.3 million (3Q2019: RM19.4 million) respectively, a decrease of about 0.5% in both revenue and pre-tax profit when compared to the same period in 2019.

Despite the challenging economic conditions, average occupancy rates for 3Q2020 for the Group’s commercial buildings were above 70% with rentals at competitive market rates.

B1 Review of performance (continued)

Property Development

Revenue from the Property Development division during the current quarter, which was derived mainly from sales of completed condominium units at "Stonor 3", decreased by 61% to RM12.0 million when compared to the same period last year of RM30.8 million. The Group currently does not have any property development projects under construction.

Hotel

Revenue contributed by the Hotel division for the 3 months to 30 September 2020 decreased by 77% to RM16.2 million (3Q2019: RM70.6 million) as a result of lower average occupancy rates across all hotels in the Group when compared to the corresponding period in the previous year as most of the Group's hotels have not been able to operate at full capacity during the various stages of the Government's MCO.

B2 Comparison with immediate preceding quarter

	3 months to 30.9.2020 RM' 000	3 months to 30.6.2020 RM' 000	Variance %
Revenue	279,801	168,527	66%
Profit from operations	119,059	28,175	323%
Profit before interest and tax	111,360	34,546	222%
Profit/(Loss) before tax	72,041	(7,878)	1014%
Profit/(Loss) after tax	50,918	(11,576)	540%
Profit/(Loss) attributable to ordinary equity holders	16,987	(14,974)	213%

When comparing three months ended 30 September 2020 with the preceding three months ended 30 June 2020:

- i) Group revenue increased by 66% to RM279.8 million from RM168.5 million in the preceding quarter due to higher contributions from Property Investment-Retail, Property Investment-Commercial, Hotel and Investment divisions.
- ii) Accordingly, the Group recorded a pre-tax profit of RM72.0 million profit compared to pre-tax loss of RM7.9 million loss achieved in the preceding corresponding period.

B3 Prospects for 2020

	Cumulative Period		
	9 months to 30.9.2020 RM' 000	9 months to 30.9.2019 RM' 000	Variance %
Revenue	739,750	1,015,181	-27%
Profit from operations	244,399	428,063	-43%
Profit before interest and tax	252,991	459,740	-45%
Profit before tax	125,975	332,436	-62%
Profit after tax	86,877	253,851	-66%
Profit attributable to ordinary equity holders	19,691	148,764	-87%

When comparing nine months ended 30 September 2020 with the corresponding nine months in 2019:

- i) Group revenue decreased by 27% to RM739.8 million from RM1,015.2 million in 2019 due to lower contributions from all operating divisions except Property Investment – Commercial division which recorded a marginal increase.
- ii) Accordingly, Group pre-tax profit decreased by 62% to RM126.0 million from RM332.4 million achieved in the corresponding period in 2019. During the current period, the Group has given rental support amounting to RM107.7 million to various eligible tenants in the Group's retail and commercial properties.

Based on the financial results for the first nine months, the Group's performance for the financial year ending 31 December 2020 will be significantly lower when compared with 2019.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current year quarter ended 30.9.2020 RM '000	Cumulative current Year-To-Date ended 30.9.2020 RM '000
Malaysian income tax		
- Company and subsidiaries	19,990	53,331
Overprovision in previous year	1,383	674
Transferred to deferred tax	121	(14,035)
	21,494	39,970
Overseas tax		
- Company and subsidiaries	(371)	(872)
	21,123	39,098

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

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, Centrepoint South, Centrepoint North, The Gardens South Tower, The Gardens North Tower, Menara Southpoint (excluding the residential units) and Boulevard Offices (Blocks 25 and 27), all located at Mid Valley City and Menara Tan & Tan and GTower, both located along 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 IGB.

On 11 June 2020, HLIB on behalf of the Board of Directors of the Company, announced that the Company proposes to undertake the Proposed REIT Establishment and Listing comprising the following:

- (i) the proposed establishment of IGB Commercial REIT by the Company, the Sponsor ("Proposed REIT Establishment");
- (ii) the proposed disposals by the respective Vendors (as listed hereunder) of the Subject Properties (as listed hereunder) to IGB Commercial REIT for a total disposal consideration of RM3,155.3 million to be satisfied via the proposed issuance of 2,307.3 million undivided interest in IGB Commercial REIT ("Units") and the balance via cash ("Proposed Disposals");
- (iii) the proposed offering of up to approximately 1,227.0 million Units via an initial public offering pursuant to the Proposed Listing comprising a proposed restricted offering of up to approximately 945.0 million Units to the shareholders of the Company whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board and a proposed offering of at least 282.0 million Units to institutional investors and selected investors ("Proposed Offering"); and
- (iv) the proposed admission of IGB Commercial REIT to the Official List of Bursa Securities and the Listing of and quotation for 2,307.0 million Units on the Main Market of Bursa Securities ("Proposed Listing").

B6 Corporate proposals (continued)

The Proposed REIT Establishment, Proposed Disposals, Proposed Offering and Proposed Listing are collectively referred to as the "Proposed REIT Establishment and Listing".

Information on the Vendors and Subject Properties:

	Vendors	Subject Properties
1.	IGB Properties Sdn Bhd	Menara IGB & Annexe
2.	MVC Centrepoint South Sdn Bhd	Centrepoint South
3.	MVC Centrepoint North Sdn Bhd	Centrepoint North
4.	Idaman Spektra Sdn Bhd	Blocks 25 & 27, Boulevard Offices
5.	Mid Valley City South Tower Sdn Bhd	Gardens South Tower
6.	Mid Valley City North Tower Sdn Bhd	Gardens North Tower
7.	Mid Valley City Southpoint Sdn Bhd	Menara Southpoint Offices
8.	Tan & Tan Realty Sdn Bhd	Menara Tan & Tan
9.	GTower Sdn Bhd	GTower
10.	Hampshire Properties Sdn Bhd	Hampshire Place Office

On 4 November 2020, HLIB, on behalf of the Board of Directors of the company, announced that an application had been submitted on even date to the Securities Commission Malaysia in relation to the Proposed REIT Establishment and Listing.

B7 Group borrowings and debt securities

Group borrowings as at 30 September 2020 were as follows:

	30 September 2020					
	Long term		Short term		TOTAL	
	Foreign denomination '000	RM denomination RM '000	Foreign denomination '000	RM denomination RM '000	Foreign denomination '000	RM denomination RM '000
Secured						
Term Loan - RMB	18,486	11,275	3,040	1,854	21,526	13,129
Revolving credit - RM	-	803,500	-	457,955	-	1,261,455
Revolving credit - USD			10,000	41,603	10,000	41,603
Medium Term Notes - RM	-	2,197,663	-	1,447	-	2,199,110
Unsecured						
Revolving credit - RM	-	-	-	446,325	-	446,325
		3,012,438		949,184		3,961,622

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 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 30.9.2020	Preceding Year Quarter ended 30.9.2019	Current Year-To-Date ended 30.9.2020	Preceding Year-To-Date ended 30.9.2019
Profit for the period	RM '000	<u>16,987</u>	66,455	<u>19,691</u>	148,764
Weighted average number of ordinary shares in issue	'000	<u>837,010</u>	680,481	<u>837,010</u>	680,481
Basic earnings per share	sen	<u><u>2.03</u></u>	<u>9.77</u>	<u><u>2.35</u></u>	<u>21.86</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 RCCPS.

		Current Year Quarter ended 30.9.2020	Preceding Year Quarter ended 30.9.2019	Current Year-To-Date ended 30.9.2020	Preceding Year-To-Date ended 30.9.2019
Net Profit for the period	RM '000	16,987	66,455	19,691	148,764
Add: Interest on RCCPS saved as a result of conversion	RM '000	502	860	1,504	2,582
Less: Tax relief thereon	RM '000	(116)	(195)	(347)	(584)
Adjusted Net Profit	RM '000	<u>17,373</u>	67,120	<u>20,848</u>	150,762
Weighted average number of ordinary shares in issue	'000	837,010	680,481	837,010	680,481
Adjustment for potential dilution on maximum conversion of RCCPS	'000	<u>56,498</u>	255,172	<u>56,498</u>	255,172
	'000	<u>893,508</u>	935,653	<u>893,508</u>	935,653
Diluted earnings per share	sen	<u><u>1.94</u></u>	<u>7.17</u>	<u><u>2.33</u></u>	<u>16.11</u>

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter ended 30.9.2020 RM '000	Cumulative Current Year-To-Date ended 30.9.2020 RM '000
(a) Interest income	6,416	20,099
(b) Other income including investment income	5,139	23,767
(c) Interest expense	(39,319)	(127,016)
(d) Depreciation and amortisation	(36,227)	(109,610)
(e) Foreign exchange gain	1,812	4,481

B12 Audit Report Qualification

The audit report of the Group's annual financial statements for the year ended 31 December 2019 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 November 2020.