

Interim Financial Report for three months ended 31 December 2022

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Note:

A1 to A11 are explanatory notes in accordance with MFRS 134.

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

Condensed Consolidated Income Statements

(The figures have not been audited)

	Current Year Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Year- To-Date 31.12.2022 RM'000	Preceding Year- To-Date 31.12.2021 RM'000
Revenue	383,191	300,445	1,291,270	930,053
Cost of sales	(173,217)	(139,843)	(594,614)	(499,594)
Gross profit	209,974	160,602	696,656	430,459
Other operating income	4,360	216,530	27,575	229,081
Administrative expenses	(64,113)	(46,960)	(169,644)	(184,470)
Other operating expenses	(25,639)	(319)	(76,307)	(5,312)
Profit from operations	124,582	329,853	478,280	469,758
Finance income	10,491	11,281	38,379	34,226
Finance costs	(45,621)	(43,512)	(163,165)	(157,524)
Share of after-tax results of associates and joint ventures	930	295	67,645	4,945
Profit before tax	90,382	297,917	421,139	351,405
Less tax:				
Company and subsidiaries	(28,733)	(25,997)	(93,153)	(112,080)
Profit for the period	61,649	271,920	327,986	239,325
Attributable to:				
Equity holders of the Company	18,767	233,766	159,114	161,845
Non-controlling interests	42,882	38,154	168,872	77,480
	61,649	271,920	327,986	239,325
Earnings per share (sen)				
- basic	2.08	26.25	17.63	18.17
- diluted ^{Note1}	2.08	25.16	17.63	17.52

Note 1 : As at 31 December 2022, the Group's diluted earnings per share is the same as basic earnings per share as the Group does not have any potential dilutive ordinary share in issue.

Condensed Consolidation Statements of Comprehensive Income

(The figures have not been audited)

	Current Year Quarter 31.12.2022 RM'000	Preceding Year Quarter 31.12.2021 RM'000	Current Year To-Date 31.12.2022 RM'000	Preceding Year To-Date 31.12.2021 RM'000
Profit for the financial period	61,649	271,920	327,986	239,325
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	(5,140)	(9,258)	(8,472)	2,496
- non-controlling interests	(9)	(1)	9	6
Share of other comprehensive income/(loss) of associates and joint ventures	9,169	998	(20,566)	588
Items that may subsequently be reclassified to profit or loss	4,020	(8,261)	(29,029)	3,090
Items that will not be subsequently be reclassified to profit or loss:				
Net change in financial assets at fair value through other comprehensive income	(1,843)	(15,058)	8,454	(3,992)
Total comprehensive income for the financial period	63,826	248,601	307,411	238,423
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	20,952	210,448	138,530	160,937
Non-controlling interests	42,874	38,153	168,881	77,486
Total comprehensive income for the financial period	63,826	248,601	307,411	238,423

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

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

	31.12.2022	<i>Audited</i> 31.12.2021
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,503,486	1,506,761
Inventories	447,420	442,956
Investment properties	3,913,148	4,003,156
Intangible assets	4,914	5,393
Associates and joint ventures	520,594	490,582
Financial assets at fair value through other comprehensive income	53,626	68,360
Concession receivables	110,846	120,062
Deferred tax assets	36,784	41,058
Receivables	-	243,913
Deposits, cash and bank balances	-	45,084
	<u>6,590,818</u>	<u>6,967,325</u>
CURRENT ASSETS		
Inventories	536,491	536,220
Concession receivables	5,107	5,289
Amounts owing by associates and joint ventures	1,875	182
Receivables and contract assets	430,221	186,267
Tax recoverable	24,806	28,818
Cash held under Housing Development Accounts	1,607	12,707
Deposits, cash and bank balances	1,349,313	1,381,122
Assets classified as held-for-sale	1,531	-
	<u>2,350,951</u>	<u>2,150,605</u>
TOTAL ASSETS	<u>8,941,769</u>	<u>9,117,930</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	1,394,110	1,393,859
Treasury shares	(9,747)	(3,310)
Redeemable Convertible Cumulative Preference Shares	-	96,626
Other reserves	11,449	32,033
Retained earnings	2,363,674	2,321,788
	<u>3,759,486</u>	<u>3,840,996</u>
Non-controlling interests	236,655	281,463
TOTAL EQUITY	<u>3,996,141</u>	<u>4,122,459</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	17,833	17,833
Deferred tax liabilities	151,877	138,129
Redeemable Convertible Cumulative Preference Shares	-	13,210
Interest bearing bank borrowings	3,966,069	2,705,792
	<u>4,135,779</u>	<u>2,874,964</u>
CURRENT LIABILITIES		
Payables and contract liabilities	664,181	643,945
Amounts owing to associates	4	4
Current tax liabilities	20,475	37,271
Redeemable Convertible Cumulative Preference Shares	-	4,703
Interest bearing bank borrowings	125,189	1,434,584
	<u>809,849</u>	<u>2,120,507</u>
TOTAL LIABILITIES	<u>4,945,628</u>	<u>4,995,471</u>
TOTAL EQUITY AND LIABILITIES	<u>8,941,769</u>	<u>9,117,930</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2022
(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 2022	1,393,859	(3,310)	96,626	32,033	2,321,788	3,840,996	281,463	4,122,459
Total comprehensive income for the financial period	-	-	-	(20,584)	159,114	138,530	168,881	307,411
Conversion of Redeemable Convertible Cumulative Preference Shares ("RCCPS") to ordinary shares	251	-	(187)	-	(34)	30	-	30
Redemption of Redeemable Convertible Cumulative Preference Shares	-	-	(96,439)	-	(18,397)	(114,836)	-	(114,836)
Issuance of ordinary shares	-	-	-	-	-	-	291	291
Share buy-back	-	(6,437)	-	-	-	(6,437)	-	(6,437)
Capital reduction	-	-	-	-	-	-	(20,472)	(20,472)
Dividend paid to ordinary shareholders	-	-	-	-	(90,242)	(90,242)	-	(90,242)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(202,063)	(202,063)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(8,555)	(8,555)	8,555	-
Total transactions with equity holders	251	(6,437)	(96,626)	-	(117,228)	(220,040)	(213,689)	(433,729)
At 31 December 2022	1,394,110	(9,747)	-	11,449	2,363,674	3,759,486	236,655	3,996,141

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(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2021
(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 2021	1,338,596	(17,660)	137,686	32,941	2,120,197	3,611,760	62,047	3,673,807
Total comprehensive income for the financial period	-	-	-	(908)	161,845	160,937	77,486	238,423
Issuance of ordinary shares	-	-	-	-	-	-	14,500	14,500
Conversion of Redeemable Convertible Cumulative Preference Shares ("RCCPS") to ordinary shares	55,263	-	(41,060)	-	(5,513)	8,690	-	8,690
Share buy-back	-	(7,129)	-	-	-	(7,129)	-	(7,129)
Transaction arising from the listing of a subsidiary	-	-	-	-	165,768	165,768	397,762	563,530
Distribution-in-specie of Units in IGB Commercial REIT to Entitled Shareholders	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	(38,124)	(38,124)
Dividend paid to ordinary shareholders	-	21,479	-	-	(110,946)	(89,467)	-	(89,467)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(241,771)	(241,771)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(9,563)	(9,563)	9,563	-
Total transactions with equity holders	55,263	14,350	(41,060)	-	39,746	68,299	141,930	210,229
At 31 December 2021	1,393,859	(3,310)	96,626	32,033	2,321,788	3,840,996	281,463	4,122,459

Condensed Consolidated Cash Flow Statements

(The figures have not been audited)

	31.12.2022	31.12.2021
	RM'000	RM'000
Operating activities		
Receipts from customers	1,410,061	1,075,946
Payments to contractors, suppliers and employees	(793,553)	(633,634)
Cash flow generated from operations	616,508	442,312
Interests paid	(156,490)	(152,359)
Income taxes paid	(87,916)	(110,646)
Net cash generated from operating activities	372,102	179,307
Investing activities		
Additions to property, plant and equipment, investment properties and land held for property development	(53,698)	(236,013)
Additional investments in associates and joint ventures	(3,873)	-
Proceeds from disposal of joint ventures	-	338,569
Proceeds from disposal of ROFS	-	359,336
Proceeds from disposal of financial assets at fair value through other comprehensive income	23,188	-
Proceeds from disposal of subsidiaries	1,250	-
Proceeds from subsidiary's capital reduction	19,313	144
Movement in pledged deposits	74,699	(13,407)
Net (advance to)/repayment from associates and joint ventures	(1,569)	1,736
Dividend received from investments	12,694	20,180
Dividend received from associates and joint ventures	298	43,166
Movement in Fixed Deposits with maturity more than 3 months	(20,315)	(333,032)
Interest Received	38,379	28,226
Net cash generated from investing activities	90,366	208,905
Financing activities		
Dividend paid to holders of RCCPS	(3,421)	(6,780)
Dividend paid to ordinary shareholders	(90,242)	(89,467)
Dividend paid to non-controlling interests	(193,495)	(106,712)
Purchase of treasury shares	(6,437)	(7,129)
Redemption of RCCPS	(129,798)	(10,236)
Net (repayments)/receipt of bank borrowings	(55,549)	107,590
Proceed from issuance of new shares	-	14,500
Payment to hire-purchase and finance lease liabilities	-	(408)
Net cash used in financing activities	(478,942)	(98,642)
Net increase in cash and cash equivalents	(16,474)	289,570
Currency translation differences	(17,135)	229
Cash and cash equivalents at 1 January	1,031,182	741,383
Cash and cash equivalents at 31 December	997,573	1,031,182
Add: Restricted cash and deposits pledged with licensed bank	-	74,699
Add: Fixed deposits with maturity of more than 3 months	353,347	333,032
As per statement of financial position	1,350,920	1,438,913

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

PART A – Explanatory notes pursuant to MFRS 134

A1 Accounting Policies and Basis of Preparation

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 2021.

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 2021 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 2022)

●	Annual Improvements to MFRS 1	Subsidiary as first-time adopter
●	Amendments to MFRS 3	Reference to conceptual framework
●	Annual Improvements to MFRS 9	Fees in the ‘10 per cent’ test for derecognition of financial liabilities
●	Annual Improvements to Illustrative Example accompanying MFRS 16	Leases: Lease incentives
●	Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
●	Amendments to MFRS 116	Proceeds before intended use
●	Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract
●	Annual Improvements to MFRS 141	Taxation in fair value measurements

The adoption of the above amendments and annual improvements 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 buybacks and share cancellations for the current financial year, except as follows:

a. Ordinary Shares

Date	No. Of Ordinary Shares	Remarks
As at 31 December 2021	905,350,813	Including 1,428,132 treasury shares
Issued in March 2022	76,612	Conversion of RCCPS into ordinary shares
As at 31 December 2022	905,427,425	

The number of ordinary shares as at the date of this report is 905,427,425.

b. Redeemable Convertible Cumulative Preference Shares

Date	No. of RCCPS	Remarks
As at 31 December 2021	39,649,320	
March 2022	(76,612)	Conversion of RCCPS into ordinary shares
Redemption on 11 April 2022	(39,572,708)	Redemption at RM3.28 per RCCPS
As at 31 December 2022	-	

On 11 March 2022, a Notice was sent to all RCCPS Holders giving notice that pursuant to the terms of RCCPS, the Company has elected to make early full redemption of all the outstanding RCCPS on 11 April 2022. On 11 April 2022, all outstanding RCCPS were redeemed.

The number of RCCPS as at the date of the report is NIL.

c. Treasury shares

Date	No. of treasury shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2021	1,428,132			3,310,108
Purchased in January 2022	211,900	1.93	1.95	414,028
Purchased in February 2022	59,100	1.92	1.98	117,130
Purchased in March 2022	613,900	2.00	2.34	1,358,775
Purchased in April 2022	336,000	2.28	2.33	783,239
Purchased in May 2022	130,400	2.25	2.33	302,767
Purchased in June 2022	352,900	2.20	2.36	809,886
Purchased in July 2022	191,800	2.22	2.33	434,285
Purchased in August 2022	305,800	2.25	2.33	697,840
Purchased in September 2022	280,300	2.24	2.38	660,574
Purchased in November 2022	264,500	2.24	2.28	599,954
Purchased in December 2022	112,000	2.26	2.32	258,160
As at 31 December 2022	4,286,732			9,746,746
Purchased in January 2023	126,000	2.34	2.38	299,690
Purchased up to 21 February 2023	79,800	2.40	2.50	197,906
As at 21 February 2023	4,492,532			10,244,342

The number of treasury shares held as at the date of this report is 4,492,532 ordinary shares at an average cost of RM2.28 per ordinary share.

A6 Dividends paid

An Interim 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 2021 up to and including 1 March 2022 was paid on 18 March 2022.

A Second Interim Single Tier Dividend of 5.0 sen per ordinary share by way of cash for the financial year ended 31 December 2021 was paid on 18 March 2022.

An Interim Dividend of 4.3% per annum (based on the issue price of RM3.28 per RCCPS) for the period from and including 2 March 2022 up to and including 11 April 2022 was paid on 11 April 2022.

An Interim Single Tier Dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2022 was paid on 23 December 2022.

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
2022							
Revenue							
Total revenue	805,241	194,943	172,022	72,654	83,139	239,247	1,567,246
Intersegment revenue	(89,185)	(9,668)	(2,792)	-	(83,139)	(91,192)	(275,976)
External revenue	<u>716,056</u>	<u>185,275</u>	<u>169,230</u>	<u>72,654</u>	<u>-</u>	<u>148,055</u>	<u>1,291,270</u>
Results							
Segment results (external)	495,165	26,603	9,930	89,791	(4,106)	(68,892)	548,491
Unallocated expenses							(70,211)
Profit from operations							478,280
Finance income							38,379
Finance costs							(163,165)
Share of after-tax results of associates and joint ventures	-	(842)	68,091	(981)	-	1,377	67,645
Profit before tax							421,139
Tax expense							(93,153)
Profit for the period							<u>327,986</u>
Attributable to :							
Equity holders of the company							159,114
Non-controlling interests							<u>168,872</u>
							<u>327,986</u>

Unallocated expenses are 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
2021							
Revenue							
Total revenue	544,560	186,911	51,104	71,765	88,949	219,345	1,162,634
Intersegment revenue	(57,791)	(17,843)	(431)	-	(88,949)	(67,567)	(232,581)
External revenue	<u>486,769</u>	<u>169,068</u>	<u>50,673</u>	<u>71,765</u>	<u>-</u>	<u>151,778</u>	<u>930,053</u>
Results							
Segment results (external)	262,736	50,956	(56,013)	40,265	(4,559)	234,367	527,752
Unallocated expenses							(57,994)
Profit from operations							<u>469,758</u>
Finance income							34,226
Finance costs							(157,524)
Share of after-tax results of associates and joint ventures	-	(2,141)	(17,129)	24,916	-	(701)	4,945
Profit before tax							<u>351,405</u>
Tax expense							(112,080)
Profit for the period							<u>239,325</u>
Attributable to :							
Equity holders of the company							161,845
Non-controlling interests							77,480
							<u>239,325</u>

Unallocated expenses are 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 17 February 2022, the Board of Directors announced to Bursa Securities that pursuant to the announcement on 23 December 2020 pertaining to the commencement of members' voluntary winding-up of the Group's wholly-owned and inactive subsidiaries ie. Riraiance Enterprises Sdn Bhd and Silver Sanctuary Sdn Bhd, the Liquidator had convened the final meetings of these subsidiaries on 16 February 2022 and has lodged the Returns by Liquidator with the Companies Commission of Malaysia and the Official Receiver on 17 February 2022. These subsidiaries will be dissolved on the expiration of 3 months after the lodgment date.

On 10 May 2022, the Board of Directors announced to Bursa Securities that pursuant to the announcement on 23 December 2020 pertaining to the commencement of members' voluntary winding-up of the Group's wholly-owned and inactive subsidiary ie. Multistock Sdn Bhd, the Liquidator had convened the final meeting of this subsidiary on 9 May 2022 and has lodged the Returns by Liquidator with the Companies Commission of Malaysia and the Official Receiver on 10 May 2022. The subsidiary will be dissolved on the expiration of 3 months thereafter.

On 14 November 2022, the Board of Directors announced to Bursa Securities that six (6) wholly-owned and inactive subsidiaries of the Company have commenced member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. The subsidiaries are IGB Development Management Services Sdn Bhd, Mines Fiberlynx Sdn Bhd, Mlynx Sdn Bhd, Murni Properties Sdn Bhd, MVC Fiberlynx Sdn Bhd and Puncak Megah (M) Sdn Bhd.

On 22 December 2022, the Board of Directors announced to Bursa Securities that pursuant to the announcement on 23 December 2020 pertaining to the commencement of members' voluntary winding-up of the Group's wholly-owned and inactive subsidiary ie. Amandamai Dua Sdn Bhd, the Liquidator had convened the final meeting of this subsidiary on 22 December 2022 and has lodged the Returns by Liquidator with the Companies Commission of Malaysia and the Official Receiver on 23 December 2022. The subsidiary will be dissolved on the expiration of 3 months thereafter.

A10 Contingent liabilities

There were no contingent liabilities for the Group as at 31 December 2022.

A11 Capital commitment

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

	Group	
	31 December 2022	31 December 2021
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	3,239	20,667
Investment properties	30,846	49,404
	34,085	70,071

A12 Fair value of financial instruments

There were no contingent liabilities or contingent assets since 31 December 2021.

- 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 as at 31 December 2022 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	-	-	53,626	53,626
	-	-	53,626	53,626

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the financial year ended 31 December 2021.

B1 Review of performance

	Quarter			Period-To-Date		
	31.12.2022	31.12.2021	Variance	31.12.2022	31.12.2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	383,191	300,445	28%	1,291,270	930,053	39%
Profit from operations	124,582	329,853	-62%	478,280	469,758	2%
Profit before interest and tax	136,003	341,429	-60%	584,304	508,929	15%
Profit before tax	90,382	297,917	-70%	421,139	351,405	20%
Profit after tax	61,649	271,920	-77%	327,986	239,325	37%
Profit attributable to ordinary equity holders	18,767	233,766	-92%	159,114	161,845	-2%

(i) Performance of the current year quarter against the preceding year's corresponding quarter

The Group recorded revenue of RM 383.2 million for the current year quarter, which is an increased of RM 82.8 million or 28% higher than the preceding year's corresponding quarter of RM 300.4 million due to higher contributions from all operating divisions except for the property development division.

The Group profit before tax ("PBT") decreased in the current quarter to RM 90.4 million from RM 297.9 million in the preceding year's corresponding quarter. The lower PBT was due to a gain of disposal of a joint venture company in the preceding year's corresponding quarter.

B1 Review of performance (continued)

(i) Performance of the current year quarter against the preceding year's corresponding quarter (continued)

Property Investment – Retail

In the current quarter, IGB REIT reported total gross revenue and net property income of RM148.7 million (4Q2021: RM119.4 million) and RM105.6 million (4Q2021: RM93.7 million) respectively, an increase of approximately 25% and 13% respectively.

The Mall, Mid Valley Southkey, Johor Bahru reported total gross revenue and PBT of RM48.6 million (4Q2021: RM37.1 million) and RM15.9 million (4Q2021: RM9.1 million) respectively in the current quarter, an increase of approximately 31% and 75% respectively.

The higher total revenue, net property income and PBT were mainly due to the lower rental support provided to tenants in the current quarter arising from the economic reopening and improving retail sales of tenants.

Property Investment – Commercial

For the 3 months ended 31 December 2022, IGB Commercial REIT reported total gross revenue and net property income of RM49.4 million (4Q2021: RM46.2 million) and RM27.3 million (4Q2021: RM31.8 million) respectively. The total gross revenue increase was due to a higher occupancy rate of 77.5% (4Q2021: 71.6%), which mitigated the higher finance cost of RM10.6 million (4Q2021: RM8.2million)

Property Development

Revenue from the Property Development division of RM39.1 million (4Q2021: RM40.1 million) was derived primarily from sales of completed condominium units at "Stonor 3". The Group currently does not have any other launched property development projects.

Hotel

Revenue contributed by the Hotel division for the current quarter increased by more than 100% to RM66.8 million when compared to RM24.7 million for the 3 months ended 31 December 2021. The PBT of the Hotel Division improved to RM21.0 million when compared to a loss before tax of RM8.9 million in the preceding year's corresponding quarter.

All the hotels in the Group showed a significant improvement in occupancy rate and room rate in the current quarter.

(ii) Performance of the current financial year to date against the preceding financial year

For the 12 months ended 31 December 2022, Group revenue increased by 39% or RM 361.2 million to RM1,291.3 million when compared to RM930.1 million in the preceding financial year. Both Group PBT and Group profit after tax increased by 20% and 37% respectively to RM421.1 million and RM328.0 million when compared to the preceding financial year of RM351.4 million and RM239.3 million.

B2 Comparison with the immediate preceding quarter

	3 months to 31.12.2022 RM'000	3 months to 30.09.2022 RM'000	Variance %
Revenue	383,191	313,889	22%
Profit from operations	124,582	117,148	6%
Profit before interest and tax	136,003	151,864	-10%
Profit before tax	90,382	108,181	-16%
Profit after tax	61,649	88,494	-30%
Profit attributable to ordinary equity holders	18,767	47,834	-61%

When comparing the three months ended 31 December 2022 with the preceding three months ended 30 September 2022:

- i) Group revenue increased by 22% to RM383.2 million from RM313.9 million in the preceding quarter as all divisions achieved higher revenue.
- ii) However, the Group pre-tax profit decreased by 16% to RM90.4 million from RM108.2 million despite higher contributions from all divisions due to a write-down of land value amounted to RM 32.0 million.

B3 Prospects for 2023

Property Investment – Retail

After a record growth in retail sales in 2022, Retail Group Malaysia (RGM) forecasts a growth of 3.5% in 2023. The biggest challenges for the industry in 2023 could be the rising cost of living and the increasing costs of doing retail business. The Group remains cautious about the challenges for the growth of the retail sale in 2023, which would affect its tenants' performance in the shopping malls and also the financial performance of the Group's property investment – retail division.

Property Investment – Commercial

While it is evident that there is improvement in the overall performance of the office sector and tenant movements are more active, the outlook of the office market in the near term remains volatile as there is an imbalance in the office supply-demand dynamics coupled with the fierce competition. The Group remains committed to improving the attributes of its property portfolio and driving engagements with tenants to create meaningful relationships that go beyond the brick-and-mortar elements to further drive occupancies growth and retain existing tenants.

Property Development

The Group expect a continued challenging year in 2023 for its property development division. The focus of the Group remained on disposing of its current stock of completed properties while at the same time planning for future launches.

B3 Prospects for 2023 (continued)

Hotel

The Group's hotel segment has shown remarkable recovery in 2022 supported by the increase in both domestic and international tourism. The recovery of this division is expected to continue into 2023 with an added boost after China lifted its travel restriction on 8 January 2023.

The Group is proud to add another hotel to its portfolio in 2022 with St. Giles Southkey opened for business on 31 August 2022. The hotel has 575 modern and spacious guest rooms and is located strategically within Mid Valley Southkey to meet the growing travel, business and leisure and lifestyle needs in Johor Bahru. On the other hand, the Boulevard Hotel which is currently undergoing renovation is targeted to reopen for business in July 2023.

Barring unforeseen circumstances, the Board expects the Group's financial results for the financial year 2023 to be satisfactory.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current year quarter ended 31.12.2022 RM'000	Cumulative current Year-To-Date ended 31.12.2022 RM'000
Malaysia income tax		
-Company and subsidiaries	12,387	70,352
Transferred from deferred tax	13,683	17,373
	<u>26,070</u>	<u>87,725</u>
Oversea tax		
-Company and subsidiaries	2,663	5,428
	<u>28,733</u>	<u>93,153</u>

The effective tax rate of the Group for the financial year ended 31 December 2022 is lower than the statutory tax rate due to certain incomes not being subject to tax under the Income Tax Act, 1967.

B6 Corporate proposals

Establishment and Listing of IGB Commercial Real Estate Investment Trust

Disclosure pursuant to Clause 4(3) of the Circular dated 13 April 2021 – Use of Proceeds

Purpose	Actual utilisation RM'000	Intended timeframe for utilisation
Total proceeds	1,212,536	
Utilisation:		
Repayment of bank borrowings	(951,274)	Completed
Disposal proceeds attributable to minority shareholders of TT Realty, GTower SB and Hampshire Properties	(53,313)	Completed
Defray expenses relating to the establishment of IGB Commercial REIT and the Proposals	(2,048)	Completed
Redemption of RCCPS on 11 April 2022	(129,798)	Completed
Balance of remaining proceeds	76,103	By September 2023

Interest income generated for the quarter ended 31 December 2022 was RM500,000.

The Board has approved the utilization of the balance of the remaining proceeds for the purpose of repaying bank borrowings by September 2023. In the meantime, the amount will continue to be placed in interest-bearing deposit accounts and/or short-term money market instrument(s) with financial institutions.

B7 Group borrowings and debt securities

Group borrowings as at 31 December 2022 were as follows:

	31 December 2022					
	Long term		Short term		TOTAL	
	Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000
Secured						
Term Loan - RM	-	65,799	-	-	-	65,799
Term Loan - RMB	-	100,000	2,869	1,814	2,869	101,814
Revolving credit - RM	-	753,500	-	86,991	-	840,491
Medium Term Notes - RM		3,046,770	-	15,204	-	3,061,974
Unsecured						
Revolving credit - RM	-	-	-	21,180	-	21,180
		3,966,069		125,189		4,091,258

B8 Material litigation

As at the date of this report, there is 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 2022.

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 31.12.2022	Preceding Year Quarter ended 31.12.2021	Current Year-To-Date ended 31.12.2022	Preceding Year-To-Date ended 31.12.2021
Net Profit for the period	RM'000	<u>18,767</u>	<u>233,766</u>	<u>159,114</u>	<u>161,845</u>
Weighted average number of ordinary shares in issue	'000	<u>902,403</u>	<u>890,544</u>	<u>902,403</u>	<u>890,544</u>
Basic earnings per share	sen	<u>2.08</u>	<u>26.25</u>	<u>17.63</u>	<u>18.17</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 potential dilutive ordinary shares. As at 31 December 2022, the Group does not have any potential dilutive ordinary shares in issue.

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter ended 31.12.2022 RM'000	Cumulative Current Year-To-Date 31.12.2022 RM'000
(a) Interest income	10,491	38,379
(b) Other income including investment income	4,360	27,575
(c) Interest expense	(45,621)	(163,165)
(d) Depreciation and amortisation	(36,763)	(142,557)
(e) Foreign exchange gain/(loss)	<u>6,466</u>	<u>(38,999)</u>

B12 Audit Report Qualification

The audit report of the Group's annual financial statements for the year ended 31 December 2021 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 22 February 2023.