

Interim Financial Report for three months ended 30 JUNE 2023

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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 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Current Year- To-Date 30.06.2023 RM'000	Preceding Year- To-Date 30.06.2022 RM'000
Revenue	382,246	305,999	778,308	594,190
Cost of sales	(183,664)	(142,599)	(359,415)	(271,359)
Gross profit	198,582	163,400	418,893	322,831
Other operating income	51,535	5,057	73,307	10,387
Administrative expenses	(43,432)	(29,424)	(92,707)	(62,831)
Other operating expenses	(1,144)	(19,594)	(21,988)	(33,837)
Profit from operations	205,541	119,439	377,505	236,550
Finance income	13,256	7,254	26,317	15,450
Finance costs	(49,511)	(35,433)	(99,233)	(73,861)
Share of after-tax results of associates and joint ventures	13,027	27,213	12,718	44,437
Profit before tax	182,313	118,473	317,307	222,576
Less tax:				
Company and subsidiaries	(28,139)	(25,725)	(57,296)	(44,733)
Profit for the period	154,174	92,748	260,011	177,843
Attributable to:				
Equity holders of the Company	112,044	49,790	168,112	92,513
Non-controlling interests	42,130	42,958	91,899	85,330
	154,174	92,748	260,011	177,843
Earnings per share (sen)				
- basic	8.30	3.68	12.45	6.84
- diluted ^{Note1}	8.30	3.68	12.45	6.84

Note 1 : As at 30 June 2023, 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.

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidation Statements of Comprehensive Income

(The figures have not been audited)

	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Current Year To-Date 30.06.2023 RM'000	Preceding Year To-Date 30.06.2022 RM'000
Profit for the financial period	154,174	92,748	260,011	177,843
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	9,283	(7,663)	10,719	710
- non-controlling interests	9	7	10	9
Share of other comprehensive income/(loss) of associates and joint ventures	25,188	(12,328)	35,810	(17,985)
Items that may subsequently be reclassified to profit or loss	34,480	(19,984)	46,539	(17,266)
Items that will not be subsequently be reclassified to profit or loss:				
Net change in financial assets at fair value through other comprehensive income	248	4,690	2,755	11,959
Total comprehensive income for the financial period	188,902	77,454	309,305	172,536
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	146,763	34,489	217,396	87,197
Non-controlling interests	42,139	42,965	91,909	85,339
Total comprehensive income for the financial period	188,902	77,454	309,305	172,536

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

Condensed Consolidated Statements of Financial Position

(The figures have not been audited)

	30.06.2023	<i>Audited</i> 31.12.2022
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,492,804	1,503,486
Inventories	446,969	445,168
Investment properties	3,875,011	3,915,400
Intangible assets	798	4,914
Associates and joint ventures	546,884	520,594
Financial assets at fair value through other comprehensive income	55,317	53,626
Concession receivables	109,850	110,846
Deferred tax assets	34,814	36,784
	<u>6,562,447</u>	<u>6,590,818</u>
CURRENT ASSETS		
Inventories	580,984	536,491
Concession receivables	5,186	5,107
Amounts owing by associates and joint ventures	1,434	1,875
Receivables and contract assets	490,832	417,888
Tax recoverable	18,219	24,806
Cash held under Housing Development Accounts	1,082	1,607
Deposits, cash and bank balances	1,422,620	1,349,313
Assets classified as held-for-sale	1,531	1,531
	<u>2,521,888</u>	<u>2,338,618</u>
TOTAL ASSETS	<u>9,084,335</u>	<u>8,929,436</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	1,394,110	1,394,110
Treasury shares	(13,769)	(9,747)
Other reserves	60,733	11,449
Retained earnings	2,527,538	2,363,674
	<u>3,968,612</u>	<u>3,759,486</u>
Non-controlling interests	203,144	236,655
TOTAL EQUITY	<u>4,171,756</u>	<u>3,996,141</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	17,671	17,780
Deferred tax liabilities	164,903	151,877
Interest bearing bank borrowings	3,913,917	3,966,069
	<u>4,096,491</u>	<u>4,135,726</u>
CURRENT LIABILITIES		
Payables and contract liabilities	633,485	651,501
Amounts owing to associates	4	4
Current tax liabilities	22,499	20,475
Interest bearing bank borrowings	160,100	125,589
	<u>816,088</u>	<u>797,569</u>
TOTAL LIABILITIES	<u>4,912,579</u>	<u>4,933,295</u>
TOTAL EQUITY AND LIABILITIES	<u>9,084,335</u>	<u>8,929,436</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

IGB Berhad 200001013196(515802-U)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2023
(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	Other reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	
At 1 January 2023	1,394,110	(9,747)	11,449	2,363,674	3,759,486	236,655	3,996,141
Total comprehensive income for the financial period	-	-	49,284	168,112	217,396	91,909	309,305
Issuance of ordinary shares	-	-	-	-	-	340	340
Share buy-back	-	(4,022)	-	-	(4,022)	-	(4,022)
Capital reduction	-	-	-	-	-	(16,826)	(16,826)
Dividend paid to non-controlling interests	-	-	-	-	-	(113,182)	(113,182)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	(4,248)	(4,248)	4,248	-
Total transactions with equity holders	-	(4,022)	-	(4,248)	(8,270)	(125,420)	(133,690)
At 30 June 2023	1,394,110	(13,769)	60,733	2,527,538	3,968,612	203,144	4,171,756

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

IGB Berhad 200001013196(515802-U)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for six months ended 30 June 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	-	-	-	(5,316)	92,513	87,197	85,339	172,536
Conversion of Redeemable Convertible Cumulative Preference Shares ("RCCPS") to ordinary shares	251	-	(187)	-	(34)	30	-	30
Redemption of Redeemable Convertible Cumulative Preference Shares ("RCCPS")	-	-	(96,439)	-	(18,397)	(114,836)	-	(114,836)
Issuance of ordinary shares	-	-	-	-	-	-	291	291
Share buy-back	-	(3,786)	-	-	-	(3,786)	-	(3,786)
Capital reduction	-	-	-	-	-	-	(10,236)	(10,236)
Dividend paid to ordinary shareholders	-	-	-	-	(45,181)	(45,181)	-	(45,181)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(103,793)	(103,793)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(3,741)	(3,741)	3,741	-
Total transactions with equity holders	251	(3,786)	(96,626)	-	(67,353)	(167,514)	(109,997)	(277,511)
At 30 June 2022	1,394,110	(7,096)	-	26,717	2,346,948	3,760,679	256,805	4,017,484

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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

	31.06.2023	30.06.2022
	RM'000	RM'000
Operating activities		
Receipts from customers	787,795	602,323
Payments to contractors, suppliers and employees	(505,165)	(388,790)
Cash flow generated from operations	282,630	213,533
Interests paid	(99,268)	(68,311)
Income taxes paid	(33,688)	(36,283)
Net cash generated from operating activities	149,674	108,939
Investing activities		
Additions to property, plant and equipment, investment properties and land held for property development	(16,032)	(19,658)
Additional investments in associates and joint ventures	-	(3,873)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	23,188
Proceeds from disposal of subsidiaries	-	1,250
Capital reduction	-	19,313
Movement in pledged deposits	-	(2,294)
Net repayment from associates and joint ventures	441	1,061
Dividend received from investments	143	12,694
Dividend received from associates and joint ventures	8,219	210
Movement in Fixed Deposits with maturity more than 3 months	(7,525)	16,219
Interest Received	26,317	15,450
Net cash generated from investing activities	11,563	63,560
Financing activities		
Dividend paid to holders of RCCPS	-	(3,421)
Dividend paid to ordinary shareholders	-	(45,181)
Dividend paid to non-controlling interests	(111,694)	(90,663)
Purchase of treasury shares	(4,022)	(3,786)
Settlement of redemption of redeemable preference shares	-	(129,798)
Net repayment of bank borrowings	(17,605)	(35,656)
Net cash used in financing activities	(133,321)	(308,505)
Net increase in cash and cash equivalents	27,916	(136,006)
Currency translation differences	37,341	(13,275)
Cash and cash equivalents at 1 January	1,010,224	1,031,182
Cash and cash equivalents at 30 June	1,075,481	881,901
Add: Restricted cash and deposits pledged with licensed bank	-	76,993
Add: Fixed deposits with maturity of more than 3 months	348,221	316,813
As per statement of financial position	1,423,702	1,275,707

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2022.

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 2022 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 2023)

●	Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
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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:

On 14 June 2023, the number of ordinary shares of the Company has increased from 905,427,425 to 1,358,139,887 by way of a bonus issue of 452,712,462 new ordinary shares credited as fully paid-up share capital on the basis of one (1) new ordinary share for every two (2) existing ordinary shares at no consideration and without capitalisation.

Other than the above, there were no issues of debt or equity securities for the current year-to-date ended 30 June 2023.

a. Ordinary Shares

Date	No. Of Ordinary Share	Remarks
As at 31 December 2022	905,427,425	Including 4,286,732 treasury shares
Issued in June 2023	452,712,462	Bonus issue-1 new share for 2 existing shares
As at 30 June 2023	1,358,139,887	

The number of ordinary shares as at the date of this report is 1,358,139,887.

b. Treasury shares

Date	No. of treasury shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2022	4,286,732			9,746,746
Purchased in January 2023	126,000	2.34	2.38	299,690
Purchased in February 2023	79,800	2.40	2.50	197,906
Purchased in March 2023	737,300	2.52	3.02	2,058,871
As at 31 March 2023	5,229,832			12,303,213
Purchased in April 2023	12,500	2.98	2.99	37,646
Purchased in May 2023	247,500	2.95	2.99	740,749
Bonus issued in June 2023	2,784,366	-	-	-
Purchased in June 2023	304,100	1.92	2.95	687,117
As at 30 June 2023	8,578,298			13,768,725
Purchased in July 2023	277,100	1.97	2.13	578,806
Purchased in August 2023	87,000	2.05	2.13	185,218
As at 29 August 2023	8,942,398			14,532,749

The number of treasury shares held as at the date of this report is 8,942,398 ordinary shares at an average cost of RM1.63 per ordinary share.

A6 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
6 months to 30 June 2023							
Revenue							
Total revenue	450,617	107,346	117,940	78,358	17,073	133,380	904,714
Intersegment revenue	(46,141)	(4,169)	(2,116)	-	(17,073)	(56,907)	(126,406)
External revenue	<u>404,476</u>	<u>103,177</u>	<u>115,824</u>	<u>78,358</u>	<u>-</u>	<u>76,473</u>	<u>778,308</u>
Results							
Segment results (external)	280,331	32,521	19,972	18,469	(733)	55,180	405,740
Unallocated expenses							(28,235)
Profit from operations							377,505
Finance income							26,317
Finance costs							(99,233)
Share of after-tax results of associates and joint ventures	-	734	10,137	1,786	-	61	12,718
Profit before tax							317,307
Tax expense							(57,296)
Profit for the period							<u>260,011</u>
Attributable to :							
Equity holders of the company							168,112
Non-controlling interests							91,899
							<u>260,011</u>

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

A6 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
6 months to 30 June 2022							
Revenue							
Total revenue	383,725	98,001	56,745	24,420	20,714	123,521	707,126
Intersegment revenue	(43,302)	(4,833)	(830)	-	(20,714)	(43,257)	(112,936)
External revenue	<u>340,423</u>	<u>93,168</u>	<u>55,915</u>	<u>24,420</u>	<u>-</u>	<u>80,264</u>	<u>594,190</u>
Results							
Segment results (external)	244,697	33,543	(6,563)	28,851	(1,855)	(35,989)	262,684
Unallocated expenses							(26,134)
Profit from operations							<u>236,550</u>
Finance income							15,450
Finance costs							(73,861)
Share of after-tax results of associates and joint ventures	-	(350)	43,185	1,435	-	167	44,437
Profit before tax							<u>222,576</u>
Tax expense							(44,733)
Profit for the period							<u>177,843</u>
Attributable to :							
Equity holders of the company							92,513
Non-controlling interests							85,330
							<u>177,843</u>

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

A7 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.

A8 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.

A9 Contingent liabilities

There were no contingent liabilities for the Group as at 30 June 2023.

A10 Capital commitment

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

	Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Investment properties	26,738	30,846
	26,738	30,846

A11 Fair value of financial instruments

- 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 30 June 2023 that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through other comprehensive income:				
-Equity securities	-	-	55,317	55,317
	-	-	55,317	55,317

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the financial year ended 31 December 2022.

B1 Review of performance

	Current Year Quarter 30.06.2023 RM'000	Preceding Year Quarter 30.06.2022 RM'000	Variance %
Revenue	382,246	305,999	25%
Profit from operations	205,541	119,439	72%
Profit before interest expense and tax	231,824	153,906	51%
Profit before tax	182,313	118,473	54%
Profit after tax	154,174	92,748	66%
Profit attributable to ordinary equity holders	112,044	49,790	125%

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

The Group revenue increased 25% to RM382.2 million from RM306.0 in 2Q2022, due to higher contributions from all segments .

Similarly, the Group profit before tax ("PBT") in the current year quarter increased to RM182.3 million from RM118.5 million in the preceding year's corresponding quarter as a result of higher contributions from all operating segments and an increased exchange gain.

Property Investment – Retail

For 3 months ended 30 June 2023, IGB REIT reported total gross revenue and net property income of RM141.5 million (2Q2022: RM133.8 million) and RM102.8 million (2Q2022: RM105.7 million) respectively, an increase of 6% of gross revenue and decrease of 3% of net property income.

The higher total revenue for IGB REIT was mainly due to the higher rental income in the current quarter. The lower net property income was mainly due to higher utility expenses in the current quarter and higher reversal for impairment of trade receivables in same quarter last year 2022.

The Mall, Mid Valley Southkey, Johor Bahru reported total gross revenue and PBT of RM51.0 million (2Q2022: RM39.8 million) and RM14.5 million (2Q2022: RM10.6 million) respectively in the current year quarter, an increase of approximately 28% and 37% respectively. Mid Valley Southkey recorded a higher revenue and PBT due to higher rental income and reversal of impairment of trade receivables in current quarter.

Property Investment – Commercial

For the 3 months ended 30 June 2023, IGB Commercial REIT reported total gross revenue and net property income of RM53.0 million (2Q2022: RM48.3 million) and RM31.1 million (2Q2022: RM30.1 million) respectively. The increase was contributed by a higher overall occupancy rate. However, PAT was lower as a result of the increased in property operating expenses and finance cost.

B1 Review of performance (continued)

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

Property Development

Revenue from Property Development division for the 3 months to June 2023 increased by more than 100% to RM39.9 million (2Q2022:RM12.4 million) was due to higher sales of completed condominium.

Hotel

The Hotel division performance has improved for the 3 months ended 30 June 2023. Revenue was up by 67% to RM57.3 million from RM34.4 million. The increase was due to higher occupancy rate and average room rates.

B2 Comparison with the immediate preceding quarter

	Current Year Quarter 30.06.2023 RM'000	Preceding Quarter 31.03.2023 RM'000	Variance %
Revenue	382,246	396,062	-3%
Profit from operations	205,541	171,964	20%
Profit before interest and tax	231,824	184,716	26%
Profit before tax	182,313	134,994	35%
Profit after tax	154,174	105,837	46%
Profit attributable to ordinary equity holders	112,044	56,068	100%

When comparing the three months ended 30 June 2023 with the preceding three months ended 31 March 2023:

- i) Group revenue reduced by 3% to RM382.2 million from RM396.1 million in the preceding quarter due to lower contribution from Property Investment - Retail.
- ii) Group pre-tax profit increased by 35% to RM182.3 million compared to a pre-tax profit of RM135.0 million for the corresponding last quarter, mainly due to higher contributions from hotel and property development divisions and an exchange gain of RM47 million.

B3 Prospects for 2023

Property Investment – Retail

Retail Group Malaysia (RGM) has revised Malaysia's annual retail industry growth rate for 2023 upwards from 4% to 4.8%. The third quarter growth rate is estimated at 2.0% only due to a high base in the same period in 2022. During the third quarter of 2022, retail industry growth jumped by 96.0%. For the last quarter of 2023, the industry is hopeful of a 3.0% growth rate, after a rosy performance in 2022.

Shortage of workers, higher operating costs (particularly the electricity hikes), more intense competition and expansion plans remain as key challenges to the domestic retail industry in 2023. The retailers' profit margins would be depleted unless such cost escalations could be passed onto domestic consumers in the form of cost-pushed price hikes.

B3 Prospects for 2023 (continued)

Property Investment – Retail (continued)

The Board remains cautious on the challenges for growth of retail sales in 2023, which would affect tenants' performance at shopping malls and also, the financial performance of this segment. Nonetheless, the Board expect the contribution from this segment to be satisfactory.

Property Investment – Commercial

In a highly competitive market, the Group continues to manage its occupancy rate at a sustainable level. This is achieved through the offering of attractive incentives to agents, ensuring their ongoing relevance in the market. Furthermore, the prioritisation of asset enhancement initiatives ("AEI") caters to the evolving needs of the tenants. Additionally, a strong emphasis is placed on enhancing the tenants' experience through various marketing initiatives that provide exclusive privileges to both new and existing tenants.

The recent announcement of a reduced electricity surcharge rate for non-domestic users with medium voltage ("MV") and high voltage ("HV"), from 20 sen/kWh to 17 sen/kWh, effective 1 July 2023, is expected to help eliminate significant overhead costs for all buildings. The savings generated from this reduction can be allocated to other areas or invested in energy-efficient solutions. The Group's commitment to adaptability and responsible growth within the dynamic office market is evident. By striking the right balance between cost, efficiency, and quality, a strong foundation is built to strengthen portfolios and enhance the value proposition for tenants and stakeholders. These efforts position the Group's Property Investment – Commercial segment for continued competitiveness, delivery of sustainable value, and the ability to capitalise on emerging opportunities in the evolving industry landscape.

Property Development

As the oversupply of high-end properties continued, the Group expect a continued challenging year for its property development segment. However, with China reopening its borders, and more international travellers returning to Malaysia, we expect the property market to benefit as foreign investors return. The Group focus remained on disposing of its current stock of completed properties while at the same time strategizing the timing and launching of new projects.

Hotel

2023 is set to be an exciting year for the Group's hotel segment in anticipation of further growth in inbound travel, both across the region and further afield. The segment result is expected to continue its steady recovery in 2023 supported by the reopening of the 390-room Boulevard hotel on 31 August 2023 and the full year contribution from St. Giles Southkey hotel that has opened for business on 31 August 2022.

The Group has embarked on several refurbishment plans throughout 2023 to further enhance our product and service quality of our hotels to remain competitive in the marketplace.

Overall, the Board is cautiously optimistic of the Group's results for the financial year 2023.

B4 Profit forecast/profit guarantee

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

B5 Tax

	Current Year Quarter ended 30.06.2023 RM'000	Cummulative current Year-To-Date ended 30.06.2023 RM'000
Malaysia income tax		
-Company and subsidiaries	23,715	40,220
Deferred Tax	4,157	15,035
	<u>27,872</u>	<u>55,255</u>
Oversea Tax		
-Company and subsidiaries	267	2,041
	<u>28,139</u>	<u>57,296</u>

The effective tax rate of the Group for the current year quarter and current year-to-date was 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	(991,274)	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
As at 30 June 2023	36,103	
Repayment of bank borrowings in July and August 2023	(36,103)	Completed
Balance of remaining proceeds	Nil	

Interest income generated for the quarter ended 30 June 2023 was RM270,000.

The Board has previously approved the utilisation of the balance of the remaining proceeds for the purpose of repaying bank borrowings by September 2023. The balance proceeds have been fully utilised to repay bank borrowings in August 2023.

B7 Group borrowings and debt securities

Group borrowings as at 30 June 2023 were as follows:

	30 June 2023					
	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	-	189,200	-	940	-	190,140
Revolving credit - RM	-	677,500	-	122,746	-	800,246
Medium Term Notes - RM		3,047,217	-	15,204	-	3,062,421
Unsecured						
Revolving credit - RM	-	-	-	21,210	-	21,210
		3,913,917		160,100		4,074,017

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

No dividend has been declared or proposed in respect of the financial quarter ending 30 June 2023.

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 30.06.2023	Preceding Year Quarter 30.06.2022	Current Year-To-Date 30.06.2023	Preceding Year-To-Date 30.06.2022
Net Profit for the period	RM'000	<u>112,044</u>	49,790	<u>168,112</u>	92,513
Weighted average number of ordinary shares in issue	'000	<u>1,350,388</u>	1,353,099	<u>1,350,388</u>	1,353,099
Basic earnings per share	sen	<u>8.30</u>	3.68	<u>12.45</u>	6.84

Comparative figures for the weighted average number of ordinary shares used in calculation of basic earnings per share have been restated to reflect the increased number of shares arising from bonus issue during the year. Prior to the restatement, the basic earnings per share for the preceding year quarter and preceding year-to-date quarter were 5.51 sen and 10.24 sen respectively.

B10 Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potential dilutive ordinary shares. As at 30 June 2023, the Group does not have any potential dilutive ordinary shares in issue.

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter 30.06.2023 RM'000	Cummulative Current Year-To-Date 30.06.2023 RM'000
(a) Interest income	13,256	26,317
(b) Other income including investment income	51,535	73,307
(c) Interest expense	(49,511)	(99,233)
(d) Depreciation and amortisation	(36,643)	(73,213)
(e) Foreign exchange gain	<u>46,746</u>	<u>64,170</u>

B12 Audit Report Qualification

The audit report of the Group's annual financial statements for the year ended 31 December 2022 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 30 August 2023.