



IGB BERHAD
90001813136 (1210662-U)

Interim Financial Report for three months ended 30 SEPTEMBER 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 30.09.2023 RM'000	Preceding Year Quarter 30.09.2022 RM'000	Current Year To-Date 30.09.2023 RM'000	Preceding Year To-Date 30.09.2022 RM'000
Revenue	395,095	313,889	1,173,403	908,079
Cost of sales	(170,688)	(150,038)	(530,103)	(421,397)
Gross profit	224,407	163,851	643,300	486,682
Other operating income	(10,134)	12,828	63,173	23,215
Administrative expenses	(53,723)	(42,700)	(146,430)	(105,531)
Other operating expenses	(2,369)	(16,831)	(24,357)	(50,668)
Profit from operations	158,181	117,148	535,686	353,698
Finance income	16,166	12,438	42,483	27,888
Finance costs	(49,356)	(43,683)	(148,589)	(117,544)
Share of after-tax results of associates and joint ventures	10,187	22,278	22,905	66,715
Profit before tax	135,178	108,181	452,485	330,757
Less tax:				
Company and subsidiaries	(29,723)	(19,687)	(87,019)	(64,420)
Profit for the period	105,455	88,494	365,466	266,337
Attributable to:				
Equity holders of the Company	58,030	47,834	226,142	140,347
Non-controlling interests	47,425	40,660	139,324	125,990
	105,455	88,494	365,466	266,337
Earnings per share (sen)				
- basic	4.30	3.54	16.75	10.38
- diluted ^{Note1}	4.30	3.54	16.75	10.38

Note 1 : As at 30 September 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 30.09.2023 RM'000	Preceding Year Quarter 30.09.2022 RM'000	Current Year To-Date 30.09.2023 RM'000	Preceding Year To-Date 30.09.2022 RM'000
Profit for the financial period	105,455	88,494	365,466	266,337
Other comprehensive income/(loss):				
Currency translation differences				
- equity holders	(2,564)	(4,042)	8,155	(3,332)
- non-controlling interests	1	9	11	18
Share of other comprehensive (loss)/income of associates and joint ventures	(11,398)	(11,750)	24,412	(29,735)
Items that may subsequently be reclassified to profit or loss	(13,961)	(15,783)	32,578	(33,049)
Items that will not be subsequently be reclassified to profit or loss:				
Net change in financial assets at fair value through other comprehensive income	532	(1,662)	3,287	10,297
Total comprehensive income for the financial period	92,026	71,049	401,331	243,585
Total comprehensive income for the financial period attributable to:				
Equity holders of the Company	44,600	30,381	261,996	117,578
Non-controlling interests	47,426	40,668	139,335	126,007
Total comprehensive income for the financial period	92,026	71,049	401,331	243,585

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)

	30.09.2023	<i>Audited</i> 31.12.2022
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,487,650	1,503,486
Inventories	455,870	445,168
Investment properties	3,860,459	3,915,400
Intangible assets	738	4,914
Associates and joint ventures	544,099	520,594
Financial assets at fair value through other comprehensive income	55,849	53,626
Concession receivables	109,530	110,846
Deferred tax assets	31,835	36,784
	<u>6,546,030</u>	<u>6,590,818</u>
CURRENT ASSETS		
Inventories	579,772	536,491
Concession receivables	5,191	5,107
Amounts owing by associates and joint ventures	1,501	1,875
Receivables and contract assets	460,744	417,888
Tax recoverable	11,318	24,806
Cash held under Housing Development Accounts	1,096	1,607
Deposits, cash and bank balances	1,475,678	1,349,313
Assets classified as held-for-sale	1,149	1,531
	<u>2,536,449</u>	<u>2,338,618</u>
TOTAL ASSETS	<u>9,082,479</u>	<u>8,929,436</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	1,394,110	1,394,110
Treasury shares	(14,834)	(9,747)
Other reserves	47,303	11,449
Retained earnings	2,583,746	2,363,674
	<u>4,010,325</u>	<u>3,759,486</u>
Non-controlling interests	207,077	236,655
TOTAL EQUITY	<u>4,217,402</u>	<u>3,996,141</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Payables and contract liabilities	17,321	17,780
Deferred tax liabilities	160,416	151,877
Interest bearing bank borrowings	3,947,431	3,966,069
	<u>4,125,168</u>	<u>4,135,726</u>
CURRENT LIABILITIES		
Payables and contract liabilities	599,071	651,501
Amounts owing to associates	4	4
Current tax liabilities	27,026	20,475
Interest bearing bank borrowings	113,808	125,589
	<u>739,909</u>	<u>797,569</u>
TOTAL LIABILITIES	<u>4,865,077</u>	<u>4,933,295</u>
TOTAL EQUITY AND LIABILITIES	<u>9,082,479</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 nine months ended 30 September 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	-	-	35,854	226,142	261,996	139,335	401,331
Issuance of ordinary shares	-	-	-	-	-	340	340
Share buy-back	-	(5,087)	-	-	(5,087)	-	(5,087)
Capital reduction	-	-	-	-	-	(19,046)	(19,046)
Dividend paid to non-controlling interests	-	-	-	-	-	(156,277)	(156,277)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	(6,070)	(6,070)	6,070	-
Total transactions with equity holders	-	(5,087)	-	(6,070)	(11,157)	(168,913)	(180,070)
At 30 September 2023	1,394,110	(14,834)	47,303	2,583,746	4,010,325	207,077	4,217,402

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.

Condensed Consolidated Statement of Changes in Equity for nine months ended 30 September 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	-	-	-	(22,770)	140,347	117,577	126,007	243,584
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	-	(5,579)	-	-	-	(5,579)	-	(5,579)
Capital reduction	-	-	-	-	-	-	(10,236)	(10,236)
Dividend paid to ordinary shareholders	-	-	-	-	(45,181)	(45,181)	-	(45,181)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(144,502)	(144,502)
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	(6,567)	(6,567)	6,567	-
Total transactions with equity holders	251	(5,579)	(96,626)	-	(70,179)	(172,133)	(147,880)	(320,013)
At 30 September 2022	1,394,110	(8,889)	-	9,263	2,391,956	3,786,440	259,590	4,046,030

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)

	30.09.2023	30.09.2022
	RM'000	RM'000
Operating activities		
Receipts from customers	1,241,545	988,533
Payments to contractors, suppliers and employees	(757,616)	(580,689)
Cash flow generated from operations	483,929	407,844
Interests paid	(153,523)	(115,052)
Income taxes paid	(53,492)	(57,531)
Net cash generated from operating activities	276,914	235,261
Investing activities		
Additions to property, plant and equipment, investment properties and land held for property development	(45,431)	(39,199)
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	1,170	19,313
Movement in pledged deposits	-	(4,989)
Net repayment from associates and joint ventures	374	808
Dividend received from investments	143	12,694
Dividend received from associates and joint ventures	8,317	299
Movement in fixed deposits with maturity more than 3 months	250,240	16,326
Interest received	42,483	27,888
Net cash generated from investing activities	257,296	53,705
Financing activities		
Dividend paid to holders of RCCPS	-	(3,421)
Dividend paid to ordinary shareholders	-	(45,181)
Dividend paid to non-controlling interests	(156,277)	(152,849)
Purchase of treasury shares	(5,087)	(5,579)
Settlement of redemption of redeemable preference shares	-	(129,798)
Net (repayments)/receipt of bank borrowings	(25,484)	57,469
Net cash used in financing activities	(186,848)	(279,359)
Net increase in cash and cash equivalents	347,362	9,607
Currency translation differences	28,732	(20,732)
Cash and cash equivalents at 1 January	1,010,224	1,031,182
Cash and cash equivalents at 30 September	1,386,318	1,020,057
Add: Restricted cash and deposits pledged with licensed bank	-	79,688
Add: Fixed deposits with maturity of more than 3 months	90,456	316,706
As per statement of financial position	1,476,774	1,416,451

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
●	Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108	Disclosure of accounting policies and definition of accounting estimates

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 September 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 September 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	579,076
Purchased in August 2023	87,000	2.05	2.13	185,217
Purchased in September 2023	141,200	2.11	2.13	301,032
As at 30 September 2023	9,083,598			14,834,050
Purchased in October 2023	84,000	2.15	2.16	181,769
Purchased in November 2023	113,600	2.21	2.30	258,526
As at 27 November 2023	9,281,198			15,274,345

The number of treasury shares held as at the date of this report is 9,281,198 ordinary shares at an average cost of RM1.65 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
9 months to 30 September 2023							
Revenue							
Total revenue	682,475	161,688	188,174	112,448	34,470	204,094	1,383,349
Intersegment revenue	(75,657)	(7,028)	(3,529)	-	(34,470)	(89,262)	(209,946)
External revenue	<u>606,818</u>	<u>154,660</u>	<u>184,645</u>	<u>112,448</u>	<u>-</u>	<u>114,832</u>	<u>1,173,403</u>
Results							
Segment results (external)	425,237	48,826	35,793	26,171	(1,997)	41,776	575,806
Unallocated expenses							(40,120)
Profit from operations							535,686
Finance income							42,483
Finance costs							(148,589)
Share of after-tax results of associates and joint ventures	-	513	18,799	3,479	-	114	22,905
Profit before tax							452,485
Tax expense							(87,019)
Profit for the period							<u>365,466</u>
Attributable to :							
Equity holders of the company							226,142
Non-controlling interests							<u>139,324</u>
							<u>365,466</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
9 months to 30 September 2022							
Revenue							
Total revenue	585,447	144,472	103,965	33,441	57,696	181,664	1,106,685
Intersegment revenue	(65,441)	(7,165)	(1,570)	-	(57,696)	(66,734)	(198,606)
External revenue	<u>520,006</u>	<u>137,307</u>	<u>102,395</u>	<u>33,441</u>	<u>-</u>	<u>114,930</u>	<u>908,079</u>
Results							
Segment results (external)	361,250	46,272	(6,052)	50,860	(2,898)	(54,974)	394,458
Unallocated expenses							(40,760)
Profit from operations							<u>353,698</u>
Finance income							27,888
Finance costs							(117,544)
Share of after-tax results of associates and joint ventures	-	311	63,709	2,465	-	230	<u>66,715</u>
Profit before tax							<u>330,757</u>
Tax expense							(64,420)
Profit for the period							<u><u>266,337</u></u>
Attributable to :							
Equity holders of the company							140,347
Non-controlling interests							<u>125,990</u>
							<u><u>266,337</u></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

On 22 September 2023, the Board of Directors announced to Bursa Securities that pursuant to the announcement on 14 November 2022 pertaining to the commencement of members' voluntary winding-up of the Group's wholly-owned and inactive subsidiaries, i.e., Mlynx Sdn Bhd, MVC Fiberlynx Sdn Bhd and Mines Fiberlynx Sdn Bhd, the Liquidator had convened the final meetings of these subsidiaries on 21 September 2023 and lodged the Returns by the Liquidator with the Companies Commission of Malaysia and the Official Receiver on 22 September 2023. These subsidiaries will be dissolved on the expiration of 3 months after the lodgement date.

On 24 October 2023, the Board of Directors announced to Bursa Securities that pursuant to the announcement on 14 November 2022 pertaining to the commencement of members' voluntary winding-up of the Group's wholly-owned and inactive subsidiaries, i.e., IGB Development Management Services Sdn Bhd, Murni Properties Sdn Bhd and Puncak Megah (M) Sdn Bhd, the Liquidator had convened the final meetings of these subsidiaries on 24 October 2023 and lodged the Returns by the Liquidator with the Companies Commission of Malaysia and the Official Receiver on 24 October 2023. These subsidiaries will be dissolved on the expiration of 3 months after the lodgement date.

On 16 November 2023, the Board of Directors announced to Bursa Securities that a wholly owned and inactive subsidiary of the Company has commenced a member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. The subsidiary is Prima Condominium Sdn Bhd.

A9 Contingent liabilities

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

A10 Capital commitment

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

	Group	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Investment properties	24,887	30,846
	24,887	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 September 2023 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	-	-	55,849	55,849
	-	-	55,849	55,849

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 30.09.2023 RM'000	Preceding Year Quarter 30.09.2022 RM'000	Variance %
Revenue	395,095	313,889	26%
Profit from operations	158,181	117,148	35%
Profit before interest expense and tax	184,534	151,864	22%
Profit before tax	135,178	108,181	25%
Profit after tax	105,455	88,494	19%
Profit attributable to ordinary equity holders	58,030	47,834	21%

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

The Group revenue increased by 26% to RM395.1 million from RM313.9 million in the preceding quarter due to higher contributions from all segments.

Similarly, the Group profit before tax ("PBT") in the current year quarter increased to RM135.2 million from RM108.2 million in the preceding year's corresponding quarter as a result of higher contributions from all operating segments except for the property development segment.

B1 Review of performance (continued)

Property Investment – Retail

For the 3 months ended 30 September 2023, IGB REIT reported total gross revenue and net property income of RM149.7 million (3Q2022: RM140.1 million) and RM111.3 million (3Q2022: RM101.2 million), respectively, an increase of 7% and 10% for gross revenue and net property income.

The higher total revenue and net property income for IGB REIT were mainly due to the higher rental income in the current quarter.

The Mall, Mid Valley Southkey, Johor Bahru reported total gross revenue and PBT of RM57.7 million (3Q2022: RM41.1 million) and RM19.8 million (3Q2022: RM6.9 million), respectively, in the current year quarter, an increase of approximately 40% and 187% respectively. Mid Valley Southkey recorded higher revenue and PBT due to higher rental income.

Property Investment – Commercial

For the 3 months ended 30 September 2023, IGB Commercial REIT reported total gross revenue and net property income of RM52.9 million (3Q2022: RM45.5 million) and RM31.4 million (3Q2022: RM25.8 million) respectively. The increase is driven by the increase in average occupancy rates across the properties.

Property Development

Revenue from the Property Development division for the 3 months to September 2023 increased by more than 100% to RM34.1 million (3Q2022:RM9.0 million) due to higher sales of the completed condominiums.

Hotel

The Hotel division's performance has improved for the 3 months ended 30 September 2023. Revenue was up by 48% to RM68.8 million from RM46.5 million. The increase was due to higher occupancy rates and average room rates for all hotels in the Group.

B2 Comparison with the immediate preceding quarter

	Current Year Quarter 30.09.2023 RM'000	Preceding Quarter 30.06.2023 RM'000	Variance %
Revenue	395,095	382,246	3%
Profit from operations	158,181	205,541	-23%
Profit before interest and tax	184,534	231,824	-20%
Profit before tax	135,178	182,313	-26%
Profit after tax	105,455	154,174	-32%
Profit attributable to ordinary equity holders	58,030	112,044	-48%

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

- i) Group revenue increased by 3% to RM395.1 million from RM382.2 million in the preceding quarter due to higher contributions from all segments.
- ii) Group pre-tax profit decreased by 26% to RM135.2 million compared to a pre-tax profit of RM182.3 million for the corresponding last quarter, mainly due to the weakening of Ringgit Malaysia, which resulted in a lower foreign exchange gain recognised as compared to the previous quarter.

B3 Prospects

Property Investment – Retail

Retail Group Malaysia (RGM) has lowered the Malaysian annual retail industry growth rate for 2023 to 2.7%, from the 4.8% growth forecast in June 2023, due to a weaker-than-expected growth rate of -4.0% in retail sales in the second quarter of 2023. The weaker growth rate was attributed to lower sales during Hari Raya and the high base effect. Hari Raya a year ago was celebrated after 2 years of lockdown. During the second quarter of 2022, retail sales expanded by 62.5% arising from pent-up demand.

Tenants and retailers are less optimistic about the spending power of domestic consumers. The prices of essential goods are still higher than pre-pandemic levels, despite a slight easing in current inflation rates. The rising manpower costs, intense competition, and electricity bills have affected the prospects of growth for the retail industry. Hence, tenants and retailers stay conservative about their business prospects in the near future.

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

B3 Prospects (continued)

Property Investment – Commercial

Rental rates in Kuala Lumpur (“KL”) City continue to face pressure due to competition from newly constructed premier office buildings, while rental rates for KL Fringe are on the rise as demand for high-quality decentralized space grows. In response to market pressures affecting rental rates and occupancy levels, the Group is committed to actively enhancing tenant retention and maintaining a leading position in the market. To achieve this, we have implemented a multifaceted approach, including substantial asset upgrades, to ensure our properties remain contemporary and relevant for our tenants.

Furthermore, alongside amenities and connectivity, Corporate Social Responsibility (“CSR”) initiatives have gained importance among occupiers, serving to strengthen communities in tangible ways. The Group is actively engaged in elevating the tenant experience while giving back to the communities where we operate. These initiatives aim to enhance the tenant experience, boost productivity, and foster engagement among our occupants. Collectively, these efforts position the Group’s Property Investment – Commercial segment for continued competitiveness, the delivery of sustainable value, and the ability to capitalise on emerging opportunities in the evolving industry landscape.

We have seen an overall improvement in the average occupancy rate for the Group’s buildings in both Mid Valley City and KL City Centre during the year. Along with this positive trajectory, we anticipate that rental reversions will remain relatively stable, and rental aid for eligible tenants is expected to be minimal.

Property Development

Despite the continued oversupply of high-end properties in the market, the Group was able to fully sell its completed properties, Stonor 3 to both local and international buyers. The Group continues to plan for more future projects and will strategize the timing of these launches.

Hotel

The Group’s hotel segment has shown tremendous recovery, fuelled by growth in inbound travel both across the region and further afield. The 390-room Boulevard Hotel reopened on 31 August 2023 and the full-year contribution from St. Giles Southkey Hotel which has opened for business since 31 August 2022 further supported the segment's strong performance. The Group expects the segment recovery to continue its momentum into the fourth quarter of the year. The Group has also embarked on several refurbishment plans throughout 2023 to further enhance the product and service quality of our hotels.

Overall, the Board is optimistic about 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 30.09.2023 RM'000	Cummulative current Year-To-Date ended 30.09.2023 RM'000
Malaysia income tax		
-Company and subsidiaries	31,432	71,652
Deferred Tax	<u>(1,909)</u>	<u>13,126</u>
	29,523	84,778
Oversea Tax		
-Company and subsidiaries	200	2,241
	<u>29,723</u>	<u>87,019</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

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

B7 Group borrowings and debt securities

Group borrowings as at 30 September 2023 were as follows:

	30 September 2023		
	Long term RM'000	Short term RM'000	TOTAL RM'000
Secured			
Term Loan - RM	282,490	1,390	283,880
Revolving credit - RM	617,500	89,760	707,260
Medium Term Notes - RM	3,047,441	1,624	3,049,065
Unsecured			
Revolving credit - RM	-	21,034	21,034
	3,947,431	113,808	4,061,239

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

An Interim Dividend of 5.0 sen per ordinary share and a Special Single-Tier Dividend of 2.0 sen per ordinary share were declared for the financial year ending 31 December 2023. The cash dividends shall be paid on 21 December 2023 to every member who is entitled to receive the dividend at 5.00pm on 12 December 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 30.09.2023	Preceding Year Quarter 30.09.2022	Current Year-To-Date 30.09.2023	Preceding Year-To-Date 30.09.2022
Net Profit for the period	RM'000	58,030	47,834	226,142	140,347
Weighted average number of ordinary shares in issue	'000	1,350,006	1,352,676	1,350,006	1,352,676
Basic earnings per share	sen	4.30	3.54	16.75	10.38

Comparative figures for the weighted average number of ordinary shares used in the calculation of basic earnings per share have been restated to reflect the increased number of shares arising from bonus issues during the year. Prior to the restatement, the basic earnings per share for the preceding year quarter and preceding year-to-date quarter were 5.30 sen and 15.55 sen respectively.

(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 September 2023, the Group does not have any potential dilutive ordinary shares in issue.

B11 Notes to Statements of Comprehensive Income

	Current Year Quarter 30.09.2023 RM'000	Cummulative Current Year-To-Date 30.09.2023 RM'000
(a) Interest income	16,166	42,483
(b) Other income including investment income	(10,134)	63,173
(c) Interest expense	(49,356)	(148,589)
(d) Depreciation and amortisation	(36,389)	(109,602)
(e) Foreign exchange gain	(14,199)	49,971

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 28 November 2023.