

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2016**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 30 June 2016**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	1,056,591	986,019	2,179,205	1,963,005
Operating expenses	(969,626)	(938,745)	(2,070,199)	(1,878,543)
Other operating income	44,736	20,718	113,812	94,390
Share of net profits less losses of associates	(155,508)	136,237	43,603	298,574
Share of profit of joint venture	1,014	1,645	2,020	3,065
Finance costs	(6,063)	(6,935)	(13,881)	(15,011)
Profit/(Loss) before tax	(28,856)	198,939	254,560	465,480
Tax expense	(30,030)	(15,933)	(54,550)	(47,799)
Profit/(Loss) for the period	<u>(58,886)</u>	<u>183,006</u>	<u>200,010</u>	<u>417,681</u>
Attributable to :				
Owners of the parent	(78,720)	182,636	167,520	415,551
Non-controlling interests	19,834	370	32,490	2,130
Profit/(Loss) for the period	<u>(58,886)</u>	<u>183,006</u>	<u>200,010</u>	<u>417,681</u>
Basic earnings/(loss) per share (sen)	<u>(6.64)</u>	<u>15.41</u>	<u>14.13</u>	<u>35.05</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD** (8167-W)  
**Condensed Consolidated Statements Of Comprehensive Income**  
**For The Period Ended 30 June 2016**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	(58,886)	183,006	200,010	417,681
Other comprehensive income/(loss), net of tax				
<u>Items that will be subsequently reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	359,321	315,623	(1,090,232)	1,095,334
Fair value of available-for-sale financial assets :-				
- Gains/(Losses) arising during the period	(20,225)	(3,523)	(16,491)	10,517
- Reclassification adjustments to profit or loss upon disposal of quoted investments	-	(794)	-	(794)
Share of associates' other comprehensive loss	(147,127)	(16,466)	(83,976)	(195,687)
Total comprehensive income/(loss)	<u>133,083</u>	<u>477,846</u>	<u>(990,689)</u>	<u>1,327,051</u>
Attributable to :				
Owners of the parent	109,490	474,598	(1,007,693)	1,308,861
Non-controlling interests	23,593	3,248	17,004	18,190
Total comprehensive income/(loss)	<u>133,083</u>	<u>477,846</u>	<u>(990,689)</u>	<u>1,327,051</u>

**(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD** (8167-W)  
**Condensed Consolidated Statements Of Financial Position**

	As at 30-Jun-16 RM'000	As at 31-Dec-15 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,330,580	1,356,671
Investment properties	205,021	195,831
Biological assets	3,365	3,364
Goodwill	73,746	73,746
Other intangible assets	2,644	2,962
Land held for property development	43,507	41,645
Investments in associates	15,512,308	16,813,778
Investment in joint venture	63,684	66,934
Other investments	410,365	427,198
Deferred tax assets	4,927	5,644
	<u>17,650,147</u>	<u>18,987,773</u>
<b>Current Assets</b>		
Inventories	464,159	682,210
Biological assets	19,020	20,769
Other intangible assets	11,876	12,175
Property development costs	3,161	4,964
Receivables	928,809	998,277
Derivative financial instruments	10,509	14,229
Cash, bank balances, deposits and short-term fund placements	1,259,300	1,196,343
	<u>2,696,834</u>	<u>2,928,967</u>
Non-current assets classified as held for sale	546	8,734
	<u>2,697,380</u>	<u>2,937,701</u>
<b>TOTAL ASSETS</b>	<u><u>20,347,527</u></u>	<u><u>21,925,474</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,185,500	1,185,500
Reserves	17,522,533	18,731,477
Equity attributable to owners of the parent	18,708,033	19,916,977
Non-controlling interests	659,418	635,594
<b>Total equity</b>	<u>19,367,451</u>	<u>20,552,571</u>

**PPB GROUP BERHAD** (8167-W)  
**Condensed Consolidated Statements Of Financial Position**  
*(continued)*

	<b>As at 30-Jun-16 RM'000</b>	<b>As at 31-Dec-15 RM'000</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	83,133	111,170
Deferred tax liabilities	92,675	97,225
	<u>175,808</u>	<u>208,395</u>
<b>Current Liabilities</b>		
Payables	364,017	528,992
Derivative financial instruments	18,827	4,709
Short-term borrowings	383,891	615,707
Current tax liabilities	37,533	15,100
	<u>804,268</u>	<u>1,164,508</u>
<b>Total liabilities</b>	<u>980,076</u>	<u>1,372,903</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>20,347,527</u></u>	<u><u>21,925,474</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>15.78</u>	<u>16.80</u>

**(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

## PPB GROUP BERHAD (8167-W)

**Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 June 2016**

	Non-distributable						Distributable		Attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Retained earnings RM'000			
<b>6 months ended 30 June 2016</b>											
At 1 January 2016	1,185,500	6,715	40,477	2,729,110	(3,729)	(11,516)	165,798	15,804,622	19,916,977	635,594	20,552,571
Total comprehensive (loss)/income	-	-	-	(1,141,671)	(16,491)	(25,660)	8,609	167,520	(1,007,693)	17,004	(990,689)
Transfer of reserves	-	-	(600)	-	-	-	5,571	(4,687)	284	(284)	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	9,487	9,487
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(463)	(463)
Dividends	-	-	-	-	-	-	-	(201,535)	(201,535)	(1,920)	(203,455)
At 30 June 2016	1,185,500	6,715	39,877	1,587,439	(20,220)	(37,176)	179,978	15,765,920	18,708,033	659,418	19,367,451
<b>6 months ended 30 June 2015</b>											
At 1 January 2015	1,185,500	6,715	44,668	258,819	89,626	76,897	268,978	14,889,310	16,820,513	560,803	17,381,316
Total comprehensive income/(loss)	-	-	-	912,834	10,115	(80,106)	50,467	415,551	1,308,861	18,190	1,327,051
Transfer of reserves	-	-	(214)	-	-	-	(26,613)	26,827	-	-	-
Acquisition of additional shares in an existing subsidiary	-	-	-	-	-	-	-	160	160	(6,685)	(6,525)
Issue of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	28,577	28,577
Return of capital by a subsidiary	-	-	-	-	-	-	-	-	-	(2,495)	(2,495)
Dividends	-	-	-	-	-	-	-	(189,680)	(189,680)	(198)	(189,878)
At 30 June 2015	1,185,500	6,715	44,454	1,171,653	99,741	(3,209)	292,832	15,142,168	17,939,854	598,192	18,538,046

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)

**Condensed Consolidated Statement Of Cash Flows  
For The Period Ended 30 June 2016**

	6 months ended 30 June	
	2016	2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	254,560	465,480
Adjustments :		
Non-cash items	41,489	(231,586)
Non-operating items	(11,084)	(7,505)
Operating profit before working capital changes	284,965	226,389
Working capital changes :-		
Net change in current assets	248,209	56,642
Net change in current liabilities	(164,590)	(123,013)
Cash generated from operations	368,584	160,018
Tax paid	(31,687)	(38,586)
<b>Net cash generated from operating activities</b>	<b>336,897</b>	<b>121,432</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(60,119)	(96,268)
Proceeds from disposal of property, plant and equipment and investment properties	20,615	4,696
Purchase of investments	-	(11,139)
Dividends received	199,879	184,182
Income from short-term fund placements	9,194	7,778
Interest received	9,919	8,276
(Advances to)/Repayment from associates	(5,587)	19,819
Distribution of profits from joint venture	-	4,200
Other investing activities	2,772	2,943
<b>Net cash generated from investing activities</b>	<b>176,673</b>	<b>124,487</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(234,471)	(61,293)
Interest paid	(13,977)	(15,986)
Dividends paid	(203,455)	(189,878)
Shares issued to non-controlling interests of subsidiaries	9,487	-
Return of capital to non-controlling interest of a subsidiary	-	(2,495)
Repayment to non-controlling interest of a subsidiary	-	(2,337)
<b>Net cash used in financing activities</b>	<b>(442,416)</b>	<b>(271,989)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>71,154</b>	<b>(26,070)</b>
Cash and cash equivalents brought forward	1,196,309	1,079,040
Effect of exchange rate changes	(8,545)	5,201
<b>Cash and cash equivalents carried forward</b>	<b>1,258,918</b>	<b>1,058,171</b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	305,138	208,379
Bank deposits	378,038	450,377
Short-term fund placements	576,124	401,745
Bank overdrafts	(382)	(2,330)
	1,258,918	1,058,171

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2015, and the accompanying explanatory notes attached to this report.)**

## NOTES

**A. Financial Reporting Standard (FRS) 134 - Paragraph 16****A1. Accounting policies**

The interim financial statements of the Group have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2016 :

Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012 - 2014 Cycle
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative

The adoption of the above Amendments to FRSs does not have any significant financial impact on the Group.

**A2. Seasonality or Cyclicity of Interim Operations**

The Group's operations are not materially affected by any seasonal or cyclical factors.

**A3. Unusual items affecting assets, liabilities, equity, net income or cash flow**

There were no items of an unusual nature, size or incidence that affected the assets, liabilities, equity, net income and cash flows of the Group during the current financial period to-date under review.

**A4. Nature and amount of changes in estimates**

There were no changes in estimates of amounts reported in the prior financial year which have a material effect in the current interim period.

**A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to-date.

**A6. Dividend paid**

	Individual Quarter 3 months ended 30-Jun-16 RM'000	Cumulative Quarter 6 months ended 30-Jun-16 RM'000
<u>Dividend paid on ordinary shares</u>		
FY2015 : Final single tier dividend - 17 sen per share	<u>201,535</u>	<u>201,535</u>

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 June 2016 is as follows :

<b>Business segments:</b> <i>All figures in RM'000</i>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
<b>REVENUE</b>									
External revenue	1,396,818	314,199	261,823	116,755	31,259	3,553	54,798	-	2,179,205
Inter-segment sales	59,678	4	-	-	1,029	-	18,145	(78,856)	-
Total revenue	<u>1,456,496</u>	<u>314,203</u>	<u>261,823</u>	<u>116,755</u>	<u>32,288</u>	<u>3,553</u>	<u>72,943</u>	<u>(78,856)</u>	<u>2,179,205</u>
<b>RESULTS</b>									
Segment results	116,757	7,556	49,841	5,738	22,761	3,682	6,601	-	212,936
Share of associates' profits less losses	14,759	(359)	6,925	2,287	8,545	-	11,446	-	43,603
Share of joint venture's profit	-	-	-	2,020	-	-	-	-	2,020
Interest income									9,299
Income from short-term fund placements									9,597
Finance costs									(13,881)
Unallocated corporate expenses									(9,014)
Profit before tax									<u>254,560</u>
<b>ASSETS</b>									
Segment assets	1,957,904	509,267	323,646	86,461	377,014	410,364	132,416	(1,933)	3,795,139
Investments in associates	299,634	1,593	159,413	50,076	185,168	-	14,816,424	-	15,512,308
Investment in joint venture	-	-	-	63,684	-	-	-	-	63,684
Bank deposits and short-term fund placements									954,162
Tax assets									8,337
Other unallocated corporate assets									13,897
Total assets									<u>20,347,527</u>



**A8. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

**A9. Changes in the composition of the Group**

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the current interim period and year to-date under review, except for the following :

- a) On 9 May 2016, SES Environmental Services Sdn Bhd and Solar Status Sdn Bhd, both indirect subsidiaries of PPB, entered into a sale and purchase agreement to dispose of their respective 65% and 15% equity interest in AWS Sales and Services Sdn Bhd ("AWS"). Accordingly, AWS has ceased to be a subsidiary of PPB.

**A10. Changes in contingent liabilities or contingent assets**

There were no changes in contingent assets and contingent liabilities since the end of the last annual reporting period.

**A11. Capital commitments**

Authorised capital commitments not provided for in the interim financial report as at 30 June 2016 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	106,309
- not contracted	248,587
	<u>354,896</u>
Other capital commitments	
- contracted	<u>85,501</u>
	<u><u>440,397</u></u>

**A12. Significant related party transactions**

Significant related party transactions during the period ended 30 June 2016 were as follows :

	RM'000
Transactions with associates	
- Management fees received/receivable	401
- Film rental received/receivable	467
- Purchase of goods	<u>2,549</u>
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	<u>3,740</u>
Transactions with subsidiaries of an associate	
- Purchase of goods	79,679
- Sales of goods	30,825
- Rental received	1,696
- Project management fees received/receivable	1,135
- Security and other service fees paid/payable	1,018
- Marketing fees received/receivable	1,045
- Supervision fees received/receivable	602
- Charter hire of vessels	<u>21,863</u>

**B. BMSB Listing Requirements (Part A of Appendix 9B)****B1. Analysis of performance for the financial period to-date**

Group revenue increased by 7% in 2Q2016 to RM1.06 billion as compared to RM986 million in 2Q2015. This was primarily driven by higher revenue from the *Grains and agribusiness*, *Environmental engineering and utilities*, *Consumer products* and *Property* segments. For 1H2016, Group revenue grew by 11% to RM2.18 billion from RM1.96 billion in 1H2015 mainly due to higher revenue contributed by *Grains and agribusiness*, *Film exhibition and distribution* as well as *Consumer products* segments.

Group segment results improved by 97% from RM64 million in 2Q2015 to RM126 million in 2Q2016. The increase was mainly from better results contributed by the *Grains and agribusiness* and *Property* segments. PPB's associate, Wilmar International Limited ("Wilmar") however incurred a loss in 2Q2016 which gave rise to a Group loss of RM29 million for the quarter under review.

Notwithstanding the Group's overall better performance in 1H2016 in its core businesses, Group profit before tax dropped from RM465 million in 1H2015 to RM255 million this year due to substantially lower profit contribution from Wilmar.

**Group financial performance by business segment**

	2Q2016	2Q2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	700,984	649,088	51,896	8%
Consumer products	163,248	157,021	6,227	4%
Film exhibition and distribution	116,986	118,347	(1,361)	(1%)
Environmental engineering and utilities	57,262	46,291	10,971	24%
Property	20,207	16,431	3,776	23%
Investments and Other operations	37,463	41,915	(4,452)	(11%)
Elimination	(39,559)	(43,074)	3,515	
<b>Total revenue</b>	<b>1,056,591</b>	<b>986,019</b>	<b>70,572</b>	<b>7%</b>

	1H2016	1H2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	1,456,496	1,287,543	168,953	13%
Consumer products	314,203	300,971	13,232	4%
Film exhibition and distribution	261,823	224,242	37,581	17%
Environmental engineering and utilities	116,755	121,487	(4,732)	(4%)
Property	32,288	30,419	1,869	6%
Investments and Other operations	76,496	77,483	(987)	(1%)
Elimination	(78,856)	(79,140)	284	
<b>Total revenue</b>	<b>2,179,205</b>	<b>1,963,005</b>	<b>216,200</b>	<b>11%</b>

	2Q2016	2Q2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	78,910	19,992	58,918	>100%
Consumer products	4,931	7,566	(2,635)	(35%)
Film exhibition and distribution	15,854	20,481	(4,627)	(23%)
Environmental engineering and utilities	1,759	1,816	(57)	(3%)
Property	17,503	6,138	11,365	>100%
Investments and Other operations	7,180	8,095	(915)	(11%)
<b>Total segment results</b>	<b>126,137</b>	<b>64,088</b>	<b>62,049</b>	<b>97%</b>
Share of associates and joint venture's profits less losses	(154,494)	137,882	(292,376)	>(100%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(499)	(3,031)	2,532	84%
<b>Total (loss)/profit before tax</b>	<b>(28,856)</b>	<b>198,939</b>	<b>(227,795)</b>	<b>&gt;(100%)</b>

	1H2016	1H2015	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	116,757	99,569	17,188	17%
Consumer products	7,556	11,753	(4,197)	(36%)
Film exhibition and distribution	49,841	36,685	13,156	36%
Environmental engineering and utilities	5,738	4,618	1,120	24%
Property	22,761	12,916	9,845	76%
Investments and Other operations	10,283	5,919	4,364	74%
<b>Total segment results</b>	<b>212,936</b>	<b>171,460</b>	<b>41,476</b>	<b>24%</b>
Share of associates and joint venture's profits less losses	45,623	301,639	(256,016)	(85%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(3,999)	(7,619)	3,620	48%
<b>Total profit before tax</b>	<b>254,560</b>	<b>465,480</b>	<b>(210,920)</b>	<b>(45%)</b>

### Grains and agribusiness

Revenue grew by 8% to RM701 million in 2Q2016 and 13% to RM1.46 billion for 1H2016 compared with RM649 million in 2Q2015 and RM1.29 billion for 1H2015, mainly from higher flour sales volume in Vietnam as well as higher selling prices and sales volume in Indonesia.

The segment profits increased substantially to RM79 million in 2Q2016 from RM20 million in the same period last year. For 1H2016, segment profit was higher at RM117 million compared with RM100 million for 1H2015. The Group's Indonesian flour mill was the main contributor by turning around to register a profit from higher sales volume and improved selling prices. In addition, the segment benefited from better margins from favourable wheat prices.

### Consumer products

The segment posted revenue of RM163 million in 2Q2016 compared with RM157 million in the corresponding quarter last year, mainly from the new agency products distribution and higher sales of existing agency products. Correspondingly, revenue achieved for 1H2016 increased to RM314 million as compared with RM301 million for the same period last year.

In 2Q2016 and 1H2016, segment profits of RM4.9 million and RM7.6 million respectively, were lower compared to the same periods last year, mainly due to higher staff and distribution costs.

**Film exhibition and distribution**

The *Film exhibition and distribution* segment achieved a marginally lower revenue of RM117 million in 2Q2016 due to fewer blockbuster titles released as compared with 2Q2015. For 1H2016, the segment recorded higher revenue of RM262 million compared with RM224 million in 1H2015, contributed by the new cinemas opened in 2015; and higher number of strong local and blockbuster movies released, concession sales and screen advertising income.

In 2Q2016, segment profit declined to RM16 million compared with RM20 million in 2Q2015 in line with the lower revenue. For 1H2016, the segment achieved a much higher profit of RM50 million as compared with RM37 million for the same period last year.

**Environmental engineering and utilities**

Revenue in 2Q2016 was higher at RM57 million compared with RM46 million in 2Q2015. The higher revenue was mainly contributed by the progress in work done for a raw water supply project, whereas in 1H2016 revenue was marginally lower than 1H2015 as most of the projects are at their completion stages.

The higher segment profit for 1H2016 of RM6 million was due to higher gross margins achieved from the engineering projects.

**Property**

*Property* segment posted revenue of RM20 million in 2Q2016 and RM32 million in 1H2016, mainly from higher progress billings for the bungalows in Taman Tanah Aman in Penang. The improved revenue was partly offset by reduced rental income from lower occupancy rate in New World Park, Penang.

Segment profit was higher at RM18 million and RM23 million in 2Q2016 and 1H2016 respectively due to a gain on disposal of factory land and building as well as higher progress billings.

**Investments and Other operations**

The combined segment revenue decreased by 11% in 2Q2016 to RM37 million compared with RM42 million in 2Q2015. This was mainly due to lower investment income and packaging revenue which was moderated by higher sales from the chemicals manufacturing business. For 1H2016, revenue was marginally lower from a drop in packaging revenue that was partly offset by higher chemicals manufacturing revenue.

The combined segments collectively registered profits of RM7 million and RM10 million in 2Q2016 and 1H2016 respectively largely from improved chemicals manufacturing profits.

**Share of associates and joint venture's profits less losses**

The Group's associates and joint venture recorded a net loss of RM154 million in 2Q2016 compared with RM138 million profit in 2Q2015, and a much lower profit of RM46 million for 1H2016 compared with RM302 million profit for 1H2015. In 2Q2016, Wilmar reported a net loss largely from its manufacturing business within the Oilseeds & Grains segment. This contributed a net loss of RM170 million to the Group in the quarter compared with a profit of RM135 million in the corresponding quarter last year. For 1H2016, the Group's share of Wilmar's profit was significantly lower at RM11 million due to the loss in 2Q2016, whilst for 1H2015, the profit contributed by Wilmar was RM294 million.

**B2. Material changes in the quarterly results compared to the results of the preceding quarter**

Segment results	2Q2016	1Q2016	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	78,910	37,847	41,063	>100%
Consumer products	4,931	2,625	2,306	88%
Film exhibition and distribution	15,854	33,987	(18,133)	(53%)
Environmental engineering and utilities	1,759	3,979	(2,220)	(56%)
Property	17,503	5,258	12,245	>100%
Investments and Other operations	7,180	3,103	4,077	>100%
Total segment results	126,137	86,799	39,338	45%
Share of associates and joint venture's profits less losses	(154,494)	200,117	(354,611)	>(100%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(499)	(3,500)	3,001	86%
Total (loss)/profit before tax	(28,856)	283,416	(312,272)	>(100%)

The Group recorded a loss of RM29 million in 2Q2016 compared with profit before tax of RM283 million in 1Q2016.

The *Grains and agribusiness* segment profits increased by RM41 million mainly due to lower raw material cost, higher flour selling prices and sales volume in Indonesia as well as improved foreign exchange translation position. The *Property* segment also recorded higher profit of RM18 million as a result of higher progress billings and a gain on the disposal of factory land and building. The Group's share of Wilmar's loss in 2Q2016 was RM170 million, compared to a RM181 million profit contribution in 1Q2016.

The *Film exhibition and distribution* segment profit reduced by 53% to RM16 million in 2Q2016 compared with RM34 million in 1Q2016 due to comparatively weaker movie titles released in the second quarter. The *Investments and Other operations* segment reported better results in 2Q2016 mainly due to higher investment income and improved profit in the chemical manufacturing business. The *Environmental engineering and utilities* segment registered lower profits in line with lower revenue recognised.

**B3. Prospects for the current financial year**

Bank Negara Malaysia has reported that the Malaysian economy is expected to grow by 4 - 4.5% in 2016 with domestic demand continuing as the main driver of growth, supported mainly by private sector spending. The recent cut in the Overnight Policy Rate is expected to support the domestic economy and encourage private consumption.

With the current wheat price environment, competition in both the domestic and overseas flour markets is anticipated to be more intense. However, with established marketing channels and continuous adjustments to product mix, the *Grains and agribusiness* segment is expected to maintain its performance for the year. Despite cautious consumer spending, the new agency products should contribute to the *Consumer products* segment's revenue. The *Film exhibition and distribution* business will benefit from improved admissions from its newly-opened cinemas and the strong line-up of movie releases this year. The *Environmental engineering and utilities* segment will achieve lower revenue reflecting the current contracts in hand, and the *Property* segment is affected by slower property sales due to weak market sentiment.

Overall, the main business segments of the Group are expected to perform well in 2016. Notwithstanding the loss recorded by Wilmar in the second quarter 2016, Wilmar expects its performance for the rest of the year to be satisfactory barring unforeseen circumstances. The Group's consolidated financial results would be contingent upon Wilmar's business performance given the significant contribution by Wilmar to the Group.

**B4. Variance of actual profit from forecast profit**

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 30-Jun-16 RM'000	Cumulative Quarter 6 months ended 30-Jun-16 RM'000
Profit before tax is stated after crediting :		
Dividend income	3,479	3,554
Fair value gain on derivatives	14,774	42,574
Foreign exchange gain	2,013	23,955
Interest income	5,275	9,299
Income from short-term fund placements	4,993	9,597
Rental income	1,183	2,515
Gain on disposal of a subsidiary	175	175
Gain on disposal of land and building	7,317	7,317
(Loss)/Gain on financial assets at fair value through profit or loss	(25)	128
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(1,311)	(1,544)
Depreciation and amortisation	(23,351)	(52,462)
Fair value gain/(loss) on derivatives	3,236	(14,512)
Foreign exchange loss	(1,265)	(36,625)
Interest expense	(6,063)	(13,881)

**B6. Tax expense**

	Individual Quarter 3 months ended 30-Jun-16 RM'000	Cumulative Quarter 6 months ended 30-Jun-16 RM'000
Taxation comprises :		
Malaysian taxation		
Current	23,198	49,713
Deferred	2,219	(3,911)
	25,417	45,802
Foreign taxation		
Current	3,589	8,664
Deferred	1,000	83
	30,006	54,549
Over provision in prior year		
Current	24	1
	30,030	54,550

The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax credit not recognised by certain subsidiaries. Deferred tax benefit will be recognised when the subsidiaries are able to estimate accurately the timing of its future profits.

**B7. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 18 August 2016.

**B8. Group borrowings**

Total Group borrowings as at 30 June 2016 were as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	122,256	122,256	-
Repayments due within the next 12 months	(39,123)	(39,123)	-
	<u>83,133</u>	<u>83,133</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	32,000	-	32,000
Short-term loans	850	-	850
Short-term loans (USD)	169,029	-	169,029
Short-term loans (IDR)	118,888	-	118,888
Short-term loans (VND)	23,619	-	23,619
Current portion of long-term loans	39,123	39,123	-
	<u>383,509</u>	<u>39,123</u>	<u>344,386</u>
Bank overdrafts	382	-	382
	<u>383,891</u>	<u>39,123</u>	<u>344,768</u>

**B9. Material litigation**

There was no material litigation as at 18 August 2016.

**B10. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2016 of 8 sen per share (2015 : Interim single tier dividend of 8 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Wednesday, 28 September 2016 to shareholders whose names appear in the Record of Depositors at the close of business on Friday, 9 September 2016.

A Depositor shall qualify for entitlement only in respect of :

- Shares transferred into the depositor's securities account before 4.00 pm on Friday, 9 September 2016 in respect of ordinary transfers, and
- Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

**Dividends paid/payable**

Dividends paid/payable for financial year 2015 and up to the date of this report are as follows :

Financial Year	Type	Amount per share	Date paid/payable
2015	Interim dividend	8 sen	28 September 2015
2015	Final dividend	17 sen	25 May 2016
2016	Interim dividend	8 sen	28 September 2016

**B11. Earnings/(Loss) per share**

The basic earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the current financial period attributable to owners of the parent by 1,185,499,882 ordinary shares in issue during the period.

There is no diluted earnings/(loss) per share for the current quarter or financial period to-date as there were no dilutive potential ordinary shares.

**B12. Disclosure of audit report qualification and status of matters raised**

There was no qualification in the audit report on the preceding annual financial statements.

**B13. Realised and unrealised profits/losses**

The retained profits of the Group are analysed as follows :

	As at 30-Jun-16 RM'000	As at 31-Dec-15 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	12,908,608	12,743,455
- Unrealised	(113,567)	(84,591)
	<u>12,795,041</u>	<u>12,658,864</u>
Total share of retained profits/(accumulated losses) from associates :		
- Realised	170,708	151,631
- Unrealised	(1,528)	(1,543)
- Wilmar International Limited ("Wilmar") *	5,086,562	5,265,268
Total share of retained profits from joint venture :		
- Realised	8,828	8,313
	<u>18,059,611</u>	<u>18,082,533</u>
Less : Consolidation adjustments	(2,293,691)	(2,277,911)
Total Group retained profits as per consolidated accounts	<u><u>15,765,920</u></u>	<u><u>15,804,622</u></u>

\* *Wilmar is not required to disclose the breakdown of realised and unrealised profits under the Singapore Financial Reporting Standards and the Singapore Companies Act, Cap 50. As the breakdown may be considered price-sensitive information, it would not be appropriate for Wilmar to selectively disclose such information to any particular shareholder.*

**Kuala Lumpur**  
**25 August 2016**

**By Order of the Board**  
Mah Teck Keong  
Company Secretary