

Interim Financial Report for the three months ended 30 September 2015

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Note:

M1 to M12 are explanatory notes in accordance with MFRS134.

K1 to K15 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 30.09.2015 RM' 000	Preceding Year Quarter 30.09.2014 RM' 000	Current Year- To-Date 30.09.2015 RM' 000	Preceding Year- To-Date 30.09.2014 RM' 000
Revenue	274,486	289,758	880,673	874,669
Cost of sales	(105,194)	(129,603)	(364,160)	(374,849)
Gross profit	169,292	160,155	516,513	499,820
Other operating income	11,711	34,264	29,022	47,438
Administrative expenses	(69,717)	(50,447)	(197,998)	(161,233)
Other operating expenses	(3,374)	(48,020)	(15,852)	(52,049)
Profit from operations	107,912	95,952	331,685	333,976
Finance income	10,302	6,408	29,984	25,933
Finance costs	(20,971)	(20,664)	(59,648)	(61,302)
Share of after-tax results of associates and joint venture	4,118	4,712	37,400	16,181
Profit before tax	101,361	86,408	339,421	314,788
Less tax:				
Company and subsidiaries	(25,697)	(20,246)	(79,291)	(67,460)
Profit for the period	75,664	66,162	260,130	247,328
Attributable to:				
Equity holders of the Company	45,094	32,776	165,590	158,743
Non-controlling interests	30,570	33,386	94,540	88,585
	75,664	66,162	260,130	247,328
Earnings per share (sen)				
- basic	3.30	2.44	12.13	11.84
- diluted ^{note 1}	-	na	-	na
Dividends per ordinary share (sen)	-	-	5.0	-

*Note 1:
Anti-dilutive*

Condensed Consolidated Statements of Comprehensive Income
(The figures have not been audited)

	Current Year Quarter 30.09.2015 RM' 000	Preceding Year Quarter 30.09.2014 RM' 000	Current Year- To-Date 30.09.2015 RM' 000	Preceding Year- To-Date 30.09.2014 RM' 000
Profit for the period	75,664	66,162	260,130	247,328
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(20,531)	(5,321)	10,773	(3,736)
Non-controlling interests	748	19	949	49
Total comprehensive income for the period, net of tax	<u>55,881</u>	<u>60,860</u>	<u>271,852</u>	<u>243,641</u>
Total comprehensive income attributable to:				
Equity holders of the Company	24,563	27,455	176,363	155,008
Non-controlling interests	31,318	33,405	95,489	88,633
	<u>55,881</u>	<u>60,860</u>	<u>271,852</u>	<u>243,641</u>

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

	30.09.2015	<i>Audited</i> 31.12.2014
	RM '000	RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	682,399	682,399
Share premium	112,641	112,641
Treasury shares	(81,088)	(81,088)
Revaluation and other reserves	102,250	80,436
Retained earnings	3,464,371	3,511,016
	4,280,573	4,305,404
Non-controlling interests	118,223	85,191
TOTAL EQUITY	4,398,796	4,390,595
Represented by:		
Non current assets		
Property, plant and equipment	2,228,514	2,184,009
Long term prepaid lease	4,271	3,645
Investment properties	2,394,609	2,321,956
Inventories	269,270	267,294
Investments in associates and joint ventures	919,948	813,168
Deferred tax assets	103	103
Goodwill	19,164	19,164
	5,835,879	5,609,339
Current assets		
Inventories	463,496	392,372
Financial assets at fair value through profit or loss	10,341	11,932
Receivables and contract assets	271,772	222,321
Amounts owing by associates and joint ventures	44,164	54,053
Tax recoverable	8,615	2,954
Cash held in Housing Development Accounts	95,739	40,500
Cash and bank balances	939,635	1,061,588
	1,833,762	1,785,720
Less: Current liabilities		
Payables and contract liabilities	455,473	493,559
Amounts owing to associates	1,717	2,697
Borrowings	766,832	575,288
Current tax payable	120,839	113,080
	1,344,861	1,184,624
Net current assets	488,901	601,096
Less: Non current liabilities		
Payables and contract liabilities	67,906	59,788
Borrowings	1,672,285	1,571,267
Deferred tax liabilities	185,793	188,785
	1,925,984	1,819,840
	4,398,796	4,390,595

IGB Corporation Berhad (5745-A)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the financial year ended 30 September 2015

(The figures have not been audited)

	Attributable to equity holders						Non-controlling	Total	
	Issued and fully paid ordinary shares of RM0.50 each		Treasury Shares ordinary shares of RM0.50 each		Share premium	Revaluation and other reserves	Retained earnings		Interests
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2015	1,364,798	682,399	(29,899)	(81,088)	112,641	80,436	3,511,016	85,191	4,390,595
Total comprehensive income for the period	-	-	-	-	-	10,773	165,590	95,489	271,852
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(12,000)	12,030	30
Executives Share Option Scheme	-	-	-	-	-	11,041	-	-	11,041
Dividend paid	-	-	-	-	-	-	(200,235)	(74,487)	(274,722)
Total transactions with equity holders	-	-	-	-	-	11,041	(212,235)	(62,457)	(263,651)
At 30 September 2015	1,364,798	682,399	(29,899)	(81,088)	112,641	102,250	3,464,371	118,223	4,398,796

IGB Corporation Berhad (5745-A)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2014

(The figures have not been audited)

	Attributable to equity holders						Non-controlling	Total	
	Issued and fully paid ordinary shares of RM0.50 each		Treasury Shares ordinary shares of RM0.50 each		Share premium	Revaluation and other reserves	Retained earnings		Interests
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2014	1,364,798	682,399	(6,436)	(17,439)	112,641	648,927	2,988,803	77,322	4,492,653
Total comprehensive income for the period	-	-	-	-	-	(9,346)	164,354	88,633	243,641
Share buy-back	-	-	(23,463)	(63,649)	-	-	-	-	(63,649)
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(11,252)	52,498	41,246
Dividend paid	-	-	-	-	-	-	(33,699)	(64,822)	(98,521)
Total transactions with equity holders	-	-	(23,463)	(63,649)	-	-	(44,951)	(12,324)	(120,924)
At 30 September 2014	1,364,798	682,399	(29,899)	(81,088)	112,641	639,581	3,108,206	153,631	4,615,370

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

	30.09.2015 RM '000	30.09.2014 RM '000
Operating activities		
Receipts from customers	788,074	886,093
Payments to contractors, suppliers and employees	(467,915)	(499,476)
Cash flow from operations	320,159	386,617
Interest paid	(58,319)	(67,827)
Income taxes paid	(80,187)	(15,628)
Net cash generated from operating activities	181,653	303,162
Investing activities		
Investment in associates and joint ventures	(64,958)	(56,962)
Interest received	34,654	27,653
Additions to property, plant and equipment, investment properties and land held for property development	(170,467)	(264,319)
Deposits pledged with licensed banks	(9,334)	(382,286)
Cash arising from dilution of equity in a subsidiary	433	40,597
Net repayments/(advances) from/(to) associates and joint ventures	9,967	(342,617)
Net cash used in investing activities	(199,705)	(977,934)
Financing activities		
Purchase of treasury shares	-	(66,042)
Receipt of bank borrowings, net of repayments	289,643	584,973
Dividends paid to non-controlling interests of a subsidiary	(139,710)	(125,159)
Dividends paid	(200,235)	(33,699)
Net cash used in financing activities	(50,302)	360,073
Foreign currencies exchange difference	(7,694)	474
Net decrease in cash and cash equivalents	(68,354)	(314,699)
Cash and cash equivalents at 1 January	593,572	948,117
Cash and cash equivalents at 30 September	517,524	633,892
Add: Restricted cash		
Deposits pledged with licensed banks for credit facilities	517,850	504,723
As per statement of financial position	1,035,374	1,138,615

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 September 2015**

M1 Basis of preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard 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 Malaysia”) Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014.

This Interim Financial Report has 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 2014.

M2 Qualification

The Audit Report of the Group’s annual financial statements for the financial year ended 31 December 2014 was not subject to any audit qualification.

M3 Seasonality or cyclicity

The Group’s operations were not materially affected by seasonal or cyclical factors.

M4 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.

M5 Material changes in estimates

Not applicable.

M6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period.

On 3 June 2015, the Company announced to Bursa Malaysia that it had on 2 June 2015 offered 24,731,000 option shares or 1.85% of the total issued and paid-up share capital (excluding treasury shares), for subscription by the Directors and Executives of the Group at the subscription price of RM2.88 per share based on the 5-day volume weighted average market price ie. 26 May 2015 to 1 June 2015, with vesting period commencing from 1 July 2015 to 25 May 2020.

The number of treasury shares held as at 30 September 2015 and up to the date of this report remained at 29,899,600 (31.12.2014: 29,899,600) ordinary shares of RM0.50 each.

M7 Dividends paid

An Interim single-tier dividend of 20% for the financial year ended 31 December 2014 was paid on 27 March 2015. An Interim single-tier dividend of 10% for the financial year ending 31 December 2015 was paid on 18 September 2015.

M8 Segment Reporting

Business segments	Property development RM '000	Property investment -commercial RM '000	Property investment - retail RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
30 September 2015							
Revenue							
Total revenue	141,027	103,110	391,082	256,250	194,865	81,187	1,167,521
Intersegment revenue	-	(8,934)	(39,404)	(4,910)	(194,865)	(38,735)	(286,848)
External revenue	<u>141,027</u>	<u>94,176</u>	<u>351,678</u>	<u>251,340</u>	<u>-</u>	<u>42,452</u>	<u>880,673</u>
Results							
Segment results (external)	37,266	51,534	235,757	47,361	288	120	372,326
Finance income							29,984
Unallocated expense							(40,641)
Profit from operations							<u>361,669</u>
Finance costs							(59,648)
Share of after-tax results of associates and joint venture	12,725	17,271	-	7,296	-	108	<u>37,400</u>
Profit from ordinary activities before tax							<u>339,421</u>
Tax-Company and subsidiaries							(79,291)
Profit for the period							<u><u>260,130</u></u>
Attributable to:							
Equity holders of the Company							165,590
Non-controlling interests							<u>94,540</u>
							<u><u>260,130</u></u>

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

M8 Segment Reporting (continued)

Business segments	Property development RM '000	Property investment -commercial RM '000	Property investment - retail RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
9 months ended 30 September 2014							
Revenue							
Total revenue	134,877	103,238	360,776	276,256	300,181	82,186	1,257,514
Intersegment revenue	-	(8,842)	(26,947)	(6,286)	(296,939)	(43,831)	(382,845)
External revenue	<u>134,877</u>	<u>94,396</u>	<u>333,829</u>	<u>269,970</u>	<u>3,242</u>	<u>38,355</u>	<u>874,669</u>
Results							
Segment results (external)	69,820	49,090	210,046	22,539	4,133	1,950	357,578
Finance income							25,933
Unallocated expense							(23,602)
Profit from operations							<u>359,909</u>
Finance costs							(61,302)
Share of after-tax results of associates and joint venture	2,275	2,359	-	11,293	-	254	<u>16,181</u>
Profit from ordinary activities before tax							<u>314,788</u>
Tax-Company and subsidiaries							(67,460)
Profit for the period							<u><u>247,328</u></u>
Attributable to:							
Equity holders of the Company							158,743
Non-controlling interests							<u>88,585</u>
							<u><u>247,328</u></u>

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

M9 Valuations

Valuations of property, plant and equipment have been deemed as cost on adoption of MFRS 1.

M10 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.

M11 Changes in the composition of the Group

On 29 April 2015, the Company announced to Bursa Malaysia that it had acquired the entire issued and paid-up share capital of 2 ordinary shares of RM1.00 each in a company incorporated in Malaysia known as IGB Development Management Services Sdn Bhd ("IGBDMS") for cash consideration of RM2.00. The intended principal activity of IGBDMS is to provide development management services.

On 24 June 2015, the Company announced to Bursa Malaysia that its wholly-owned subsidiary, Ensignia Construction Sdn Bhd had formed a 70%-30% joint venture with Southkey City Sdn Bhd, known as Aspire Odyssey Sdn Bhd, through the execution of a Shareholders Agreement dated 23 June 2015.

On 24 August 2015, the Company announced to Bursa Malaysia that its wholly-owned subsidiary, IGB Management Services Sdn Bhd which had ceased its business operations in December 2014 had, on 24 August 2015, been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.

On 3 November 2015, the Company announced to Bursa Malaysia that its dormant wholly-owned subsidiary, Dian Rezki Sdn Bhd which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 3 November 2015 and will be dissolved on 3 February 2016.

On 18 November 2015, the Company announced to Bursa Malaysia that its dormant wholly-owned subsidiary, Intercontinental Aviation Services Sdn Bhd which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 18 November 2015 and will be dissolved on 18 February 2016.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2014.

M13 Capital commitment

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

	Group	
	30 September 2015 RM'000	31 December 2014 RM'000
Authorised by Directors and contracted:		
Investment property	1,137,571	1,249,532
Property, plant and equipment	-	123,234
	<u>1,137,571</u>	<u>1,372,766</u>
Authorised by Directors but not contracted:		
Property, plant and equipment	<u>6,755</u>	<u>48,905</u>

K1 Review of performance

For the three months ended 30 September 2015, Group revenue decreased by 5% to RM274.5 million when compared to the corresponding period in 2014 of RM289.8 million mainly due to lower contributions from the Property Development and Investment divisions.

Group pre-tax profit increased by 17% to RM101.4 million when compared to pre-tax profit of RM86.4 million achieved in the corresponding period in 2014 mainly due to higher contributions from the Property Investment-Retail and Hotel divisions.

K2 Comparison with immediate preceding quarter

Group revenue achieved for the three months ended 30 September 2015 increased by 1% to RM274.5 million when compared to the three months ended 30 June 2015 of RM271.9 million due to higher contribution from the Hotel division.

However, Group pre-tax profit decreased by 7% to RM101.4 million when compared to pre-tax profit of RM108.7 million achieved for the three months ended 30 June 2015 as profit recognition from on-going projects in the Property Development division was lower in this quarter when compared to the previous quarter.

K3 Prospects for 2015

Group revenue achieved for the nine months to 30 September 2015 was satisfactory. When compared to the corresponding period in 2014, Property Development division revenue increased by 5% to RM141.0 million (3Q2014: RM134.9 million), Property Investment, commercial division decreased slightly to RM94.2 million (3Q2014: RM94.4 million), Property Investment, retail division increased by 5% to RM351.7 million (3Q2014: RM333.8 million), Hotel division decreased by 7% to RM251.3 million (3Q2014: RM270.0 million) and Investment Division increased by 11% to RM42.5 million (3Q2014: RM38.4 million).

In the Property Development division, the Group's condominium development known as G Residence at Desa Pandan, Kuala Lumpur was completed and progressively handed over to buyers beginning from end-March 2015. The Group's service apartment development, known as Three28 Tun Razak, which was launched in October 2013, has up till to-date achieved sales of over 93% with total sales value of RM158 million. During the last quarter of 2014, the Group had a soft launching for the 41 units of strata bungalows called Park Manor at Sierramas with total Gross Development Value of about RM173 million as well as another new development called Damai Residence located off Jalan Ampang, Kuala Lumpur in the vicinity of Ampwalk. Damai Residence comprises of 30 units of highly exclusive condominium plus 1 penthouse in a 20-storey building with total Gross Development Value of about RM50 million. In October 2015, the Group had a soft launching for "Stonor 3", a new 400-units condominium development with an estimated total Gross Development Value of RM638 million and located in the vicinity of Kuala Lumpur City Centre.

In the Property Investment division, four of the office towers in Mid Valley City are close to 100% occupied whilst efforts are being made to fill the fifth tower, Centrepont North which was previously occupied by a single tenant. Menara Tan & Tan and Plaza Permata are 93% and 94% occupied respectively. The Group's retail division, represented by IGB REIT, the owner of Mid Valley Megamall and The Gardens Mall reported total gross revenue and net property income of RM367.8 million (3Q2014: RM342.2 million) and RM261.6 million (3Q2014: RM236.3 million) respectively, an increase of 7% and 11% respectively.

K3 Prospects for 2015 (continued)

However, results achieved by the Hotel division during the first nine months of 2015 was below expectations. All local hotels in the Group recorded lower average occupancy rates when compared to 2014. In addition, as disclosed earlier, Pangkor Island Beach Resort which contributed RM9.9 million in the first six months of 2014 was closed in July 2014 for redevelopment. As a result, revenue contribution has dropped by 7% to RM251.3 million when compared to 2014.

In February 2015, the Group had a soft opening for its newest addition to the Cititel Express brand, the 210-rooms Cititel Express Ipoh. In addition, the 234-rooms Cititel Express Penang and 415-rooms St Giles Wembley Penang also opened its doors for business in April 2015. Overseas, the 280-rooms The Tank Stream St Giles Premier Hotel in Sydney, Australia has also commenced operations. With the addition of these 1,139 rooms to the Group's room inventory, the Group expects contribution from the Hotel division to improve towards the later part of the year.

As a result of the higher contributions from the Property Development and Property Investment divisions which were affected by lower contribution from the Hotel division, Group profit before tax achieved for the first nine months of 2015 increased by 8% to RM339.4 million when compared to the RM314.8 million achieved for the corresponding period in 2014.

The Board expects 2015 to be a challenging year. However, barring unforeseen circumstances, the Board is cautiously optimistic that the performance for the Group for FY2015 will be satisfactory.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 30.09.2015 RM '000	Cumulative current Year-To-Date ended 30.09.2015 RM '000
Malaysian income tax		
- Company and subsidiaries	24,701	78,927
Under/(Over) provision in previous year	146	(2,313)
Transferred to deferred tax	-	(131)
	24,847	76,483
Overseas tax		
- Company and subsidiaries	850	2,808
	25,697	79,291

The effective tax rate of the Group for the current quarter was lower than the statutory tax rate as certain income were not subjected to income tax.

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

K6 Unquoted investments

There was no sale of unquoted investments for the current quarter and financial year to-date.

K7 Financial assets at fair value

Total financial assets as at 30 September 2015 were as follows:

	30.09.2015 RM '000
Total financial assets at cost	<u>12,703</u>
Total financial assets at fair value (after provision for diminution in value)	<u>10,341</u>
Total financial assets at market value at 30 September 2015	<u>10,341</u>

K8 Corporate proposals

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

K9 Group borrowings and debt securities

Group borrowings as at 30 June 2015 were as follows:

<i>Borrowings in RM unless otherwise stated</i>	30.09.2015 RM '000
Long term borrowings:	
Secured	
Term Loan	<u>1,672,285</u>
Short term borrowings:	
Secured	
Revolving credit	91,931
Revolving credit (£)	421,697
Revolving credit (AUD)	77,940
Unsecured	
Revolving credit	<u>175,264</u>
	<u>766,832</u>
TOTAL	<u>2,439,117</u>
Capital and reserves attributable to equity holders of the Company	<u>4,280,573</u>

K10 Financial instruments

The Group does not have any financial instruments with off-balance sheet risk. With the adoption of MFRS 139, off-balance sheet financial instruments will be recognized in the balance sheet.

K11 Material litigation

There was no pending material litigation as at the date of this report which exceeds 5% of the net assets of the Group.

K12 Proposed dividend

During this quarter, no dividend is declared or proposed in respect of the financial year ending 31 December 2015.

K13 Earnings per share

		Current Quarter ended 30.09.2015	Preceding Year Quarter ended 30.09.2014	Current Year-To- Date ended 30.09.2015	Preceding Year-To- Date ended 30.09.2014
Profit for the period	RM '000	<u>45,094</u>	<u>32,776</u>	<u>165,590</u>	<u>158,743</u>
Weighted average number of ordinary shares in issue	'000	<u>1,364,798</u>	<u>1,340,749</u>	<u>1,364,798</u>	<u>1,340,749</u>
Basic earnings per share	sen	<u>3.30</u>	<u>2.44</u>	<u>12.13</u>	<u>11.84</u>

Note: Computation of diluted earnings for share is not applicable as there are no outstanding shares to be issued.

K14 Profit from operations

	Current Year Quarter ended 30.09.2015 RM '000	Cumulative Current Year-To-Date ended 30.09.2015 RM '000
Profit from operations is stated after charging:		
Depreciation	37,720	99,814
Unrealised foreign exchange loss	<u>761</u>	<u>5,692</u>
Profit from operations is stated after crediting:		
Foreign exchange gain	6,167	9,503
Other income (excluding finance income and dividend income)	8,327	16,833
Reversal of impairment provision on receivables	<u>-</u>	<u>2,686</u>

K15 Realized and unrealized retained earnings

	As at 30.09.2015 RM '000	<i>Audited</i> As at 31.12.2014 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,738,570	3,692,887
- unrealised loss	(188,412)	(177,719)
	3,550,158	3,515,168
ii) Associates		
- realised profit	246,597	303,862
- unrealised profit	(240)	(4,118)
	246,357	299,744
iii) Group consolidation adjustments	(332,144)	(303,896)
Total Group retained earnings as per unaudited consolidated statement of financial position	3,464,371	3,511,016

K16 Authorisation for issue

This Interim Financial Report was authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 25 November 2015.