

Interim Financial Report for the three months ended 30 June 2016

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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 30.06.2016 RM' 000	Preceding Year Quarter 30.06.2015 RM' 000	Current Year- To-Date 30.06.2016 RM' 000	Preceding Year- To-Date 30.06.2015 RM' 000
Revenue	262,522	271,912	542,729	606,187
Cost of sales	(124,531)	(108,101)	(254,423)	(258,966)
Gross profit	137,991	163,811	288,306	347,221
Other operating income	14,031	6,142	18,884	17,311
Administrative expenses	(43,857)	(69,837)	(96,973)	(128,281)
Other operating expenses	(8,049)	(5,896)	(16,709)	(12,478)
Profit from operations	100,116	94,220	193,508	223,773
Finance income	8,202	12,774	17,132	19,682
Finance costs	(20,723)	(19,232)	(42,795)	(38,677)
Share of after-tax results of associates and joint venture	6,012	20,896	25,321	33,282
Profit before tax	93,607	108,658	193,166	238,060
Less tax:				
Company and subsidiaries	(11,857)	(24,668)	(30,182)	(53,594)
Profit for the period	81,750	83,990	162,984	184,466
Attributable to:				
Equity holders of the Company	54,078	55,350	105,885	120,496
Non-controlling interests	27,672	28,640	57,099	63,970
	81,750	83,990	162,984	184,466
Earnings per share (sen)				
- basic	4.05	4.06	7.93	8.83
- diluted ^{note 1}	na	na	na	na
Dividends per ordinary share (sen)	5.0	5.0	5.0	5.0

Note 1:

Anti-dilutive as the option price of the unissued ordinary shares pursuant to the Employees Share Option Scheme is higher than the fair value quoted market price on 30 June 2016.

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

	Current Year Quarter 30.06.2016 RM' 000	Preceding Year Quarter 30.06.2015 RM' 000	Current Year- To-Date 30.06.2016 RM' 000	Preceding Year- To-Date 30.06.2015 RM' 000
Profit for the period	81,750	83,990	162,984	184,466
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(10,112)	22,792	(73,335)	31,304
Non-controlling interests	205	63	(410)	201
Total comprehensive income for the period, net of tax	<u>71,843</u>	<u>106,845</u>	<u>89,239</u>	<u>215,971</u>
Total comprehensive income attributable to:				
Equity holders of the Company	43,966	78,142	32,550	151,800
Non-controlling interests	<u>27,877</u>	<u>28,703</u>	<u>56,689</u>	<u>64,171</u>
	<u>71,843</u>	<u>106,845</u>	<u>89,239</u>	<u>215,971</u>

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

	30.06.2016 RM '000	<i>Audited</i> 31.12.2015 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	(81,090)	(81,088)
Revaluation and other reserves	86,340	159,675
Retained earnings	3,542,634	3,511,513
	4,342,924	4,385,140
Non-controlling interests	53,960	65,551
TOTAL EQUITY	4,396,884	4,450,691
Represented by:		
Non current assets		
Property, plant and equipment	2,105,708	2,178,748
Long term prepaid lease	3,693	4,065
Investment properties	2,497,869	2,452,033
Inventories	273,029	270,876
Investments in associates and joint ventures	852,092	948,488
Deferred tax assets	2,039	1,548
Goodwill	19,164	19,164
	5,753,594	5,874,922
Current assets		
Inventories	496,530	485,665
Financial assets at fair value through profit or loss	8,165	9,889
Receivables and contract assets	302,894	198,055
Amounts owing by associates and joint ventures	61,979	46,786
Tax recoverable	18,189	4,030
Cash held in Housing Development Accounts	41,959	23,931
Cash and bank balances	1,006,988	1,065,654
	1,936,704	1,834,010
Assets classified as held-for-sale	36,367	35,190
	1,973,071	1,869,200
Less: Current liabilities		
Payables and contract liabilities	586,872	479,120
Amounts owing to associates	4	1,717
Borrowings	860,848	920,169
Current tax payable	107,446	98,592
	1,555,170	1,499,598
Net current assets	417,901	369,602
Less: Non current liabilities		
Payables and contract liabilities	68,629	80,077
Borrowings	1,532,548	1,531,364
Deferred tax liabilities	173,434	182,392
	1,774,611	1,793,833
	4,396,884	4,450,691

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

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2016

(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 2016	1,364,798	682,399	(29,899)	(81,088)	112,641	159,675	3,511,513	65,551	4,450,691
Total comprehensive income for the period	-	-	-	-	-	(73,335)	105,885	56,689	89,239
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(8,019)	8,019	-
Redemption of Redeemable Preference shares in a subsidiary	-	-	-	-	-	-	-	(2,494)	(2,494)
Share buy back	-	-	(1)	(2)	-	-	-	-	(2)
Dividend paid	-	-	-	-	-	-	(66,745)	(73,805)	(140,550)
Total transactions with equity holders	-	-	(1)	(2)	-	-	(74,764)	(68,280)	(143,046)
At 30 June 2016	1,364,798	682,399	(29,900)	(81,090)	112,641	86,340	3,542,634	53,960	4,396,884

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

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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	-	-	-	-	-	31,304	120,496	64,171	215,971
Changes in ownership interest in existing subsidiaries	-	-	-	-	-	-	(7,992)	8,022	30
Executives Share Option Scheme	-	-	-	-	-	11,041	-	-	11,041
Dividend paid	-	-	-	-	-	-	(133,490)	(74,687)	(208,177)
Total transactions with equity holders	-	-	-	-	-	11,041	(141,482)	(66,665)	(197,106)
At 30 June 2015	1,364,798	682,399	(29,899)	(81,088)	112,641	122,781	3,490,030	82,697	4,409,460

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

	30.06.2016 RM '000	30.06.2015 RM '000
Operating activities		
Receipts from customers	489,962	527,788
Payments to contractors, suppliers and employees	(159,092)	(301,634)
Cash flow from operations	330,870	226,154
Interest paid	(47,165)	(37,348)
Income taxes (paid)/refunded	(44,939)	(38,955)
Net cash generated from operating activities	238,766	149,851
Investing activities		
Investment in associates	(1,168)	-
Interest received	17,132	24,353
Additions to property, plant and equipment, investment properties and land held for property development	(103,156)	(164,494)
Capital repayment to non-controlling interests of a subsidiary	(2,494)	-
Purchase of unit trusts	(1,724)	-
Dividends received from associates	1,960	-
Deposits released by/(pledged with) licensed banks	291,158	(6,173)
Net repayments/(advances) from/(to) associates and joint ventures	(14,199)	19,085
Net cash generated from/(used in) investing activities	187,509	(127,229)
Financing activities		
Purchase of treasury shares	(2)	-
(Repayments)/Receipt of bank borrowings	(50,089)	253,580
Dividends paid to non-controlling interests of a subsidiary	(62,048)	(65,223)
Dividend paid	(66,745)	(133,490)
Net cash (used in)/generated from financing activities	(178,884)	54,867
Foreign currencies exchange difference	3,126	(2,174)
Net decrease in cash and cash equivalents	247,391	77,489
Cash and cash equivalents at 1 January	526,306	593,572
Cash and cash equivalents at 30 June	776,823	668,887
Add: Restricted cash		
Deposits pledged with licensed banks for credit facilities	272,124	514,690
As per statement of financial position	1,048,947	1,183,577

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 June 2016**

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 2015.

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 2015 except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”) that are applicable for the current financial year:

(Effective for annual periods beginning on or after 1 January 2016)

•	Amendment to MFRS 11	Joint Arrangements
•	Amendments to MFRS 116/MFRS 138	Property, Plant and Equipment and Intangible Assets
•	Amendments to MFRS 10/MFRS 128	Consolidated Financial Statement and Investments in Associates and Joint Ventures

The adoption of the above Amendments to MFRS did not have any material impact on the financial statements of the Group.

M2 Qualification

The Audit Report of the Group’s annual financial statements for the financial year ended 31 December 2015 was not subject to any audit qualification.

M3 Seasonality or cyclicity

The Group’s operations were not materially affected by seasonal or cyclical factors other than as disclosed elsewhere in this Report.

**Explanatory notes to the Interim Financial Statements
for the three months ended 30 June 2016**

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

Shares repurchased during the current financial year to-date were as follows:

Month	No. of shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2015	29,899,600			81,087,665
Purchased in May 2016	1,000	2.42	2.42	2,466
As at 30 June 2016	29,900,600			81,090,131

The number of treasury shares held as at 30 June 2016 and up to the date of this report was 29,900,600 (31.12.2015: 29,889,600) ordinary shares of RM0.50 each at an average cost of RM2.71 per ordinary share.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period.

M7 Dividends paid

An Interim single-tier dividend of 10% for the financial year ended 31 December 2015 was paid on 18 March 2016.

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M8 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
30 June 2016							
Revenue							
Total revenue	270,216	68,635	186,751	23,631	128,633	57,770	735,636
Intersegment revenue	<u>(28,035)</u>	<u>(5,964)</u>	<u>(4,066)</u>	<u>-</u>	<u>(128,633)</u>	<u>(26,209)</u>	<u>(192,907)</u>
External revenue	<u>242,181</u>	<u>62,671</u>	<u>182,685</u>	<u>23,631</u>	<u>-</u>	<u>31,561</u>	<u>542,729</u>
Results							
Segment results (external)	160,565	33,084	21,800	3,355	10	(3,902)	214,912
Unallocated expense							<u>(21,404)</u>
Profit from operations							193,508
Finance income							17,132
Finance costs							(42,795)
Share of after-tax results of associates and joint venture	<u>-</u>	<u>(204)</u>	<u>13,776</u>	<u>8,857</u>	<u>-</u>	<u>2,892</u>	<u>25,321</u>
Profit before tax							193,166
Tax expense							<u>(30,182)</u>
Profit for the period							<u>162,984</u>
Attributable to:							
Equity holders of the Company							105,885
Non-controlling interests							<u>57,099</u>
							<u>162,984</u>

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

IGB Corporation Berhad (5745-A)
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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
30 June 2015							
Revenue							
Total revenue	260,639	69,670	161,927	120,418	152,791	53,038	818,483
Intersegment revenue	<u>(24,671)</u>	<u>(5,956)</u>	<u>(2,992)</u>	<u>-</u>	<u>(152,791)</u>	<u>(25,886)</u>	<u>(212,296)</u>
External revenue	<u>235,968</u>	<u>63,714</u>	<u>158,935</u>	<u>120,418</u>	<u>-</u>	<u>27,152</u>	<u>606,187</u>
Results							
Segment results (external)	159,991	35,922	28,441	35,463	79	(5,255)	254,641
Finance income							19,682
Unallocated expense							<u>(30,868)</u>
Profit from operations							243,455
Finance costs							<u>(38,677)</u>
Share of after-tax results of associates and joint venture	<u>-</u>	<u>16,761</u>	<u>5,540</u>	<u>10,974</u>	<u>-</u>	<u>7</u>	<u>33,282</u>
Profit from ordinary activities before tax							238,060
Tax-Company and subsidiaries							<u>(53,594)</u>
Profit for the period							<u>184,466</u>
Attributable to:							
Equity holders of the Company							120,496
Non-controlling interests							<u>63,970</u>
							<u>184,466</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 except as disclosed elsewhere in this report.

M11 Changes in the composition of the Group

On 19 May 2016, the Company announced to Bursa Malaysia that its wholly-owned dormant subsidiary, Pekeliling Property Sdn Bhd ("PPSB") had held its Final General Meeting on 19 May 2016 in respect of the members' voluntary winding-up of PPSB and that pursuant to Section 272(5) of the Companies Act 1965 PPSB will be dissolved with effect from 19 August 2016.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2015.

M13 Capital commitment

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

	Group	
	30 June 2016 RM'000	31 December 2015 RM'000
Authorised by Directors and contracted:		
Investment property	1,040,971	1,076,012
Property, plant and equipment	-	-
	<u>1,040,971</u>	<u>1,076,012</u>
Authorised by Directors but not contracted:		
Investment property	1,819	3,422
Property, plant and equipment	47,796	65,633
	<u>49,615</u>	<u>69,055</u>

K1 Review of performance

For the three months ended 30 June 2016, Group revenue decreased by 3% to RM262.5 million when compared to the corresponding period in 2015 of RM271.9 million due to lower contribution from the Property Development division.

Group pre-tax profit decreased by 14% to RM93.6 million when compared to pre-tax profit of RM108.7 million achieved in the corresponding period in 2015 due to lower contributions from the Property Development and Hotel divisions. In addition, the Group pre-tax profit for 2015 had included a one-off gain of RM17.2 million from the disposal of property, plant and equipment by an associate.

K2 Comparison with immediate preceding quarter

Group revenue achieved for the three months ended 30 June 2016 decreased by 6% to RM262.5 million when compared to the three months ended 31 March 2016 of RM280.2 million due to lower contributions from the Property Investment-commercial, Property Development and Hotel divisions.

Group pre-tax profit decreased by 6% to RM93.6 million when compared to pre-tax profit of RM99.6 million achieved for the three months ended 31 March 2016 due to lower contributions from all the operating divisions.

K3 Prospects for 2016

Group revenue achieved for the six months to 30 June 2016 was RM542.7 million, down 10% from the RM606.2 million achieved during the corresponding period in 2015.

Whilst contributions from the Property Development division decreased by 80% to RM23.6 million (1H2015: RM120.4 million) and Property Investment, commercial division decreased by 2% to RM62.7 million (1H2015: RM63.7 million), these decreases were mitigated by higher contributions from the other operating divisions ie. Property Investment, retail division increased by 3% to RM242.2 million (1H2015: RM236.0 million), Hotel division increased by 15% to RM182.7 million (1H2015: RM158.9 million) and Investment Division increased by 16% to RM31.6 million (1H2015: RM27.2 million).

In the Property Development division, the Group did not launch any new development projects during the first half of 2016 in view of the current weak sentiment in the property sector. The Group's current two on-going projects are the 166-units condominium, known as 328 Tun Razak at Jalan Tun Razak, Kuala Lumpur which will be completed in August 2016 and the 31-units condominium known as Damai Residence in the vicinity of The Ampwalk, Kuala Lumpur which is currently about 35% completed.

In the Property Investment-Commercial division, occupancy rates at four of the office towers in Mid Valley City are above 90% whilst the 5th building, Centrepoint North, is currently about 50% occupied as the previous single occupant of the building left in 2015. Elsewhere, occupancies at Menara Tan & Tan and Plaza Permata are above 80%.

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 RM255.8 million (1H2015: RM246.8 million) and RM180.3 million (1H2015: RM176.4 million) respectively, an increase of about 4% and 2% respectively.

K3 Prospects for 2016 (continued)

In the Hotel division, four new hotels were opened last year ie. the 210-rooms Cititel Express Ipoh, the 234-rooms Cititel Express Penang, the 415-rooms Wembley Penang and the 280-rooms Tank Stream, Sydney. This had contributed to the increase in Group turnover during the first half of 2016 when compared to the corresponding period in 2015.

In mid-May 2016, the Group disposed of Cititel Express Kuala Lumpur for a cash consideration of RM37.0 million. In July 2016, the Group's 65%-owned MiCasa Hotel, Yangon was disposed for a cash consideration of USD46.0 million. On 15 August 2016, the Group's wholly owned subsidiary, Great Union Properties Sdn Bhd, entered into a conditional sale and purchase agreement for the disposal of Renaissance Kuala Lumpur Hotel for a cash consideration of RM765.0 million. The disposal is expected to be completed in the first half of 2017. The cash proceeds from these disposals will be channeled towards higher yielding investments that would provide favorable future returns and growth prospects

Contributions from the Investment division were mainly from Mid Valley City Energy Sdn Bhd, the distributor of electricity in Mid Valley City and from IGB International School, which is located in Sungai Buloh.

Group pre-tax profit achieved for the current first six months amounting to RM193.2 million had decreased by 19%, when compared to the corresponding period in 2015 of RM238.1 million. The Board is optimistic that the performance for the Group during the second half of 2016 will improve and that the overall results for FY2016 will be satisfactory.

K4 Profit forecast/profit guarantee

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

K5 Tax

	Current quarter ended 30.06.2016 RM '000	Cumulative current Year-To-Date ended 30.06.2016 RM '000
Malaysian income tax		
- Company and subsidiaries	16,852	36,761
Overprovision in previous year	1,962	(54)
Transferred to deferred tax	(7,445)	(7,450)
	11,369	29,257
Overseas tax		
- Company and subsidiaries	488	925
	11,857	30,182

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.

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 June 2016 were as follows:

	30.06.2016 RM '000
Total financial assets at cost	<u>12,703</u>
Total financial assets at fair value (after provision for diminution in value)	<u>8,165</u>
Total financial assets at market value at 30 June 2016	<u>8,165</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 2016 were as follows:

<i>Borrowings in RM unless otherwise stated</i>	30.06.2016 RM '000
Long term borrowings:	
Secured	
Term Loan	<u>1,532,548</u>
Short term borrowings:	
Secured	
Revolving credit	128,375
Current portion of term loan	92,121
Revolving credit (£)	340,018
Revolving credit (AUD)	74,747
Unsecured	
Revolving credit	<u>225,587</u>
	<u>860,848</u>
TOTAL	<u>2,393,396</u>
Capital and reserves attributable to equity holders of the Company	<u>4,342,924</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

An Interim Single Tier Dividend of 5.0 sen per ordinary share is declared for the financial year ending 31 December 2016 and will be paid on 23 September 2016 to every member who is entitled to receive the dividend at 5.00 p.m. on 9 September 2016.

	Interim 2016	Interim 2015	Interim 2015
Per ordinary share (sen)	5.0	5.0	5.0
Net dividend (RM'000)	66,745	66,745	66,745
Date payable/paid	23 September 2016	18 March 2016	18 September 2015

K13 Earnings per share

		Current Quarter ended 30.06.2016	Preceding Year Quarter ended 30.06.2015	Current Year-To- Date ended 30.06.2016	Preceding Year-To- Date ended 30.06.2015
Profit for the period	RM '000	<u>54,078</u>	<u>55,350</u>	<u>105,885</u>	<u>120,496</u>
Weighted average number of ordinary shares in issue	'000	<u>1,334,898</u>	<u>1,364,798</u>	<u>1,334,898</u>	<u>1,364,798</u>
Basic earnings per share	sen	<u><u>4.05</u></u>	<u><u>4.06</u></u>	<u><u>7.93</u></u>	<u><u>8.83</u></u>

Note: As at 30 June 2016, the exercise price of RM2.88 per new ordinary share pursuant to the Executives Share Option Scheme ("ESOS") is above the fair value quoted market price, hence the ESOS shares are anti-dilutive.

K14 Profit from operations

	Current Year Quarter ended 30.06.2016 RM '000	Cumulative Current Year-To-Date ended 30.06.2016 RM '000
Profit from operations is stated after charging:		
Depreciation	33,379	72,552
Unrealised foreign exchange loss	7,617	14,742
	<hr/> <hr/>	<hr/> <hr/>
Profit from operations is stated after crediting:		
Foreign exchange gain	5,053	5,062
Other income (excluding finance income and dividend income)	4,010	8,854
	<hr/> <hr/>	<hr/> <hr/>

K15 Realised and unrealised retained earnings

	As at 30.06.2016 RM '000	<i>Audited</i> As at 31.12.2015 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	3,778,383	3,755,922
- unrealised loss	(178,345)	(160,763)
	3,600,038	3,595,159
ii) Associates		
- realised profit	278,790	249,115
- unrealised profit	(6,007)	301
	272,783	249,416
iii) Group consolidation adjustments	(330,187)	(333,062)
Total Group retained earnings as per unaudited consolidated statement of financial position	<hr/> <hr/> 3,542,634	<hr/> <hr/> 3,511,513

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 August 2016.