

**PPB GROUP BERHAD (8167-W)**  
**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2017**

*(The figures have not been audited)*

**Condensed Consolidated Income Statements For The Period Ended 30 June 2017**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	1,055,504	1,056,591	2,088,767	2,179,205
Operating expenses	(1,038,157)	(969,626)	(2,034,224)	(2,070,199)
Other operating income	35,534	44,736	76,121	113,812
Share of net profits less losses of associates	58,269	(155,508)	375,734	43,603
Share of profit of joint venture	946	1,014	1,885	2,020
Finance costs	(5,788)	(6,063)	(12,405)	(13,881)
Profit/(Loss) before tax	106,308	(28,856)	495,878	254,560
Tax expense	(14,712)	(30,030)	(36,675)	(54,550)
Profit/(Loss) for the period	<u>91,596</u>	<u>(58,886)</u>	<u>459,203</u>	<u>200,010</u>
Attributable to :				
Owners of the parent	89,290	(78,720)	447,556	167,520
Non-controlling interests	2,306	19,834	11,647	32,490
Profit/(Loss) for the period	<u>91,596</u>	<u>(58,886)</u>	<u>459,203</u>	<u>200,010</u>
Basic earnings/(loss) per share (sen)	<u>7.53</u>	<u>(6.64)</u>	<u>37.75</u>	<u>14.13</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 2017**

	<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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	91,596	(58,886)	459,203	200,010
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	(514,368)	359,321	(747,365)	(1,090,232)
Fair value of available-for-sale financial assets	25,116	(20,225)	155,033	(16,491)
Share of associates' other comprehensive income	111,255	(147,127)	311,329	(83,976)
Total comprehensive income/(loss)	<u>(286,401)</u>	<u>133,083</u>	<u>178,200</u>	<u>(990,689)</u>
Attributable to :				
Owners of the parent	(280,885)	109,490	175,497	(1,007,693)
Non-controlling interests	(5,516)	23,593	2,703	17,004
Total comprehensive income/(loss)	<u>(286,401)</u>	<u>133,083</u>	<u>178,200</u>	<u>(990,689)</u>

**(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)**

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

	As at 30-Jun-17 RM'000	As at 31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,347,813	1,353,204
Investment properties	195,499	194,455
Biological assets	3,303	3,364
Goodwill	73,704	73,704
Other intangible assets	3,188	3,233
Land held for property development	85,232	84,923
Investments in associates	17,444,777	17,662,449
Investment in joint venture	64,751	65,418
Other investments	595,013	440,356
Deferred tax assets	1,024	2,771
	<u>19,814,304</u>	<u>19,883,877</u>
<b>Current Assets</b>		
Inventories	665,677	620,464
Biological assets	20,360	19,417
Other intangible assets	12,530	14,850
Receivables	925,412	958,806
Derivative financial instruments	-	3,276
Cash, bank balances, deposits and short-term fund placements	1,239,045	1,178,261
	<u>2,863,024</u>	<u>2,795,074</u>
Assets classified as held for sale	10,384	23,759
	<u>2,873,408</u>	<u>2,818,833</u>
<b>TOTAL ASSETS</b>	<u>22,687,712</u>	<u>22,702,710</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,192,215	1,185,500
Reserves	19,743,304	19,787,090
Equity attributable to owners of the parent	<u>20,935,519</u>	<u>20,972,590</u>
Non-controlling interests	679,527	695,143
<b>Total equity</b>	<u>21,615,046</u>	<u>21,667,733</u>

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

	As at 30-Jun-17 RM'000	As at 31-Dec-16 RM'000
<b>Non-current Liabilities</b>		
Long-term borrowings	56,569	72,918
Deferred tax liabilities	98,441	99,266
	<u>155,010</u>	<u>172,184</u>
<b>Current Liabilities</b>		
Payables	354,130	377,726
Derivative financial instruments	20,619	5,221
Short-term borrowings	527,938	455,086
Current tax liabilities	12,092	24,760
	<u>914,779</u>	<u>862,793</u>
Liabilities associated with assets classified as held for sale	2,877	-
	<u>917,656</u>	<u>862,793</u>
<b>Total liabilities</b>	<u>1,072,666</u>	<u>1,034,977</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>22,687,712</u>	<u>22,702,710</u>
Net assets per share attributable to owners of the parent (RM)	<u>17.66</u>	<u>17.69</u>

**(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 2017**

	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 2017</b>											
At 1 January 2017	1,185,500	6,715	39,511	3,099,410	9,442	(51,000)	128,920	16,554,092	20,972,590	695,143	21,667,733
Total comprehensive income/(loss)	-	-	-	(551,327)	155,033	84,932	39,302	447,556	175,496	2,704	178,200
Transfer of reserves	-	-	(336)	-	-	-	4,909	(4,573)	-	-	-
Transfer pursuant to Companies Act 2016 (Note)	6,715	(6,715)	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(201,535)	(201,535)	(16,101)	(217,636)
Acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(2,219)	(2,219)
Changes in equity interest in an associate	-	-	-	-	-	-	-	(11,032)	(11,032)	-	(11,032)
At 30 June 2017	1,192,215	-	39,175	2,548,083	164,475	33,932	173,131	16,784,508	20,935,519	679,527	21,615,046
<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 income/(loss)	-	-	-	(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 a non-controlling interest	-	-	-	-	-	-	-	-	-	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

## Note :

Pursuant to Section 74 of the Companies Act 2016 ("Act"), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provisions set out in Section 618 (2) of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital. Companies have 24 months from the commencement of the Act to utilise the credit for purposes as set out in Section 618 (3) of the Act. During the current financial period, the Company has not utilised any of the credit in the share premium account which has now become part of the share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 31 December 2016, and the accompanying explanatory notes attached to this report.)**

**PPB GROUP BERHAD** (8167-W)  
**Condensed Consolidated Statement Of Cash Flows**  
**For The Period Ended 30 June 2017**

**Final**

	<b>6 months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	495,878	254,560
Adjustments :		
Non-cash items	(286,536)	41,489
Non-operating items	(14,467)	(11,084)
Operating profit before working capital changes	194,875	284,965
Working capital changes :-		
Net change in current assets	(91,001)	248,209
Net change in current liabilities	(12,210)	(164,590)
Cash generated from operations	91,664	368,584
Tax paid	(51,749)	(31,687)
<b>Net cash generated from operating activities</b>	<b>39,915</b>	<b>336,897</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, investment properties, biological assets and other intangible assets	(81,449)	(60,119)
Proceeds from disposal of property, plant and equipment, and assets held for sale	36,204	20,615
Dividends received	161,463	199,879
Income from short-term fund placements	5,088	9,194
Interest received	7,076	9,919
Repayment from/(Advances to) associates	50,862	(5,587)
Other investing activities	2,265	2,772
<b>Net cash generated from investing activities</b>	<b>181,509</b>	<b>176,673</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	75,998	(234,471)
Interest paid	(12,719)	(13,977)
Dividends paid	(217,636)	(203,455)
Shares issued to non-controlling interests of a subsidiary	-	9,487
<b>Net cash used in financing activities</b>	<b>(154,357)</b>	<b>(442,416)</b>
<b>Net increase in cash and cash equivalents</b>	<b>67,067</b>	<b>71,154</b>
Cash and cash equivalents brought forward	1,177,203	1,196,309
Effect of exchange rate changes	(5,816)	(8,545)
<b>Cash and cash equivalents carried forward</b>	<b>1,238,454</b>	<b>1,258,918</b>
<u>Cash and cash equivalents represented by :</u>		
Cash and bank balances	235,599	305,138
Bank deposits	353,919	378,038
Short-term fund placements	649,527	576,124
Bank overdrafts	(591)	(382)
	1,238,454	1,258,918

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 Standard ("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 2016 except for the adoption of the following Amendments to FRSs that are effective for financial periods beginning on or after 1 January 2017 :

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014 - 2016 Cycle

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 previous 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-17 RM'000	Cumulative Quarter 6 months ended 30-Jun-17 RM'000
<u>Dividend paid on ordinary shares</u>		
FY2016 : Final single tier dividend - 17 sen per share	201,535	201,535

**A7. Segmental reporting**

Segmental information in respect of the Group's business segments for the period ended 30 June 2017 is as follows :

<b>Business segments:</b>	Grains and agribusiness	Consumer products	Film exhibition and distribution	Environmental engineering and utilities	Property	Investments in equities	Other operations	Elimination	Total
<i>All figures in RM'000</i>									
<b>REVENUE</b>									
External revenue	1,375,078	346,670	247,634	44,938	19,681	5,278	49,488	-	2,088,767
Inter-segment sales	79,993	989	-	3	1,331	-	17,401	(99,717)	-
Total revenue	<u>1,455,071</u>	<u>347,659</u>	<u>247,634</u>	<u>44,941</u>	<u>21,012</u>	<u>5,278</u>	<u>66,889</u>	<u>(99,717)</u>	<u>2,088,767</u>
<b>RESULTS</b>									
Segment results	56,393	18,484	36,148	2,561	4,224	5,278	(2,601)	-	120,487
Share of associates' profits less losses	30,281	(1,788)	5,003	779	1,870	-	339,589	-	375,734
Share of joint venture's profit	-	-	-	1,885	-	-	-	-	1,885
Interest income									7,078
Income from short-term fund placements									12,149
Finance costs									(12,405)
Unallocated corporate expenses									(9,050)
Profit before tax									<u>495,878</u>
<b>ASSETS</b>									
Segment assets	2,278,269	449,157	327,785	67,116	324,177	595,014	111,213	(304)	4,152,427
Investments in associates	379,060	28,863	175,033	47,938	188,820	-	16,625,063	-	17,444,777
Investment in joint venture	-	-	-	64,751	-	-	-	-	64,751
Bank deposits and short-term fund placements									1,003,446
Tax assets									10,814
Other unallocated corporate assets									11,497
Total assets									<u>22,687,712</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 under review, except for the following :

- a) Cathay Theatres (Sarawak) Sdn Bhd, a dormant 100%-owned indirect subsidiary of PPB which commenced a members' voluntary winding up on 17 November 2015 has been dissolved on 6 June 2017, and has accordingly 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 2017 were as follows :

	RM'000
Property, plant and equipment and investment properties	
- contracted	56,490
- not contracted	253,038
	<u>309,528</u>
Other capital commitments	
- contracted	166,460
	<u>475,988</u>

**A12. Significant related party transactions**

Significant related party transactions during the period ended 30 June 2017 were as follows :

	RM'000
Transactions with associates	
- Management fee income	313
- Film rental income	2,085
- Interest income	1,812
- Purchase of goods	16,352
	<u>16,352</u>
Transactions with a subsidiary of the ultimate holding company	
- Sales of goods	6,188
	<u>6,188</u>
Transactions with subsidiaries of associates	
- Purchase of goods	115,584
- Sales of goods	34,923
- Rental income	1,804
- Security and other service fee expenses	999
- Marketing fee income	999
- Supervision fee income	850
- Charter hire of vessels	50,456
	<u>197,615</u>

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

The Group reported total revenue of RM1.06 billion in 2Q2017, unchanged from 2Q2016. Lower revenue in *Environmental engineering and utilities* and *Property* segments offset the higher revenue achieved in other segments. For 2Q2017, the Group registered a pre-tax profit of RM106 million (2Q2016 : RM29 million loss). The significant improved financial performance was attributable to positive contribution from a key associate, Wilmar International Limited ("Wilmar"), which recorded a net profit of USD60 million (2Q2016 : USD220 million net loss).

For 1H2017, Group revenue was 4% lower at RM2.09 billion (1H2016 : RM2.18 billion). Higher revenue from *Consumer products* segment was offset by lower revenue in other segments. Pre-tax profit for 1H2017 was at RM496 million, 95% higher than that achieved in 1H2016 of RM255 million, this was mainly attributable to a significant increase in contribution from Wilmar, which recorded a net profit of USD422 million (1H2016 : USD19 million).

**Group financial performance by business segment**

	2Q2017	2Q2016	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	731,191	700,984	30,207	4%
Consumer products	176,448	163,248	13,200	8%
Film exhibition and distribution	123,012	116,986	6,026	5%
Environmental engineering and utilities	26,228	57,262	(31,034)	(54%)
Property	10,374	20,207	(9,833)	(49%)
Investments and Other operations	39,110	37,463	1,647	4%
Elimination	(50,859)	(39,559)	(11,300)	
<b>Total revenue</b>	<b>1,055,504</b>	<b>1,056,591</b>	<b>(1,087)</b>	<b>(0%)</b>

	1H2017	1H2016	Variance	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Grains and agribusiness	1,455,071	1,456,496	(1,425)	(0%)
Consumer products	347,659	314,203	33,456	11%
Film exhibition and distribution	247,634	261,823	(14,189)	(5%)
Environmental engineering and utilities	44,941	116,755	(71,814)	(62%)
Property	21,012	32,288	(11,276)	(35%)
Investments and Other operations	72,167	76,496	(4,329)	(6%)
Elimination	(99,717)	(78,856)	(20,861)	
<b>Total revenue</b>	<b>2,088,767</b>	<b>2,179,205</b>	<b>(90,438)</b>	<b>(4%)</b>

	2Q2017	2Q2016	Variance	
	RM'000	RM'000	RM'000	%
<b>Segment results</b>				
Grains and agribusiness	19,780	78,910	(59,130)	(75%)
Consumer products	5,614	4,931	683	14%
Film exhibition and distribution	16,125	15,854	271	2%
Environmental engineering and utilities	1,526	1,759	(233)	(13%)
Property	1,660	10,186	(8,526)	(84%)
Investments and Other operations	2,693	14,497	(11,804)	(81%)
<b>Total segment results</b>	<b>47,398</b>	<b>126,137</b>	<b>(78,739)</b>	<b>(62%)</b>
Share of associates and joint venture's profits less losses	59,215	(154,494)	213,709	>100%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(305)	(499)	194	39%
<b>Total profit before tax</b>	<b>106,308</b>	<b>(28,856)</b>	<b>135,164</b>	<b>&gt;100%</b>

Segment results	1H2017	1H2016	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	56,393	116,757	(60,364)	(52%)
Consumer products	18,484	7,556	10,928	>100%
Film exhibition and distribution	36,148	49,841	(13,693)	(27%)
Environmental engineering and utilities	2,561	5,738	(3,177)	(55%)
Property	4,224	15,444	(11,220)	(73%)
Investments and Other operations	2,677	17,600	(14,923)	(85%)
Total segment results	120,487	212,936	(92,449)	(43%)
Share of associates and joint venture's profits less losses	377,619	45,623	331,996	>100%
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(2,228)	(3,999)	1,771	44%
Total profit before tax	495,878	254,560	241,318	95%

### Grains and agribusiness

The *Grains and agribusiness* segment registered a 4% increase in revenue to RM731 million in 2Q2017 (2Q2016 : RM701 million) on the back of an increase in sales volume and higher selling price of animal feed. Segment profit fell 75% to RM20 million (2Q2016 : RM79 million) mainly due to lower profit margin as a result of higher wheat cost, exacerbated by the drop in sales volume and selling prices of the Indonesian flour mill.

Segment revenue for the first half of 2017 remained unchanged at RM1.46 billion as higher feed revenue was offset by lower revenue from flour. Segment profit was lower at RM56 million (1H2016 : RM117 million), down 52% from a year ago, mainly due to higher raw material cost, lower sales volume and selling prices mainly registered by the Indonesian flour mill.

### Consumer products

The *Consumer products* segment revenue rose by 8% to RM176 million in 2Q2017 (2Q2016 : RM163 million) mainly driven by increase in sales volume and improved selling prices of edible oils as well as higher revenue from the bakery division. Segment profit was up by 14% to RM5.6 million (2Q2016 : RM4.9 million), mainly attributable to higher revenue and lower advertising and promotional expenses of the bakery division. However, higher sales mix of lower margin products partly impacted the segment profit for the quarter.

For 1H2017, segment revenue increased by 11% to RM348 million (1H2016 : RM314 million). Segment profit was at RM18 million for 1H2017 (1H2016 : RM7.6 million), largely due to a gain of RM8 million from the sale of land and building and improved results of the bakery division.

### Film exhibition and distribution

The *Film exhibition and distribution* segment revenue increased by 5% to RM123 million in 2Q2017 (2Q2016 : RM117 million). This was supported by higher number of blockbuster movies released in 2Q2017. Segment profit was marginally higher by 2% at RM16.1 million in 2Q2017 (2Q2016 : RM15.9 million), mainly due to a foreign exchange translation gain recorded in the current quarter against a translation loss on USD-denominated loans in 2Q2016.

For 1H2017, segment revenue was lower by 5% to RM248 million (1H2016 : RM262 million) as revenue from the Chinese New Year and local movies released in 1H2017 was lower than the previous corresponding period. Profit for 1H2017 was accordingly lower at RM36 million (1H2016 : RM50 million).

### Environmental engineering and utilities

Revenue was lower by 54% to RM26 million for 2Q2017 (2Q2016 : RM57 million), as a result of the completion of most of the environmental engineering works in 2016. Segment profit was lower by 13% to RM1.5 million in 2Q2017 (2Q2016 : RM1.8 million), mitigated by cost control and improved profit margin.

For 1H2017, revenue was lower by 62% to RM45 million (1H2016 : RM117 million), due to the completion of most of the environmental engineering projects in 2016, and the projects secured in 2017 have yet to contribute significantly. In line with that, segment profit decreased by 55% to RM2.6 million (1H2016 : RM5.7 million).

**Property**

The *Property* segment revenue decreased by 49% to RM10 million in 2Q2017 (2Q2016 : RM20 million) due mainly to the completion of the Taman Tanah Aman project in 2Q2016 and lower project management fee income during the quarter under review. In tandem with the lower revenue base, segment profit decreased by 84% to RM1.7 million in 2Q2017 (2Q2016 : RM10.2 million).

For 1H2017, revenue was lower by 35% at RM21 million (1H2016 : RM32 million), due mainly to the completion of the Taman Tanah Aman project in 2016, lower occupancy rate for investment properties as extension and refurbishment works are currently in progress, as well as lower project management fee income. Consequently, segment profit decreased by 73% to RM4.2 million (1H2016 : RM15 million).

**Investments and Other operations**

The combined segment revenue increased by 4% in 2Q2017 to RM39 million (2Q2016 : RM37 million) and decreased by 6% in 1H2017 to RM72 million (1H2016 : RM76 million).

Segment profit was at RM2.7 million for both 2Q2017 and 1H2017 respectively, significantly lower than that achieved in 2Q2016 and 1H2016 of RM14.5 million and RM17.6 million respectively. The lower profit was mainly due to a one-off gain on disposal of factory land and building of RM7.3 million recorded in 2016 as well as lower sales of higher profit margin products and higher raw material costs at the chemical trading and manufacturing division.

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

The Group's share of associates and joint venture profits was at RM59 million in 2Q2017 (2Q2016 : RM154 million loss). Profit contribution from Wilmar, our main associate, amounted to RM44 million in 2Q2017 (2Q2016 : RM170 million loss). The significant improvement was attributable to the turnaround of its Oilseeds and grains business segment from a one-off loss in 2Q2016 and gains from investment securities as a result of stronger equity markets.

On the back of the strong performance in the first quarter of 2017, profit contribution from Wilmar increased to RM339 million for 1H2017 (1H2016 : RM11 million).

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

Segment results	2Q2017	1Q2017	Variance	
	RM'000	RM'000	RM'000	%
Grains and agribusiness	19,780	36,613	(16,833)	(46%)
Consumer products	5,614	12,870	(7,256)	(56%)
Film exhibition and distribution	16,125	20,023	(3,898)	(19%)
Environmental engineering and utilities	1,526	1,035	491	47%
Property	1,660	2,564	(904)	(35%)
Investments and Other operations	2,693	(16)	2,709	>100%
Total segment results	47,398	73,089	(25,691)	(35%)
Share of associates and joint venture's profits less losses	59,215	318,404	(259,189)	(81%)
Interest income, finance costs, income from short-term fund placements and unallocated expenses	(305)	(1,923)	1,618	84%
Total profit before tax	106,308	389,570	(283,262)	(73%)

Group pre-tax profit was lower at RM106 million in 2Q2017 (1Q2017 : RM390 million) due mainly to :

- lower profit contribution from Wilmar of RM44 million in the current quarter (1Q2017 : RM296 million); and
- lower *Grains and agribusiness* segment profit mainly due to higher raw material costs for the flour mills operation.

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

The Malaysian economy is expected to grow by more than 4.8% for 2017, underpinned by domestic demand, in particular, private sector spending. Regionally, sustained export growth is also seen in Asian economies, supported by the recovery in global demand amidst sustained strength in the respective Asian domestic economies.

On the back of rising world prices for wheat, the outlook for the flour business is expected to be challenging. However, we are confident that stronger flour demand in the second half of the year would mitigate the margin erosion pressure. Amidst a competitive and changing industry landscape, the animal feed business is difficult although the division is expected to maintain its performance given a bullish broiler market. In summary, the *Grains and agribusiness* segment performance will be affected by the aforesaid factors. The *Consumer products* segment is expected to perform satisfactorily with strategic promotional activities and campaigns. The performance of the *Film exhibition and distribution* segment will be supported by the opening of new cinemas in Malaysia and Vietnam; and the line-up of blockbuster movies for the rest of the year. The *Environment engineering and utilities* segment continues to focus on timely completion of on-going projects and securing new projects to augment its order book. The *Property* segment will focus on launching a mixed development project in Taman Megah, Petaling Jaya in the fourth quarter of the year.

The Group's main business segments are expected to perform satisfactorily for the current financial year. However, the overall financial results of the Group would depend substantially on the business performance of Wilmar.

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

Not applicable.

**B5. Profit before tax**

	Individual Quarter 3 months ended 30-Jun-17 RM'000	Cumulative Quarter 6 months ended 30-Jun-17 RM'000
Profit before tax is stated after crediting :		
Dividend income	5,167	5,278
Fair value gain on derivatives	12,194	20,851
Foreign exchange gain	4,606	10,056
Interest income	3,537	7,078
Income from short-term fund placements	6,622	12,149
Rental income	1,079	2,366
Gain on disposal of land and building	-	7,974
Profit before tax is stated after charging :		
Allowance for doubtful debts and receivables written off	(443)	(599)
Depreciation and amortisation	(30,923)	(72,186)
Fair value loss on derivatives	(17,663)	(17,864)
Foreign exchange loss	(10,296)	(16,309)
Inventories written down	(1,523)	(1,523)
Interest expense	(5,788)	(12,405)

**B6. Tax expense**

	Individual Quarter 3 months ended 30-Jun-17 RM'000	Cumulative Quarter 6 months ended 30-Jun-17 RM'000
Taxation comprises :		
Malaysian taxation		
Current	18,279	34,368
Deferred	(5,919)	(2,608)
	<u>12,360</u>	<u>31,760</u>
Foreign taxation		
Current	1,177	2,487
Deferred	1,195	2,412
	<u>14,732</u>	<u>36,659</u>
Under/(Over) provision in prior year		
Current	(20)	32
Deferred	-	(16)
	<u>14,712</u>	<u>36,675</u>

The effective tax rate is higher than the average statutory rate for the period mainly due to deferred tax asset not recognised by subsidiaries and withholding tax on undistributable profits of foreign associates. 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 17 August 2017.

**B8. Group borrowings**

Total Group borrowings as at 30 June 2017 are as follows :

	Total RM'000	Secured RM'000	Unsecured RM'000
Long-term bank borrowings			
Long-term bank loans (USD)	88,663	88,663	-
Long-term bank loans (VND)	9,540	9,540	-
Repayments due within the next 12 months	(41,634)	(41,634)	-
	<u>56,569</u>	<u>56,569</u>	<u>-</u>
Short-term bank borrowings			
Bills payable	74,000	-	74,000
Bills payable (IDR)	44,028	-	44,028
Short-term loans	250	-	250
Short-term loans (USD)	181,438	-	181,438
Short-term loans (IDR)	112,727	-	112,727
Short-term loans (VND)	73,270	-	73,270
Current portion of long-term loans	41,634	41,634	-
	<u>527,347</u>	<u>41,634</u>	<u>485,713</u>
Bank overdrafts	591	-	591
	<u>527,938</u>	<u>41,634</u>	<u>486,304</u>

**B9. Material litigation**

There was no material litigation as at 17 August 2017.

**B10. Dividends**

The Board of Directors is pleased to declare an interim single tier dividend for the financial year ending 31 December 2017 of 8 sen per share (2016 : Interim single tier dividend of 8 sen per share).

Notice is hereby given that the interim single tier dividend is payable on Thursday, 28 September 2017 to shareholders whose names appear in the Record of Depositors at the close of business on Monday, 11 September 2017.

A Depositor shall qualify for entitlement only in respect of :

- (i) Shares transferred into the depositor's securities account before 4.00 pm on Monday, 11 September 2017 in respect of ordinary transfers, and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB.

**Dividends paid/payable for financial year 2016 and up to the date of this report are as follows :**

Dividends paid/payable for financial year 2016 and up to the date of this report are as follows :

Financial year	Type (all single tier)	Amount per share	Date paid/payable
2016	Interim dividend	8 sen	28 September 2016
2016	Final dividend	17 sen	25 May 2017
2017	Interim dividend	8 sen	28 September 2017

**B11. Earnings per share**

The basic earnings per share has been calculated by dividing the Group's profit 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 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-17 RM'000	As at 31-Dec-16 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	13,072,418	13,022,777
- Unrealised	(117,623)	(98,796)
	<u>12,954,795</u>	<u>12,923,981</u>
Total share of retained profits/(accumulated losses) from associates :		
- Realised	236,207	210,443
- Unrealised	(1,311)	(1,292)
- Wilmar International Limited ("Wilmar") *	5,912,184	5,734,364
Total share of retained profits from joint venture :		
- Realised	<u>10,509</u>	<u>10,028</u>
	19,112,384	18,877,524
Less : Consolidation adjustments	(2,327,876)	(2,323,432)
Total Group retained profits as per consolidated financial statements	<u><u>16,784,508</u></u>	<u><u>16,554,092</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**  
**24 August 2017**

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