

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2017 – unaudited

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
		30 June		30 June	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		482,302	583,386	1,113,616	1,174,777
Profit from operations		31,649	18,588	43,422	39,876
Finance costs		(4,781)	(5,301)	(9,951)	(10,247)
Share of (loss) / profit of associates		205	482	369	57
Profit before tax	A10	27,073	13,769	33,840	29,686
Tax expense	A11	(4,190)	(3,084)	(5,204)	(4,999)
Profit for the period		22,883	10,685	28,636	24,687
Other comprehensive income, net of tax					
Exchange differences on translation					
foreign operations		(6,782)	5,290	(9,931)	(11,562)
Remeasurement of employee benefits liability		-	-	-	-
Hedge of net investment		-	-	-	-
Total other comprehensive (loss) / income for the period, net of tax		(6,782)	5,290	(9,931)	(11,562)
Total comprehensive income for the period		16,101	15,975	18,705	13,125
Profit attributable to:					
Owners of the Company		22,883	10,662	28,636	24,355
Non-controlling interests		-	23	-	332
Profit for the period		22,883	10,685	28,636	24,687
Total comprehensive income attributable to:					
Owners of the Company		16,101	15,952	18,705	12,793
Non-controlling interests		-	23	-	332
Total comprehensive income for the period		16,101	15,975	18,705	13,125
Basic earnings per ordinary share (sen)	A12(a)	4.79	2.23	5.99	5.10
Diluted earnings per ordinary share (sen)	A12(b)	4.79	2.23	5.99	5.10

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017 – unaudited

		30 June 2017 RM'000	31 December 2016 RM'000
	Note		
Assets			
Non-current assets			
Property, plant and equipment		351,183	374,338
Prepaid lease payments	A13	11,639	12,501
Intangible assets	A14	11,945	11,945
Investment property		25,042	25,846
Investment in associates		7,331	6,962
Deferred tax assets		-	-
		407,140	431,592
Current assets			
Derivative financial assets		5,120	11,200
Inventories		498,691	713,324
Trade and other receivables		261,475	274,282
Tax recoverable		1,642	242
Deposits, bank and cash balances		52,552	62,646
		819,480	1,061,694
Total assets		1,226,620	1,493,286
Equity			
Share capital		120,040	120,040
Treasury shares		(5,195)	(5,195)
Share premium		1,792	1,792
Foreign currency translation reserve		50,822	60,753
Retained profits		275,480	246,844
Equity attributable to owners of the Company		442,939	424,234
Non-controlling interests		-	-
Total equity		442,939	424,234
Non-current liabilities			
Loans and borrowings	A16	29,266	54,563
Provision for employee benefit		1,396	1,459
Deferred tax liabilities		19,726	20,337
		50,388	76,359
Current liabilities			
Derivative financial liabilities		6,917	35,553
Trade and other payables		121,337	301,421
Loans and borrowings	A16	605,039	655,719
Tax payable		-	-
		733,293	992,693
Total liabilities		783,681	1,069,052
Total equity and liabilities		1,226,620	1,493,286
Net assets per share (sen)			
attributable to owners of the Company		92.72	88.80

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2017 – unaudited

	Attributable To Owners Of The Company						Non-controlling Interests	Total Equity
	Non-distributable			Distributable				
	Share Capital	Treasury Share	Share Premium	Foreign Currency Translation Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2017	120,040	(5,195)	1,792	60,753	246,844	424,234	-	424,234
Profit for the period	-	-	-	-	28,636	28,636	-	28,636
Other comprehensive income for the period:								
foreign currency translation	-	-	-	(9,931)	-	(9,931)	-	(9,931)
Total comprehensive income for the year	-	-	-	(9,931)	28,636	18,705	-	18,705
Balance at 30 June 2017	120,040	(5,195)	1,792	50,822	275,480	442,939	-	442,939
Balance at 1 January 2016	119,629	(5,195)	-	50,309	211,687	376,430	431	376,861
Profit for the year	-	-	-	-	42,575	42,575	186	42,761
Other comprehensive income for the year:								
foreign currency translation	-	-	-	10,444	-	10,444	-	10,444
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(249)	(249)	-	(249)
Total comprehensive income for the year	-	-	-	10,444	42,326	52,770	186	52,956
Disposal of subsidiaries	-	-	-	-	-	-	(617)	(617)
Dividend paid	-	-	-	-	(7,169)	(7,169)	-	(7,169)
Conversion of warrants	411	-	1,792	-	-	2,203	-	2,203
Contribution from/distribution to owners of the Company	411	-	1,792	-	(7,169)	(4,966)	(617)	(5,583)
Balance at 31 December 2016	120,040	(5,195)	1,792	60,753	246,844	424,234	-	424,234

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2017 – unaudited

	Six Months Ended	
	30-Jun-17	30-Jun-16
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	33,840	29,686
Adjustments for:		
Non-cash and non-operating items	7,906	23,942
Operating profit before working capital changes	41,746	53,628
Changes in working capital		
Net change in current assets	215,155	199,807
Net change in current liabilities	(178,837)	(193,256)
Cash generated from operations	78,064	60,179
Tax paid	(819)	1,007
Interest paid	(9,951)	(8,676)
Interest received	602	398
Net cash from operating activities	67,896	52,908
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,972)	(1,133)
Payment for the lease rental	(124)	(124)
Net cash used in investing activities	(2,096)	(1,257)
Cash flows from financing activities		
Bank and other borrowings	(71,279)	(25,828)
(Payment to) / Advances from holding company	(2,422)	11,935
Changes in fixed deposit pledged	1,330	923
Proceed from exercised of warrants	-	2,203
Net cash used in financing activities	(72,371)	(10,767)
Net increase in cash and cash equivalents	(6,571)	40,884
Effect of exchange rate changes	(2,192)	736
Cash and cash equivalents at the beginning of financial period	48,433	26,731
Cash and cash equivalents at the end of financial period	39,670	68,351
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	52,552	70,044
Bank overdrafts	-	(34)
	52,552	70,010
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(12,882)	(1,659)
	39,670	68,351

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A. Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Guan Chong Berhad (“GCB” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2016 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the financial year ended 31 December 2016, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2017. The adoptions of these standards, amendments and IC interpretations have no material impact on this Condensed Report.

A3. Seasonal or cyclical factors

The cocoa processing industry is, to a certain extent, subject to the seasonal pattern of the consumption of cocoa-based products within a year.

A4. Unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence.

A5. Material changes in estimates

There was no material changes in estimates of amounts reported that will have a material effect during the current quarter under review.

A6. Issuances and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

A7. Dividends paid

There was no dividend declared or paid by the Company during the current quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A8. Segmental information

The Group presenting segmental information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Six Months Ended 30 June 2017	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	537,719	494,472	47,797	33,628	-	1,113,616
Internal segment revenue	408,784	761,700	37,782	-	(1,208,266)	-
Total revenue	946,503	1,256,172	85,579	33,628	(1,208,266)	1,113,616
Segment result	26,712	20,371	11,403	(2,984)	476	55,978
Interest income						602
Finance cost						(9,951)
Depreciation & amortisation						(12,789)
Profit before tax						33,840
Tax expenses						(5,204)
Profit for the period						28,636
Segment assets	578,780	303,309	297,412	45,477	-	1,224,978
Deferred tax assets						-
Tax recoverable						1,642
Total assets						1,226,620
Segment liabilities	23,137	89,856	8,167	8,490	-	129,650
Deferred tax liabilities						19,726
Tax payables						-
Borrowings						634,305
						783,681

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A8. Segmental information – (cont'd)

Six Months Ended 30 June 2016	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	430,892	668,345	53,098	22,442	-	1,174,777
Internal segment revenue	305,703	1,130,233	600,041	-	(2,035,977)	-
Total revenue	736,595	1,798,578	653,139	22,442	(2,035,977)	1,174,777
Segment result	24,873	26,562	10,320	(6,205)	(2,311)	53,239
Interest income						398
Finance cost						(10,247)
Depreciation & amortisation						(13,704)
Profit before tax						29,686
Tax expenses						(4,999)
Profit for the period						24,687
Segment assets	665,204	241,975	458,974	40,154	-	1,406,307
Deferred tax assets						118
Tax recoverable						5,801
Total assets						1,412,226
Segment liabilities	31,460	146,533	6,135	12,739	-	196,867
Deferred tax liabilities						18,110
Tax payables						2,749
Borrowings						802,312
						1,020,038

A9. Changes in the composition of the Group

GCB had entered into a Sale of Shares Agreement dated 28 June 2017 with Soh Peck Lay, Soh Chee Siong and Soh Bok Yew & Sons Sdn. Bhd. for the acquisition of 3,760,000 ordinary shares, representing 100% of the total issued and paid-up share capital of Koko Budi Sdn. Bhd. ("KBSB"). Upon completion of the acquisition, KBSB shall become a wholly-owned subsidiary of GCB.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 30-Jun-17 RM'000	Current Year To-Date 30-Jun-17 RM'000
Amortisation of prepaid lease payments	148	300
Depreciation	6,175	12,489
Realised gain on foreign exchange	(14,293)	(17,392)
Unrealised loss on foreign exchange	2,871	669
Realised loss on forward currency contracts	-	981
Unrealised loss on forward currency contracts	3,145	3,294
Realised loss on commodity future contracts	1,815	24,420
Unrealised gain on commodity future contracts	(5,087)	(24,441)
Unrealised gain on commodity option contracts	(3,682)	(3,745)
Unrealised loss on currency option contracts	1,569	1,968
Write down of inventories	1,144	3,445
Interest expense	4,788	9,951
Interest income	(153)	(602)
Unrealised gain on interest rate swap	(8)	(75)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000
Income tax expense:				
- Current period estimate	4,190	3,084	5,204	4,999
- Under/ (over)provision in prior year	-	-	-	-
	4,190	3,084	5,204	4,999

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was lower than the statutory tax rate principally due to unabsorbed capital allowance and prior year business loss which is available to offset current year taxable profit.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A12. Earnings per share

- (a) Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Profit for the financial period attributable to owners of the Company (RM'000)	22,883	10,662	28,636	24,355
Weighted average number of ordinary shares in issue ('000)	477,736	477,736	477,736	477,736
Basic earnings per share (sen)	4.79	2.23	5.99	5.10

- (b) For the purpose of calculating diluted EPS, profit for the period and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares convert under warrants issued as shown below:

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Profit for the financial period attributable to owners of the Company (RM'000)	22,883	10,662	28,636	24,355
Weighted average number of ordinary shares in issue ('000)	477,736	477,736	477,736	477,736
Adjusted weighted average number of ordinary shares in issue and issuales	477,736	477,736	477,736	477,736
Diluted earnings per share (sen)	* 4.79	2.23	* 5.99	5.10

* There is no dilutive effect on the earnings per share as all unexercised warrants have expired on 16 February 2016.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A13. Prepaid lease payments

	30-Jun-17 RM'000	31-Dec-16 RM'000
Cost:		
At 1 January	12,501	14,308
Add: Payment for sub-leases	124	124
Additions	-	-
	12,625	14,432
Less: Amortisation of prepaid lease payments	(301)	(668)
Sub-lease rental	(191)	(259)
Foreign exchange difference	(494)	481
Disposal of subsidiaries	-	(1,485)
At 31 December	11,639	12,501
Analysed as:		
Sub-leases of warehouse	622	813
Leasehold land	11,017	11,688
	11,639	12,501

A14. Intangible assets

	Goodwill RM'000	Technical know-how RM'000	Clientele list RM'000	Total RM'000
Cost:				
At 1 January 2017 / 31 December 2016	12,650	1,016	972	14,638
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 30 June 2017	12,650	1,016	972	14,638
Accumulated amortisation and impairment				
At 1 January 2016	(705)	(1,016)	(972)	(2,693)
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 31 December 2016 and 1 January 2017	(705)	(1,016)	(972)	(2,693)
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 30 June 2017	(705)	(1,016)	(972)	(2,693)
Net carrying amount:				
At 31 December 2016	11,945	-	-	11,945
At 30 June 2017	11,945	-	-	11,945

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A15. Fair value information

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs are unobservable inputs for the asset or liability.

As at reporting date, the Group held the following financial assets or liabilities that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2017				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	-	-	-
- commodity futures contract	5,120	-	-	5,120
	5,120	-	-	5,120
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	2,062	-	2,062
- commodity futures contract	4,855	-	-	4,855
	4,855	2,062	-	6,917
31 December 2016				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	1,112	-	1,112
- commodity futures contract	8,017	-	-	8,017
- option foreign currency contracts	-	12	-	12
- commodity option contracts	2,059	-	-	2,059
	10,076	1,124	-	11,200
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	-	-	-
- commodity futures contract	31,802	-	-	31,802
- option foreign currency contracts	-	21	-	21
- commodity option contracts	3,730	-	-	3,730
	35,532	21	-	35,553

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A16. Loans and borrowings

The Group's borrowings at the end of the current quarter are as follows:

	Denominated in currency	30-Jun-17 RM'000	31-Dec-16 RM'000
Current			
- Term loans	USD	67,219	70,225
- Trade loans	USD	497,426	539,340
- Revolving credit	RM	40,216	45,963
- Obligation under finance leases	RM	178	191
- Bank overdrafts	RM	-	-
		605,039	655,719
Non-Current			
- Term loans	USD	29,227	54,431
- Obligation under finance leases	RM	39	132
		29,266	54,563
		634,305	710,282

A17. Contingent liabilities

	Group and company	
	30-Jun-17 RM'000	31-Dec-16 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	1,634,163	1,485,093
- amount utilised	(776,298)	(784,497)

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

A18. Commitments

(a) Lease commitments

At the end of the current quarter, the Group has the following outstanding land lease rental commitments:-

Authorised and contracted for	RM'000 422
	422

(b) Capital commitments

At the end of the current quarter, capital expenditure of the Group contracted but not provided for are as follows :-

Authorised and contracted for :	RM'000
Property, plant and equipment	1,247
	1,247

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

A19. Material events subsequent to the end of the current quarter

There was no material events subsequent to the current quarter ended 30 June 2017 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

B1. Review of performance

The Group's revenue of RM 482.3 million for the current quarter ended 30 June 2017 is lower than the revenue in the previous corresponding quarter ended 30 June 2016 of RM 583.4 million. The decrease of 17.3% in turnover is mainly due to decrease in sales volume of cocoa cake and selling price of cocoa butter.

The Group made a profit before tax for the quarter 30 June 2017 of RM 27.1 million as compared with the profit before tax of RM 13.8 million in the preceding year corresponding quarter ended 30 June 2016. This is mainly due to lower bean price and higher net gain on foreign exchange, for preceding year corresponding quarter ended 30 June 2016 as compared to current quarter ended 30 June 2017.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 27.1 million for the current quarter as compared to a profit before tax of RM 6.8 million in the immediate preceding quarter. This is mainly due to lower bean purchase price. The higher net gain on foreign exchange also contributed to the increase in profit before tax for current quarter.

B3. Commentary of prospects

The Group expects the business environment for the financial year ending 31 December 2017 to be challenging. While the cocoa bean prices continue to be volatile, the demand for cocoa solids remains uncertain.

The Group will continue to focus on turnaround efforts which include reducing inventory level, exploring new markets for its wide range of cocoa ingredients and optimising production according to market conditions.

B4. Profit forecast or profit guarantee

There were no profits forecast or profit guarantee issued by the Group.

B5. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 30 June 2017 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gains/ (Losses) RM'000	Purpose
1	Forward Foreign Exchange Contracts: Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	141,993 -	(3,142) -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	30,791 67,396	2,751 453	For hedging price risk

The fair values of the above derivatives are determined by using the market rates at the end of reporting period and changes in the fair values are recognised in the profit and loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

There have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

B7. Material litigation

There was no material litigation against the Group as at the date of these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

B8. Dividend declared or recommended

The Board of Directors does not recommend any dividend for the current financial quarter.

B9. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 30 June 2017 and 31 December 2016 is analysed as follows:-

	Current Quarter Ended 30-Jun-17 RM'000	Preceding Year To-Date Ended 31-Dec-16 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	310,890	295,723
- Unrealised	(20,395)	(33,076)
	290,495	262,647
Total share of profit / (loss) from associates		
- Realised	369	(318)
Less: Consolidated adjustments	(15,384)	(15,485)
Total group retained profits as per consolidated financial statements	275,480	246,844

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

Tay Hoe Lian
 Managing Director
 Dated: 14.08.2017