

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 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 September		30 September	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		542,860	597,512	1,656,476	1,772,289
Profit from operations		42,197	22,771	85,619	62,647
Finance costs		(4,959)	(5,512)	(14,910)	(15,759)
Share of (loss) / profit of associates		(888)	(5)	(519)	52
Profit before tax	A10	36,350	17,254	70,190	46,940
Tax expense	A11	(6,654)	(1,916)	(11,858)	(6,915)
Profit for the period		29,696	15,338	58,332	40,025
Other comprehensive income, net of tax					
Exchange differences on translation					
foreign operations		(4,171)	5,345	(14,102)	(6,217)
Total other comprehensive (loss) / income for the period, net of tax		(4,171)	5,345	(14,102)	(6,217)
Total comprehensive income for the period		25,525	20,683	44,230	33,808
Profit attributable to:					
Owners of the Company		29,696	15,484	58,332	39,839
Non-controlling interests		-	(146)	-	186
Profit for the period		29,696	15,338	58,332	40,025
Total comprehensive income attributable to:					
Owners of the Company		25,525	20,829	44,230	33,622
Non-controlling interests		-	(146)	-	186
Total comprehensive income for the period		25,525	20,683	44,230	33,808
Basic earnings per ordinary share (sen)	A12(a)	6.21	3.24	12.21	8.34
Diluted earnings per ordinary share (sen)	A12(b)	6.21	3.24	12.21	8.34

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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 – unaudited

		30 September 2017	31 December 2016
	Note	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment		352,175	374,338
Prepaid lease payments	A13	11,278	12,501
Intangible assets	A14	11,945	11,945
Investment property		24,680	25,846
Investment in associates		6,443	6,962
Deferred tax assets		-	-
		406,521	431,592
Current assets			
Derivative financial assets		282	11,200
Inventories		709,696	713,324
Trade and other receivables		259,982	274,282
Tax recoverable		-	242
Deposits, bank and cash balances		74,088	62,646
		1,044,048	1,061,694
Total assets		1,450,569	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		46,651	60,753
Retained profits		305,176	246,844
Equity attributable to owners of the Company		468,464	424,234
Total equity		468,464	424,234
Non-current liabilities			
Loans and borrowings	A16	22,073	54,563
Provision for employee benefit		1,373	1,459
Deferred tax liabilities		19,668	20,337
		43,114	76,359
Current liabilities			
Derivative financial liabilities		9,664	35,553
Trade and other payables		182,788	301,421
Loans and borrowings	A16	742,143	655,719
Tax payable		4,396	-
		938,991	992,693
Total liabilities		982,105	1,069,052
Total equity and liabilities		1,450,569	1,493,286
Net assets per share (sen)			
attributable to owners of the Company		98.02	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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 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	-	-	-	-	58,332	58,332	-	58,332
Other comprehensive income for the period:								
foreign currency translation	-	-	-	(14,102)	-	(14,102)	-	(14,102)
Total comprehensive income for the year	-	-	-	(14,102)	58,332	44,230	-	44,230
Balance at 30 September 2017	120,040	(5,195)	1,792	46,651	305,176	468,464	-	468,464
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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2017 – unaudited

	Nine Months Ended	
	30-Sep-17	30-Sep-16
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	70,190	46,940
Adjustments for:		
Non-cash and non-operating items	23,342	33,935
Operating profit before working capital changes	93,532	80,875
Changes in working capital		
Net change in current assets	30,322	132,635
Net change in current liabilities	(120,964)	(201,971)
Cash generated from operations	2,890	11,539
Tax paid	(1,156)	(458)
Interest paid	(14,839)	(13,227)
Interest received	461	1,212
Net cash from operating activities	(12,644)	(934)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,089)	(3,096)
Proceeds from disposal of subsidiaries	-	11,999
Acquisition of Subsidiary	(13,122)	-
Proceeds from disposal of PPE	2,982	188
Payment for the lease rental	(124)	(124)
Net cash used in investing activities	(19,353)	8,967
Cash flows from financing activities		
Bank and other borrowings	53,930	(1,738)
(Payment to) / Advances from holding company	(7,104)	11,935
Changes in fixed deposit pledged	1,546	(3)
Proceed from exercised of warrants	-	2,203
Net cash used in financing activities	48,372	12,397
Net increase in cash and cash equivalents	16,375	20,430
Effect of exchange rate changes	(3,386)	48,975
Cash and cash equivalents at the beginning of financial period	48,433	26,731
Cash and cash equivalents at the end of financial period	61,422	96,136
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	74,088	98,722
Bank overdrafts	-	-
	74,088	98,722
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(12,666)	(2,586)
	61,422	96,136

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 – THIRD QUARTER ENDED 30 SEPTEMBER 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

First interim single-tier dividend of 1.5 sen per ordinary share amounting to RM7,168,768.57 in respect of the financial year ended 31 December 2017 was declared on 05 September 2017 and subsequently paid on 13 October 2017. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 19 September 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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.

Nine Months Ended 30 September 2017	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	811,367	729,147	70,853	45,109	-	1,656,476
Internal segment revenue	608,754	1,299,120	55,645	-	(1,963,519)	-
Total revenue	1,420,121	2,028,267	126,498	45,109	(1,963,519)	1,656,476
Segment result	52,235	41,477	15,664	(3,846)	(1,739)	103,791
Interest income						461
Finance cost						(14,910)
Depreciation & amortisation						(19,152)
Profit before tax						70,190
Tax expenses						(11,858)
Profit for the period						58,332
Segment assets	725,915	362,695	286,030	75,929	-	1,450,569
Total assets						1,450,569
Segment liabilities	34,539	147,396	7,816	4,074	-	193,825
Deferred tax liabilities						19,668
Tax payables						4,396
Borrowings						764,216
						982,105

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A8. Segmental information – (cont'd)

Nine Months Ended 30 September 2016	Malaysia	Singapore	Indonesia	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical Segments:						
Total external revenue	689,863	971,804	74,411	36,211	-	1,772,289
Internal segment revenue	435,316	1,506,992	765,253	-	(2,707,561)	-
Total revenue	1,125,179	2,478,796	839,664	36,211	(2,707,561)	1,772,289
Segment result	14,949	46,933	17,419	(7,125)	9,753	81,929
Interest income						1,212
Finance cost						(15,759)
Depreciation & amortisation						(20,442)
Profit before tax						46,940
Tax expenses						(6,915)
Profit for the period						40,025
Segment assets	669,803	434,187	329,882	39,838	-	1,473,710
Deferred tax assets						121
Tax recoverable						7,150
Total assets						1,480,981
Segment liabilities	47,317	147,153	7,669	11,225	-	213,364
Deferred tax liabilities						22,877
Tax payables						966
Borrowings						831,520
						1,068,727

A9. Changes in the composition of the Group

On 1 July 2017, Sale of Shares Agreement for acquisition of 3,760,000 ordinary shares, representing 100% of the total issued and paid-up share capital of Koko Budi Sdn. Bhd. ("KBSB") has been executed and GCB is entitled to absolute management of KKSBB. Hence, KKSBB is considered as a wholly-owned subsidiary of GCB starting Q3 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 30-Sep-17 RM'000	Current Year To-Date 30-Sep-17 RM'000
Amortisation of prepaid lease payments	146	446
Depreciation	6,217	18,706
Realised loss / (gain) on foreign exchange	387	(17,005)
Realised loss on forward currency contracts	-	981
Realised (gain) / loss on commodity future contracts	(10,316)	14,104
Unrealised gain on foreign exchange	(2,276)	(1,607)
Unrealised loss on forward currency contracts	4,456	7,750
Unrealised loss / (gain) on commodity future contracts	2,577	(21,864)
Unrealised loss / (gain) on commodity option contracts	2,302	(1,443)
Unrealised (gain) / loss on currency option contracts	(1,416)	552
Unrealised loss / (gain) on interest rate swap	8	(67)
(Reversal) / Write down of inventories	(2,224)	1,221
Interest expense	4,888	14,839
Interest income	(106)	(461)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Income tax expense:				
- Current period estimate	6,654	(1,804)	11,858	3,195
- Under/ (over)provision in prior year	-	(860)	-	(860)
Withholding tax	-	-	-	-
Deferred tax				
- Originated of temporary differences	-	2,675	-	2,675
- (Over) provision in prior year	-	1,905	-	1,905
	6,654	1,916	11,858	6,915

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 higher than the statutory tax rate principally due to better performance achieved.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Profit for the financial period attributable to owners of the Company (RM'000)	29,696	15,484	58,332	39,839
Weighted average number of ordinary shares in issue ('000)	477,918	477,736	477,918	477,736
Basic earnings per share (sen)	6.21	3.24	12.21	8.34

- (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-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Profit for the financial period attributable to owners of the Company (RM'000)	29,696	15,484	58,332	39,839
Weighted average number of ordinary shares in issue ('000)	477,918	477,736	477,918	477,736
Adjusted weighted average number of ordinary shares in issue and issuales	477,918	477,736	477,918	477,736
Diluted earnings per share (sen)	* 6.21	3.24	* 12.21	8.34

* 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 – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A13. Prepaid lease payments

	30-Sep-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	(446)	(668)
Sub-lease rental	(225)	(259)
Foreign exchange difference	(676)	481
Disposal of subsidiaries	-	(1,485)
At 31 December	11,278	12,501
Analysed as:		
Sub-leases of warehouse	588	813
Leasehold land	10,690	11,688
	11,278	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	11,945	-	-	11,945
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 30 September 2017	11,945	-	-	11,945
Accumulated amortisation and impairment				
At 1 January 2016	(705)	(1,016)	(972)	(2,693)
Amortisation	-	-	-	-
Impairment	-	-	-	-
Disposal of subsidiary	705	1,016	972	2,693
At 31 December 2016 and 1 January 2017	-	-	-	-
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 30 September 2017	-	-	-	-
Net carrying amount:				
At 31 December 2016	11,945	-	-	11,945
At 30 September 2017	11,945	-	-	11,945

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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
	RM000	RM000	RM000	RM000
30 September 2017				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	-	-	-
- commodity futures contract	282	-	-	282
	282	-	-	282
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	6,169	-	6,169
- commodity futures contract	3,495	-	-	3,495
	3,495	6,169	-	9,664
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

As at reporting date, the Group held the following financial assets or liabilities that are not measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM000	RM000	RM000	RM000
30 September 2017				
Other financial liabilities				
- hire purchases	-	174	-	174
- term loans	-	83,584	-	83,584
	-	83,758	-	83,758
31 December 2016				
Other financial liabilities				
- hire purchases	-	323	-	323
- term loans	-	124,656	-	124,656
	-	124,979	-	124,979

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A16. Loans and borrowings

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

	Denominated in currency	30-Sep-17 RM'000	31-Dec-16 RM'000
Current			
- Bankers' acceptances	RM	5,102	-
- Term loans	USD	61,511	70,225
- Trade loans	USD	636,042	539,340
- Revolving credit	RM	39,314	45,963
- Obligation under finance leases	RM	174	191
		742,143	655,719
Non-Current			
- Term loans	USD	22,073	54,431
- Obligation under finance leases	RM	-	132
		22,073	54,563
		764,216	710,282

A17. Contingent liabilities

	Group and company	
	30-Sep-17 RM'000	31-Dec-16 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	1,627,899	1,485,093
- amount utilised	(1,050,691)	(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'000 315
	315

(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	43,123
	43,123

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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 542.9 million for the current quarter ended 30 September 2017 is lower than the revenue in the previous corresponding quarter ended 30 September 2016 of RM 597.5 million. The decrease of 9.1% in turnover is mainly due to decrease in sales volume of cocoa cake and overall selling price of cocoa products.

The Group made a profit before tax for the quarter 30 September 2017 of RM 36.4 million as compared with the profit before tax of RM 17.3 million in the preceding year corresponding quarter ended 30 September 2016. This is mainly due to lower bean price for current quarter ended 30 September 2017 as compared to preceding year corresponding quarter ended 30 September 2016.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 36.4 million for the current quarter as compared to a profit before tax of RM 27.1 million in the immediate preceding quarter. This is mainly due to reducing bean purchase price contributing to better profit margin.

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 – THIRD QUARTER ENDED 30 SEPTEMBER 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	353,465 -	(7,545) -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	48,075 32,613	(953) (368)	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 – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B8. Dividend declared or recommended

On 13 November 2017, the board declared the second interim single-tier dividend of 1 sen per ordinary share in respect of financial year ending 31 December 2017 to shareholders registered in the Record of Depositors at close of business on 28 November 2017 and subsequently will be paid on 27 December 2017.

B9. Realised and Unrealised Profits/Losses Disclosure

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

	Current Quarter Ended 30-Sep-17 RM'000	Preceding Year To-Date Ended 31-Dec-16 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	353,842	295,723
- Unrealised	(18,016)	(33,076)
	335,826	262,647
Total share of profit / (loss) from associates		
- Realised	(519)	(318)
Less: Consolidated adjustments	(30,131)	(15,485)
Total group retained profits as per consolidated financial statements	305,176	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: 13.11.2017