



安裕資源有限公司

**ANN JOO RESOURCES BERHAD** (371152-U)

(Incorporated in Malaysia)

**ANN JOO RESOURCES BERHAD  
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND TWELVE MONTHS ENDED  
31 DECEMBER 2015**

**ANN JOO RESOURCES BERHAD (371152-U)**

The Board of Directors of Ann Joo Resources Berhad ("AJR" or the "Company") is pleased to announce the unaudited results for the fourth financial quarter ended 31 December 2015

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income  
For the twelve months ended 31 December 2015**

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	413,542	491,091	1,760,928	2,291,974
Operating expenses	(449,309)	(488,404)	(1,847,890)	(2,227,630)
Other income	2,431	2,721	6,520	16,969
Finance costs	(14,627)	(14,782)	(60,092)	(56,323)
Share of results of associates	2	(5)	(10)	(20)
(Loss)/profit before tax	(47,961)	(9,379)	(140,544)	24,970
Income tax credit/(expense)	293	1,796	5,069	(1,582)
<b>(Loss)/profit for the period</b>	<b>(47,668)</b>	<b>(7,583)</b>	<b>(135,475)</b>	<b>23,388</b>
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation differences				
for foreign operations	(523)	1,002	3,533	983
Change in fair value of				
available-for-sale financial assets	4	(6)	-	(2)
Net movement on cash flow hedge:				
- Foreign currency forward contracts	(661)	-	55	-
Other comprehensive (loss)/income for				
the period, net of tax	(1,180)	996	3,588	981
<b>Total comprehensive (loss)/income for the period</b>	<b>(48,848)</b>	<b>(6,587)</b>	<b>(131,887)</b>	<b>24,369</b>
<b>(Loss)/profit attributable to:</b>				
Owners of the parent	(47,668)	(7,583)	(135,475)	23,388
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	(48,848)	(6,587)	(131,887)	24,369
<b>Earnings per share ("EPS") (sen):</b>				
Basic and diluted EPS	(9.52)	(1.51)	(27.06)	4.67

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Financial Position**  
**As at 31 December 2015**

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(audited)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,038,971	1,077,284
Prepaid lease payments	10,846	11,165
Investment properties	4,058	4,105
Intangible assets	7,182	7,182
Investment in associates	498	8
Other investments	29	29
Deferred tax assets	78,166	67,445
	<u>1,139,750</u>	<u>1,167,218</u>
<b>Current Assets</b>		
Inventories	951,990	1,165,046
Receivables and prepayments	287,659	324,254
Derivative assets	171	-
Current tax assets	4,129	3,302
Cash and bank balances	62,415	61,812
	<u>1,306,364</u>	<u>1,554,414</u>
<b>TOTAL ASSETS</b>	<u>2,446,114</u>	<u>2,721,632</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share Capital	522,708	522,708
Treasury shares	(71,366)	(71,343)
Other reserves	86,135	82,547
Retained earnings	389,099	529,581
<b>Total Equity</b>	<u>926,576</u>	<u>1,063,493</u>
<b>Non-current Liabilities</b>		
Loans and borrowings	-	220,000
Provision for retirement benefits	5,942	6,238
Deferred tax liabilities	14,230	15,084
	<u>20,172</u>	<u>241,322</u>
<b>Current Liabilities</b>		
Loans and borrowings	1,300,283	1,183,539
Payables and accruals	198,353	231,400
Derivative liability	-	-
Current tax liabilities	730	1,878
	<u>1,499,366</u>	<u>1,416,817</u>
<b>Total Liabilities</b>	<u>1,519,538</u>	<u>1,658,139</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,446,114</u>	<u>2,721,632</u>
Net assets per share attributable to owners of the parent (RM)	<u>1.85</u>	<u>2.12</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows**  
**For the twelve months ended 31 December 2015**

	<b>12 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(140,544)	24,970
Adjustments for non-cash items	179,726	142,963
Operating profit before working capital changes	39,182	167,933
Changes in working capital		
Net change in current assets	180,799	322,492
Net change in current liabilities	(35,772)	23,095
Interest received	2,458	2,428
Interest paid	(46,650)	(39,579)
Tax paid	(8,047)	(8,957)
Tax refunded	2,223	4,447
Retirement benefits paid	(1,130)	(1,098)
Net cash flows generated from operating activities	<u>133,063</u>	<u>470,761</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary	-	(161)
Interest received	1	1
Proceeds from disposal of property, plant and equipment	861	4,998
Acquisition of associate	(300)	-
Purchase of property, plant and equipment	(10,214)	(15,016)
Purchase of other investment	-	(14)
Net cash flows used in investing activities	<u>(9,652)</u>	<u>(10,192)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of bank borrowings	(107,680)	(425,958)
Share buybacks	(23)	(59)
Interest paid	(13,442)	(16,744)
Dividends paid to shareholders	(5,007)	(10,012)
Additional of fixed deposit pledged with licensed banks	1,088	(34)
Net cash flows used in financing activities	<u>(125,064)</u>	<u>(452,807)</u>
Net change in cash and cash equivalents	(1,653)	7,762
Effects of foreign exchanges rate changes	3,343	1,211
Cash and cash equivalents at beginning of year	57,018	48,045
Cash and cash equivalents at end of period	<u>58,708</u>	<u>57,018</u>

**Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise:

	<b>12 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	62,415	61,812
Less: Pledged deposits	(3,707)	(4,794)
	<u>58,708</u>	<u>57,018</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**ANN JOO RESOURCES BERHAD (371152-U)**

**Condensed Consolidated Statements of Changes in Equity  
For the twelve months ended 31 December 2015**

	----- Non-distributable -----		----- Distributable -----		
	Share capital RM'000	Other reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2015</b>	522,708	82,547	(71,343)	529,581	1,063,493
Loss for the period	-	-	-	(135,475)	(135,475)
Other comprehensive income for the period	-	3,588	-	-	3,588
Total comprehensive income/(loss) for the period	-	3,588	-	(135,475)	(131,887)
Share buybacks	-	-	(23)	-	(23)
Dividends to owners of the Company	-	-	-	(5,007)	(5,007)
<b>At 31 December 2015</b>	<b>522,708</b>	<b>86,135</b>	<b>(71,366)</b>	<b>389,099</b>	<b>926,576</b>
<b>At 1 January 2014</b>	522,708	82,007	(71,284)	515,764	1,049,195
Profit for the period	-	-	-	23,388	23,388
Other comprehensive income for the period	-	981	-	-	981
Total comprehensive income for the period	-	981	-	23,388	24,369
Share buybacks	-	-	(59)	-	(59)
Realisation of other equity reserves to retained earnings upon disposal of property, plant and equipment	-	(441)	-	441	-
Dividends to owners of the Company	-	-	-	(10,012)	(10,012)
<b>At 31 December 2014</b>	<b>522,708</b>	<b>82,547</b>	<b>(71,343)</b>	<b>529,581</b>	<b>1,063,493</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2015**

**1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements (“interim financial statements”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014. 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 financial year ended 31 December 2014.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2014, except for the following new and revised Amendments to MFRSs and Issue Committee Interpretations (“IC Interpretation”) which are applicable to its financial statements:

**1.1 Adoption of Amendments to MFRSs and IC Interpretation**

On 1 January 2015, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2015.

Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions  
Annual Improvements to MFRSs 2010 -2012 Cycle  
Annual Improvements to MFRSs 2011 -2013 Cycle

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

**1.2 MFRSs and Amendments to MFRSs issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

**Effective for financial periods beginning on or after 1 January 2016**

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128 <sup>1</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>

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**1. BASIS OF PREPARATION (CONTINUED)**

**1.2 MFRSs and Amendments to MFRSs issued but not yet effective (continued)**

**Effective for financial periods beginning on or after 1 January 2016 (continued)**

Amendments to MFRS 10, Investment Entities: Applying the Consolidation  
MFRS 12 and MFRS 128 Exception  
Annual Improvements to MFRSs 2012 – 2014 Cycle

**Effective for financial periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments (IFRS 9 as issued by International  
Accounting Standards Board (“IASB”) in July 2014)  
MFRS 15<sup>2</sup> Revenue from Contracts with Customers<sup>2</sup>

<sup>1</sup> Deferred to a date to be determined by the MASB

<sup>2</sup> The standard was initially effective for annual periods beginning on or after 1 January 2017, but issued in October 2015, moved the mandatory effective date to 1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

**2 SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

Except for the major festive seasons when activities slow down, the pace of the Group’s business generally moves in tandem with the performance of the economy.

**3 NATURE AND AMOUNT OF UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter and year ended 31 December 2015.

**4 NATURE AND AMOUNT OF CHANGES IN ESTIMATES**

There were no major changes in estimates that have had any material effect on the quarter and twelve months results ended 31 December 2015.

**5 DEBT AND EQUITY SECURITIES**

During the quarter under review, there were no issuances, cancellations, resale or repayment of debt and equity securities. As at 31 December 2015, out of the total 522,708,178 issued and fully paid ordinary shares, 22,129,300 shares were held as treasury shares at an average purchase price of RM3.23 per share. The share buyback transactions were financed by internally generated funds.

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**6 DIVIDENDS PAID**

During the financial year ended 31 December 2015, the Company has paid a final single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2014 amounting to RM5,006,510 on 23 June 2015 (31 December 2014: an interim single-tier dividend of 2 sen per share amounting to RM10,012,418).

**7 SEGMENTAL INFORMATION**

**7.1 Business Segments**

The segment revenue, segment results and segment assets for the twelve months ended 31 December 2015 were as follows:-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Investment holding, property management and others RM'000</b>	<b>Adjustments and elimination RM'000</b>	<b>Total RM'000</b>
<b>REVENUE</b>					
External customers	1,183,090	575,761	2,077	-	1,760,928
Inter-segment	94,059	461	29,929	(124,449)	-
	<u>1,277,149</u>	<u>576,222</u>	<u>32,006</u>	<u>(124,449)</u>	<u>1,760,928</u>
<b>RESULTS</b>					
Segment results	(93,531)	31	11,414	(815)	(82,901)
Finance costs					(60,092)
Interest income					2,459
Share of associates results					(10)
Income tax credit					5,069
Loss for the period					<u>(135,475)</u>
Segment assets	<u>2,032,151</u>	<u>505,294</u>	<u>120,148</u>	<u>(211,479)</u>	<u>2,446,114</u>
Segment liabilities	<u>1,372,062</u>	<u>346,718</u>	<u>31,590</u>	<u>(230,832)</u>	<u>1,519,538</u>

**7.2 Geographical Segments**

	<u><b>RM'000</b></u>
<b>Revenue from external customers</b>	
Malaysia	1,726,050
Singapore	34,878
	<u>1,760,928</u>
<b>Non-current assets</b>	
Malaysia	1,059,117
Singapore	2,438
	<u>1,061,555</u>



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**8 (LOSS)/PROFIT BEFORE TAX**

	<b>3 months ended</b>	<b>12 months ended</b>
	<b>31.12.2015</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(Loss)/profit before tax is arrived at after charging:</b>		
Allowance for doubtful debts	2,669	2,669
Allowance for diminution in value of raw materials	1,380	7,052
Amortisation of prepaid lease payments	171	319
Depreciation of investment properties	12	47
Depreciation of property, plant and equipment	12,387	47,812
Interest expenses	14,627	60,092
Property, plant and equipment written off	-	1
(Reversal of)/inventories written down to net realization value ("NRV")	(3,714)	60,561
<b>and after crediting:</b>		
Bad debts recovered	1	9
Derivative gain	173	116
Foreign exchange gain/(loss)		
- realised	3,071	1,341
- unrealised	1,949	(4,005)
Gain on disposal of property, plant and equipment	446	628
Interest income	1,401	2,459

**9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There has not arisen in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter in respect of which this announcement is made.

**10 CHANGES IN THE COMPOSITION OF THE GROUP**

On 13 May 2015, a wholly owned subsidiary of the Company, Ann Joo Metal Sdn Bhd ("AJM"), acquired a 30% equity interest in Anjung Jasa Sdn Bhd ("AJASA") and thereby, AJASA became an associate of AJM.

Save as disclosed above, there were no significant changes in the composition of the Group during the financial period under review.

**11 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no material changes in contingent liabilities or contingent assets since the last annual reporting date.

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**12 CAPITAL COMMITMENTS**

The capital commitments as at 31 December 2015 were as follows:-

	<u>RM'000</u>
(a) contracted but not provided for	10,215
(b) approved but not contracted for	<u>6,291</u>

**13 REVIEW OF PERFORMANCE**

During the quarter under review ("4Q15"), the Group recorded revenue of RM413.54 million, a decrease of RM77.55 million or 16% as compared to RM491.09 million in the quarter ended 31 December 2014 ("4Q14"). Manufacturing revenue decreased by RM31.27 million to RM289.06 million in 4Q15 compared to RM320.33 million in 4Q14 whereas Trading revenue decreased by RM46.46 million to RM123.96 million in 4Q15 compared to RM170.42 million in 4Q14. This was mainly due to depressed selling prices resulted from persistent influx of artificially cheap Chinese steel products particularly the import of steel bars.

The Group posted a loss before tax ("LBT") of RM47.96 million for 4Q15 as compared to RM9.38 million in 4Q14. Manufacturing segment loss was RM32.72 million in 4Q15 against RM1.14 million in 4Q14. Trading Division recorded a segment loss of RM2.22 million in 4Q15 against segment profit of RM3.34 million in 4Q14. The LBT for the current quarter was mainly attributable to margin erosion triggered by plummeted steel prices and dogged import of steel products from China despite higher tonnage sold.

On a year-on-year basis, the Group recorded a LBT of RM140.54 million FY2015 as compared to PBT of RM24.97 million in FY2014. Manufacturing Division recorded segment loss of RM93.53 million in FY2015 against segment profit of RM35.90 million in FY2014 whereas Trading segment profit reduced to RM31k in FY2015 as compared to RM31.58 million in FY2014. The LBT was mainly attributable to steep plunge in selling price which resulted in margin erosion and thus recognition of inventory written down to NRV of RM60.56 million in FY2015.

**14 VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

The Group posted revenue of RM413.54 million in 4Q15, RM88.07 million higher than the revenue of RM325.47 million in 3Q15. Higher revenue was mainly contributed by higher sale tonnage of both Manufacturing and Trading Divisions. The Group posted a LBT of RM47.96 million in 4Q15 as compared to RM83.80 million in 3Q15. The improvement in LBT was mainly attributable to net reversal of inventories written down to NRV amounted to RM3.71 million in 4Q15 against inventory written down to NRV value of RM51.48 million as well as net forex exchange loss of RM6.77 million in 3Q15.

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**15 PROSPECT**

While the outlook of global steel industry remains gloomy as it continues to be weighed down by the oversupply situation, the Chinese government announced its target to remove 100 to 150 million tons of crude steelmaking capacity over a period of five years to battle excess capacity problem in China with unwavering determination. Though the year 2016 started with a surge in steel prices, the sustainability of this recovery is still uncertain.

On the local front, steel demand is visibly improving in tandem with the growth of construction activities. The rollout of construction activities of mega infrastructure projects such as the MRT II, LRT Line III and Menara Warisan Merdeka will boost the steel consumption. Nevertheless, domestic market is still daunted by overflowing import tonnage from China. The enforcement of the CIDB (Amendments) Act 2011 which took effect on 1 December 2015 and any product quality enforcement efforts may help to curb circumvention by Chinese steel mills.

Given the challenging economic condition and market outlook, the Group remains focus on lowering the production cost leveraging on the current material price and blast furnace technology. The performance of the Group for the year 2016 still remained heavily dependent on the price trend of steel products and the effectiveness of enforcement activities to curb the influx of imports.

**16 VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Group did not issue any profit forecast or profit guarantee for the financial year ended 31 December 2015.

**17 INCOME TAX**

The income tax expenses/(credit) comprise of:-

	<b>3 months ended</b>	<b>12 months ended</b>
	<b>31.12.2015</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income tax</b>		
Current period	356	2,952
Under provision in prior years	2,219	3,566
	<u>2,575</u>	<u>6,518</u>
<b>Deferred tax</b>		
Current period	(2,203)	(7,236)
Over provision in prior year	(665)	(4,351)
	<u>(2,868)</u>	<u>(11,587)</u>
	<u>(293)</u>	<u>(5,069)</u>

The Group's effective tax rate for the current quarter and financial year were lower than the statutory tax rate mainly due to non-recognition of deferred tax assets by a loss making subsidiary during the year.

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**18 STATUS OF CORPORATE PROPOSALS**

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

**19 GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 31 December 2015 were as follows:-

	<u>RM'000</u>
<b>Short term borrowings:</b>	
Secured	218,707
Unsecured	1,081,576
<b>Total borrowings</b>	<u>1,300,283</u>

The Group's borrowings are denominated in MYR, except for approximately RM115.94 million (USD26.99 million) of the above borrowings which are denominated in USD.

**20 MATERIAL LITIGATION**

There was no material litigation against the Group as at the date of this report.

**21 DIVIDEND**

The Board of Directors does not recommend any final dividend in respect of the financial year ended 31 December 2015 (4<sup>th</sup> quarter 2014: nil).

**22 EARNINGS PER SHARE ("EPS")**

Basic EPS is calculated by dividing the (loss)/profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the quarter and financial year ended 31 December 2015 as set out below:

		<u>3 months ended</u> <u>31.12.2015</u>	<u>12 months ended</u> <u>31.12.2015</u>
Total loss attributable to owners of the Parent	(RM'000)	(47,668)	(135,475)
Weighted average number of ordinary shares in issue or issuable	('000)	500,579	500,584
Basic and diluted EPS	(sen)	<u>(9.52)</u>	<u>(27.06)</u>

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**23 REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE**

The retained earnings as at 31 December 2015 were analysed as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
Realised	504,298	659,542
Unrealised	73,473	60,059
	<u>577,771</u>	<u>719,601</u>
Total share of retained earnings from associate:		
Realised	(32)	8
	<u>577,739</u>	<u>719,609</u>
Less: Consolidated adjustments	(188,640)	(190,028)
Total group retained earnings	<u>389,099</u>	<u>529,581</u>

**24 STATUS OF AUDIT QUALIFICATION**

There was no audit qualification on the audit report of the preceding annual financial statements.

**25 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2016.

By Order of the Board  
Leong Oi Wah (MAICSA 7023802)  
Mabel Tio Mei Peng (MAICSA 7009237)  
Company Secretaries  
25 February 2016  
Selangor Darul Ehsan