

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016 - UNAUDITED

	Notes	Quarter ended 31 March		Cumulative period ended 31 March	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	A10	31,024	26,821	31,024	26,821
Cost of sales		(21,813)	(21,506)	(21,813)	(21,506)
Gross profit		9,211	5,315	9,211	5,315
Other income		355	725	355	725
Administrative expenses		(5,311)	(4,601)	(5,311)	(4,601)
Selling and marketing expenses		(743)	(1,230)	(743)	(1,230)
Other expenses		(891)	(517)	(891)	(517)
Finance costs		(381)	(209)	(381)	(209)
Interest income		46	41	46	41
Share of profit of a joint venture (net of tax)		(3)	(4)	(3)	(4)
Profit/(loss) before tax	A10	2,283	(480)	2,283	(480)
Tax expense	B5	(583)	(262)	(583)	(262)
Profit/(loss) for the period	A10	1,700	(742)	1,700	(742)
Other comprehensive income					
Foreign currency translations		(652)	396	(652)	396
Total comprehensive income/(loss) for the period		1,048	(346)	1,048	(346)
Profit/(loss) attributable to:					
Owners of the parent		1,571	(361)	1,571	(361)
Non-controlling interest		129	(381)	129	(381)
		1,700	(742)	1,700	(742)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		922	29	922	29
Non-controlling interest		126	(375)	126	(375)
		1,048	(346)	1,048	(346)
Earnings per ordinary share attributable to owners of the parent (sen):	B11				
Basic		1.07	(0.25)	1.07	(0.25)
Diluted		0.97	NA	0.97	NA

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016 - UNAUDITED

	Notes	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Non-current assets			
Property, plant and equipment		46,201	47,958
Investment in a joint venture		1,067	1,413
Deferred tax assets		14	15
Intangible assets		1,513	1,534
Total non-current assets		<u>48,795</u>	<u>50,920</u>
Current assets			
Inventories		20,592	22,035
Property development costs		146,376	146,297
Trade and other receivables		25,133	24,273
Current tax assets		483	537
Cash and bank balances		21,695	24,057
Total current assets		<u>214,279</u>	<u>217,199</u>
Total assets		<u><u>263,074</u></u>	<u><u>268,119</u></u>
Equity			
Share capital		74,025	72,531
Share premium		1,054	68
Warrant reserve		4,107	4,346
Treasury shares		(87)	(87)
Exchange translation differences		(1,867)	(1,218)
Retained earnings	B13	42,768	41,197
Total attributable to owners of the parent		120,000	116,837
Non-controlling interests		(1,632)	(1,758)
Total equity		<u>118,368</u>	<u>115,079</u>
Non-current liabilities			
Borrowings	B7	30,302	35,316
Trade and other payables		19,353	28,754
Deferred tax liabilities		1,179	1,179
Total non-current liabilities		<u>50,834</u>	<u>65,249</u>
Current liabilities			
Trade and other payables		51,859	43,119
Borrowings	B7	41,623	44,239
Current tax liabilities		390	433
Total current liabilities		<u>93,872</u>	<u>87,791</u>
Total liabilities		<u>144,706</u>	<u>153,040</u>
Total equity and liabilities		<u><u>263,074</u></u>	<u><u>268,119</u></u>
Net assets per share attributable to owners of the parent (RM)	B12	<u>0.8117</u>	<u>0.8066</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

PRG HOLDINGS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016 - UNAUDITED

Notes	<----- Attributable to owners of the parent ----->							Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	translation differences RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
Balance at 1 January 2015	72,531	68	(5,131)	4,346	(87)	36,571	108,298	(355)	107,943
Loss for the period	-	-	-	-	-	(361)	(361)	(381)	(742)
Foreign currency translations	-	-	390	-	-	-	390	6	396
Balance at 31 March 2015	<u>72,531</u>	<u>68</u>	<u>(4,741)</u>	<u>4,346</u>	<u>(87)</u>	<u>36,210</u>	<u>108,327</u>	<u>(730)</u>	<u>107,597</u>
Balance at 1 January 2016	72,531	68	(1,218)	4,346	(87)	41,197	116,837	(1,758)	115,079
Profit for the period	-	-	-	-	-	1,571	1,571	129	1,700
Foreign currency translations	-	-	(649)	-	-	-	(649)	(3)	(652)
Issuance of shares pursuant to exercise of warrants	1,494	986	-	(239)	-	-	2,241	-	2,241
Balance at 31 March 2016	<u>74,025</u>	<u>1,054</u>	<u>(1,867)</u>	<u>4,107</u>	<u>(87)</u>	<u>42,768</u>	<u>120,000</u>	<u>(1,632)</u>	<u>118,368</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2016
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016 - UNAUDITED

	Year-to-date ended 31 March	
	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	2,283	(480)
Adjustments for:		
Non-cash items	1,326	1,646
Finance costs	381	209
Interest income	(46)	(41)
Share of profit of a joint venture	3	4
Operating profit before changes in working capital	<u>3,947</u>	<u>1,338</u>
Decrease/(Increase) in inventories	987	(354)
(Increase)/decrease in trade and other receivables	(299)	2,368
Increase in property development costs	(78)	(1,374)
Decrease in trade and other payables	<u>(1,223)</u>	<u>(3,377)</u>
Cash generated from/(used in) operations	3,334	(1,399)
Tax paid (net with tax refunded)	<u>(605)</u>	<u>(401)</u>
Net cash from/(used in) operating activities	<u>2,729</u>	<u>(1,800)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(245)	(2,929)
Dividends received from a joint venture	319	703
Interest received	46	41
Proceeds from disposal of property, plant and equipment	<u>475</u>	<u>120</u>
Net cash from/(used in) investing activities	<u>595</u>	<u>(2,065)</u>
Cash flows from financing activities		
Interest paid	(381)	(209)
Drawdown of borrowings	6,727	11,938
Repayments of borrowings	(13,683)	(4,274)
Repayments of hire purchase creditors	(475)	(123)
Proceeds from issuance of shares pursuant to exercise of warrants	<u>2,240</u>	<u>-</u>
Net cash (used in)/from financing activities	<u>(5,572)</u>	<u>7,332</u>
Net (decrease)/increase in cash and cash equivalents	(2,248)	3,467
Effects of exchange rate changes	(333)	(120)
Cash and cash equivalents at beginning of period	<u>20,743</u>	<u>13,491</u>
Cash and cash equivalents at end of period	<u>18,162</u>	<u>16,838</u>
Cash and cash equivalents comprise:		
Cash and bank balances	21,695	19,430
Less: Bank overdraft	(849)	-
Deposits placed with financial institutions		
with original maturity of more than three (3) months	(28)	(25)
Restricted cash	<u>(2,656)</u>	<u>(2,567)</u>
	<u>18,162</u>	<u>16,838</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT – 31 MARCH 2016

PART A: NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of *FRS 134 Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2015 except for those disclosed in Note A2.

The 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 financial position and performance of the Group since the financial year ended 31 December 2015 and should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2015.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning on or after 1 January 2016.

- FRS 14 Regulatory Deferral Accounts
- Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127 Equity Method in Separate Financial Statements
- Amendments to FRSs Annual Improvements to 2012-2014 Cycle
- Amendments to FRS 101 Disclosure Initiative
- Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception

Adoption of the above pronouncements does not have any significant impact to the Group.

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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The following are Standards of the FRS Framework that have been issued by MASB but have not been early adopted by the Group.

FRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for future financial years.

A3. AUDITORS' REPORT ON PRECEDING YEAR'S FINANCIAL STATEMENTS

The report of the auditors to members of the Company dated 11 April 2016 on the audited financial statements for the financial year ended 31 December 2015 did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965.

A4. SEASONALITY OF OPERATIONS

The Group's results were not materially affected by any major seasonal or cyclical factors.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date under review.

A6. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates that have had a material effect in the current quarter and financial year-to-date results.

A7. DEBT AND EQUITY SECURITIES

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

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A8. DIVIDENDS PAID

No dividend were paid during the current quarter and financial year-to-date under review in relation to the financial year ending 31 December 2016.

A9. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(b) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(c) Valuation

The valuation of land and buildings has been brought forward without amendment from the previous year's financial statements.

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A10. OPERATING SEGMENTS

Information on reportable segments is presented as follows:

For the period ended 31 March	Manufacturing		Property development & construction		Others		Eliminations		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue										
Revenue from external customers	22,272	20,976	8,752	5,845	-	-	-	-	31,024	26,821
Inter-segment revenue	188	267	590	-	1,389	-	(2,167)	(267)	-	-
Total revenue	22,460	21,243	9,342	5,845	1,389	73	(2,167)	(267)	31,024	26,821
Segment Results	391	1,090	2,267	(891)	(372)	(675)	-	-	2,286	(476)
Share of profit of a joint venture (net of tax)	(3)	(4)	-	-	-	-	-	-	(3)	(4)
Profit/(loss) before tax	388	1,086	2,267	(891)	(372)	(675)	-	-	2,283	(480)
Taxation									(583)	(262)
Profit/(loss) for the financial period									1,700	(742)

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A11. EVENTS AFTER BALANCE SHEET DATE

There were no material events subsequent to the end of the financial period.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

A13. CONTINGENT ASSETS

The Group does not have any contingent assets as at the end of the quarter under review.

A14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in other contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2015.

A15. CAPITAL COMMITMENTS

There were no capital commitments outstanding not provided for in the financial statements as at the end of the quarter under review.

A16. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended 31 March		Cumulative period ended 31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sale of goods	<u>373</u>	<u>25</u>	<u>373</u>	<u>25</u>

The above sales transactions are with a company in which directors of a subsidiary has an interest.

Apart from the above, there were no other material related party transactions entered into during the current quarter and financial year-to-date under review.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. ANALYSIS OF PERFORMANCE

The Group's revenue of RM31.0 million for current quarter of 2016 was RM4.2 million higher than the RM26.8 million reported in the corresponding quarter of the previous year.

The Group recorded a profit before tax of RM2.3 million in current quarter of 2016 as compared to loss before tax of RM0.5 million for same quarter of last year.

Increase in revenue and profit before tax was mainly contributed by profit recognition from Picasso Residence and the construction contract in Ipoh.

a) Manufacturing

The revenue of RM22.3 million from manufacturing segment for the current quarter was RM1.3 million higher than RM21.0 million recorded in the corresponding quarter of 2015.

Profit before tax recorded by manufacturing segment during the quarter under review was RM0.4 million, RM0.7 million lower than RM1.1 million reported in the same quarter of last year.

Lower profit for the current quarter despite the increase in revenue is mainly due to product mix which contributed to lower margin.

b) Property development & construction

The property development & construction segment recorded a revenue of RM8.8 million, RM3.0 million higher than RM5.8 million recorded in the same quarter of last year.

Profit before tax of RM2.3 million in the current quarter as compared to loss before tax of RM0.9 million recorded in the corresponding quarter of last year.

The increase in revenue and profit before tax during the quarter was mainly arising from profit recognition of Picasso Residence and progress billings on the progress of works from the construction contract in Ipoh.

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B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group recorded revenue of RM31.0 million and profit before tax of RM2.3 million for the current quarter ended 31 March 2016 as compared to revenue of RM40.0 million and profit before tax of RM4.5 million achieved in the preceding quarter. Decrease in revenue and profit before tax during the quarter was mainly due to higher percentage of completion of Picasso Residence and construction contract in Ipoh was recognised in quarter ended 31 December 2015.

B3. PROSPECTS

The manufacturing division expects favourable impact from the Trans Pacific Partnership (“TPP”) in the mid to long term and will in the meantime continue to strive to achieve a positive performance.

On the property front, the Malaysian property market is expected to remain challenging but the Group expects sales uptake by foreigners to continue due to the weak local currency.

Construction activities is expected to continue to contribute to the Group’s bottom line.

B4. PROFIT FORECAST

Not applicable as the Group did not publish any profit forecast.

B5. TAX EXPENSE

	Quarter ended 31 March		Cumulative period ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current year taxation:				
- Malaysia	469	147	469	147
- Overseas	114	115	114	115
	<u>583</u>	<u>262</u>	<u>583</u>	<u>262</u>

The effective tax rate of the Group for the period ended 31 March 2016 is higher than the statutory income tax rate as certain subsidiary companies experienced losses during the financial year-to-date under review.

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B6. STATUS OF CORPORATE PROPOSALS

Long term incentive plan (“LTIP”) of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) for the eligible employees and directors of the Company and its subsidiary companies

The LTIP was implemented on 1 June 2015 and there was no allocation of options and shares pursuant to the LTIP as at the reporting date.

B7. BORROWINGS

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

	As at 31 March 2016 RM‘000	As at 31 December 2015 RM‘000
Current liabilities	41,623	44,239
Non-current liabilities	30,302	35,316
	<u>71,925</u>	<u>79,555</u>
The borrowings are denominated in the following currencies:		
- Ringgit Malaysia	61,862	69,924
- United States Dollar	3,643	4,936
- Vietnamese Dong	6,420	4,695
	<u>71,925</u>	<u>79,555</u>

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and corporate guarantees of the Company.

B8. DIVIDENDS

The Board of Director has proposed a final single tier dividend of 1.0 sen per ordinary share in respect of financial year ended 31 December 2015, subject to the approval of members at the forthcoming Annual General Meeting.

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B9. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31 March		Cumulative period ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating profit is arrived at after charging/ (crediting):				
Interest expense	381	209	381	209
Depreciation and amortization	1,204	1,312	1,204	1,312
Inventories written down	138	210	138	210
Interest income	(46)	(41)	(46)	(41)
Net loss/(gain) on foreign exchange	596	(252)	596	(252)
(Gain)/loss on disposal of property, plant and equipment	<u>(16)</u>	<u>124</u>	<u>(16)</u>	<u>124</u>

- (a) There were no gain or loss on disposal of quoted or unquoted investments or properties during the current quarter and financial year-to-date under review.
- (b) Apart from the above, there were no impairment of other assets during the current quarter and financial year-to-date under review.
- (c) There were no gain or loss on derivatives during the current quarter and financial year-to-date under review.
- (d) There were no exceptional items during the current quarter and financial year-to-date under review.

B10. MATERIAL LITIGATION

The Group is not involved in any claim or legal action that will have a material effect on the Group's financial position, results of operations or liquidity at the date of this report.

PRG HOLDINGS BERHAD (541706-V)**QUARTERLY REPORT – 31 MARCH 2016**

B11. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares in issue during the period (excluding treasury shares).

	Quarter ended 31 March		Cumulative period ended 31 March	
	2016	2015	2016	2015
Profit attributable to owners of the parent (RM'000)	<u>1,571</u>	<u>(361)</u>	<u>1,571</u>	<u>(361)</u>
Weighted average number of ordinary shares in issue ('000)	<u>146,517</u>	<u>144,854</u>	<u>146,517</u>	<u>144,854</u>
Basic earnings per ordinary share (sen)	<u>1.07</u>	<u>(0.25)</u>	<u>1.07</u>	<u>(0.25)</u>

PRG HOLDINGS BERHAD (541706-V)**QUARTERLY REPORT – 31 MARCH 2016****B11. EARNINGS PER ORDINARY SHARE (CONT'D)**

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing by profit attributable to equity holders of the parent for the period by the weighted average number of ordinary shares in issue adjusted for the effects of dilutive potential ordinary shares.

	Quarter ended 31 March		Cumulative period ended 31 March	
	2016	2015	2016	2015
Profit attributable to owners of the parent (RM'000)	<u>1,571</u>	<u>(361)</u>	<u>1,571</u>	<u>(361)</u>
Weighted average number of ordinary shares in issue ('000)	146,517	144,854	146,517	144,854
Effect of dilution	<u>15,415</u>	<u>-**</u>	<u>15,415</u>	<u>-**</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>161,932</u>	<u>144,854</u>	<u>161,932</u>	<u>144,854</u>
Diluted earnings per ordinary share (sen)	<u>0.97</u>	<u>-**</u>	<u>0.97</u>	<u>-**</u>

**The effect on the diluted earnings per share for the current quarter arising from the warrants was anti-dilutive. Accordingly, the diluted EPS was not presented for the said period.

PRG HOLDINGS BERHAD (541706-V)**QUARTERLY REPORT – 31 MARCH 2016****B12. NET ASSETS PER SHARE**

Net assets per share attributable to owners of the parent is arrived at by dividing the total equity attributable to owners of the parent at the end of the period by the number of ordinary shares in issue at the end of the period (excluding treasury shares).

	As at 31 March 2016	As at 31 December 2015
Total equity attributable to owners of the parent (RM'000)	<u>120,000</u>	<u>116,837</u>
Number of ordinary shares in issue ('000)	148,049	145,063
Number of shares repurchased ('000)	<u>(209)</u>	<u>(209)</u>
Number of ordinary shares in issue (excluding treasury shares) ('000)	<u>147,840</u>	<u>144,854</u>
Net assets per share attributable to owners of the parent (RM)	<u><u>0.8117</u></u>	<u><u>0.8066</u></u>

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B13. REALISED AND UNREALISED PROFITS OR LOSSES

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	60,553	58,167
- Unrealised	(823)	(441)
	<u>59,730</u>	<u>57,726</u>
Total share of retained earnings from a joint venture:		
- Realised	687	1,012
- Unrealised	7	4
	<u>60,424</u>	<u>58,742</u>
Less: Consolidation adjustments	(17,656)	(17,545)
Retained earnings as per Consolidated Statement of Financial Position	<u><u>42,768</u></u>	<u><u>41,197</u></u>

B14. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 23 May 2016.