

OPENSYS (M) BERHAD (Company No. 369818-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

Interim financial report on results for the quarter ended 30 September 2017.

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2016 RM'000	09 MONTHS ENDED UNAUDITED UNAUDITED 30.09.2017 30.09.2016 RM'000 RM'000	
Revenue	15,234	30,778	61,086	63,736
Cost of revenue	(9,898)	(25,441)	(46,719)	(48,490)
Gross profit	5,336	5,337	14,367	15,246
Other income	106	10	264	121
Research & development expenses	(582)	(579)	(1,753)	(1,736)
Administration and other expenses	(2,438)	(2,315)	(7,523)	(7,079)
Finance costs	(299)	(115)	(851)	(392)
Profit before tax	2,123	2,338	4,504	6,160
Tax expense	(614)	(657)	(1,263)	(1,629)
Profit for the period	1,509	1,681	3,241	4,531
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,509	1,681	3,241	4,531
Attributable to:				
Equity holders of the Company	1,509	1,681	3,241	4,531

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME –
(continued)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	09 MONTHS ENDED	
	QUARTER	CORRESPONDING	UNAUDITED	UNAUDITED
	UNAUDITED	QUARTER	UNAUDITED	UNAUDITED
	30.09.2017	UNAUDITED	30.09.2017	30.09.2016
	RM'000	30.09.2016	RM'000	RM'000
		RM'000		
EARNINGS PER SHARE				
Basic earnings per share (sen)	0.51	0.56	1.09	1.52
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30.09.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	40,793	33,636
Development expenditure	222	339
Fixed deposits	7,535	5,397
	-----	-----
	48,550	39,372
	-----	-----
Current assets		
Inventories	14,421	14,217
Trade receivables	10,451	15,828
Other receivables, deposits & prepayments	3,625	5,886
Income tax assets	638	525
Short term investment	7,114	100
Cash & bank balances	3,901	8,727
	-----	-----
	40,150	45,283
	-----	-----
Total assets	88,700	84,655
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	29,789	29,789
Retained earnings	18,110	17,847
	-----	-----
Total equity	47,899	47,636
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
– (Continued)

	UNAUDITED AS AT 30.09.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Non-current liabilities		
Finance lease payables	6,204	1,571
Term loans	7,552	7,901
Deferred tax liability	2,470	2,567
	-----	-----
	16,226	12,039
	-----	-----
Current liabilities		
Trade payables	5,922	15,154
Other payables & accruals	12,805	5,819
Finance lease payables	4,510	2,389
Term loans	443	428
Bankers' acceptance	669	970
Post-employment benefit obligations	226	220
	-----	-----
	24,575	24,980
	-----	-----
Total liabilities	40,801	37,019
	-----	-----
Total equity and liabilities	88,700	84,655
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (sen)	16.08	15.99
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity ----- Holders of the Company -----			Total Equity RM'000
	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	
As at 1 January 2017	29,789	-	17,847	47,636
Profit for the year, represents total comprehensive income for the year	-	-	3,241	3,241
Dividend	-	-	(2,978)	(2,978)
As at 30 September 2017	29,789	-	18,110	47,899
As at 1 January 2016	29,789	-	14,822	44,611
Profit for the year, represents total comprehensive income for the year	-	-	4,531	4,531
Dividend	-	-	(2,979)	(2,979)
As at 30 September 2016	29,789	-	16,374	46,163

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2017	30.09.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,504	6,160
Adjustments for:-		
Amortisation of development expenditure	117	137
Depreciation	4,476	4,246
Gain on disposal of property, plant & equipment	(61)	-
Property, plant & equipment written off	54	181
Inventories written off	-	8
Interest expenses	1,000	394
Interest income	(262)	(301)
Loss on disposal of property, plant & equipment	13	-
	-----	-----
Operating profit before working capital changes	9,841	10,825
Changes in working capital:-		
Inventories	(254)	(5,594)
Receivables	7,638	(7,344)
Payables	(3,729)	6,282
	-----	-----
Cash generated from operations	13,496	4,169
Interest paid	(1,000)	(574)
Interest received	262	301
Tax paid	(1,473)	(2,396)
	-----	-----
Net cash from operating activities	11,285	1,500
	-----	-----
Cash flows from investing activities		
Purchase of property, plant & equipment	(3,176)	(987)
Proceeds from disposal of property, plant & equipment	66	-
	-----	-----
Net cash used in investing activities	(3,110)	(987)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2017	30.09.2016
	RM'000	RM'000
Cash flows from financing activities		
(Placement) /proceeds of short term investment	(7,013)	8,147
Placement of fixed deposits under lien	(2,138)	(127)
Proceeds from borrowings	12,344	1,588
Repayment of borrowings	(12,980)	(2,392)
Proceeds from finance lease liabilities	1,921	-
Repayment from finance lease liabilities	(3,646)	(2,175)
Dividend paid	(1,489)	(1,489)
	-----	-----
Net cash (used in)/from financing activities	(13,001)	3,552
	-----	-----
Net changes in cash and cash equivalents	(4,826)	4,065
Cash and cash equivalents brought forward	8,727	4,140
	-----	-----
Cash and cash equivalents carried forward	3,901	8,205
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - Continued

	09 MONTHS ENDED	
	UNAUDITED	UNAUDITED
	30.09.2017	30.09.2016
	RM'000	RM'000

NOTES TO THE STATEMENTS OF CASH FLOWS

i. Cash and cash equivalents comprise:-

Fixed deposits	7,535	5,355
Cash & bank balances	3,901	8,205
	-----	-----
	11,436	13,560
Less : Fixed deposits under lien	(7,535)	(5,355)
	-----	-----
	3,901	8,205
	=====	=====

ii. Analysis of acquisition of property, plant & equipment :-

Cash	3,176	987
Borrowings	-	2,330
Capitalisation of borrowing costs	-	180
Finance lease arrangement	8,479	-
Transfer from inventories	130	4,344
	-----	-----
	11,785	7,841
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :-

Disclosure requirements per MFRS 134 - paragraph 16

A1. Accounting Policies and Methods of Computation

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The accounting policies and methods of computation adopted by the Group in unaudited condensed financial statements and unaudited interim financial report are consistent with those adopted in the latest audited financial statements for the financial year ended 31 December 2016.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 January 2017 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Statements of Cash Flows: Disclosure Initiative
Amendments to MFRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014-2016 Cycle	

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board but are not effective for period beginning on 1 January 2017, but will be effective for later periods.

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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Effective date deferred

Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group is in the process of assessing the financial effect of these pronouncements upon their initial application.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A2. Qualification of Financial Statements

The Auditors' Report on the financial statements of the Group for the year ended 31 December 2016 was not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Exceptional or Unusual Items

During the current financial quarter, there was no item of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A5. Changes in Estimates of Amounts Reported

There was no change in estimate of amount reported that has a material effect in the current financial quarter under review.

A6. Changes in Debt Securities and Equity Securities

During the current financial quarter, there were no issuances, cancellation, repurchase, resale and repayment of debt securities and equity securities.

A7. Dividend paid

The first interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 24 February 2017 and paid on 19 April 2017 in respect of the year ending 31 December 2017.

The second interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 25 August 2017 and paid on 16 October 2017 in respect of the year ending 31 December 2017.

UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A8. Segmental Reporting

	Hardware RM'000	Software Solutions and Services RM'000	Eliminations RM'000	Consolidated RM'000
3rd quarter ended 30 September 2017				
External sales	5,606	9,628	-	15,234
Intersegment transactions	-	-	-	-
Total revenue	<u>5,606</u>	<u>9,628</u>	-	<u>15,234</u>
Segment results	818	4,518	-	5,336
Unallocated other income				106
Unallocated operating expenses				<u>(3,319)</u>
Profit before tax				<u>2,123</u>
3rd quarter ended 30 September 2016				
External sales	22,595	8,183	-	30,778
Intersegment transactions	-	-	-	-
Total revenue	<u>22,595</u>	<u>8,183</u>	-	<u>30,778</u>
Segment results	2,273	3,064	-	5,337
Unallocated other income				10
Unallocated operating expenses				<u>(3,009)</u>
Profit before tax				<u>2,338</u>
09 months ended 30 September 2017				
External sales	32,592	28,494	-	61,086
Intersegment transactions	-	-	-	-
Total revenue	<u>32,592</u>	<u>28,494</u>	-	<u>61,086</u>
Segment results	2,158	12,209	-	14,367
Unallocated other income				264
Unallocated operating expenses				<u>(10,127)</u>
Profit before tax				<u>4,504</u>
09 months ended 30 September 2016				
External sales	38,251	25,485	-	63,736
Intersegment transactions	-	-	-	-
Total revenue	<u>38,251</u>	<u>25,485</u>	-	<u>63,736</u>
Segment results	4,657	10,589	-	15,246
Unallocated other income				121
Unallocated operating expenses				<u>(9,207)</u>
Profit before tax				<u>6,160</u>

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

A9. Material Events Subsequent to the End of the Current Quarter

There were no other material events subsequent to the end of the current financial quarter up to the date of this announcement.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group subsequent to the end of the current financial quarter up to the date of this announcement.

A11. Changes in Contingent Liabilities or Contingent Assets

There was no significant change in the contingent liabilities of the Group since the last financial year ended 31 December 2016.

A12. Material Capital Commitments

There are no material capital commitments at the end of the current reporting quarter.

OPENSYS (M) BERHAD (Company No. 369818-W)
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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

Disclosure requirements required by the Listing Requirements of Bursa Securities for the ACE Market

B1. Group's Review of Performance

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter Unaudited 30.09.2017 RM'000	Preceding Year Corresponding Quarter Unaudited 30.09.2016 RM'000	Change %	09 Months Ended		
				Unaudited 30.09.2017 RM'000	Unaudited 30.09.2016 RM'000	Change %
Revenue	15,234	30,778	(50.5)	61,086	63,736	(4.2)
Profit before tax	2,123	2,338	(9.2)	4,504	6,160	(26.9)

The Group's revenue was lower at RM15.234 million for the third quarter ended 30 September 2017 as compared to RM30.778 million for the corresponding quarter of the preceding year ended 30 September 2016. This was mainly due to the lower revenue achieved from the roll-out of the Cash Recycling Machine (CRM). Our profit before tax decreased from RM2.338 million to RM2.123 million.

We achieve a pre-tax margin of 13.9% for the third quarter ended 30 September 2017 as compared 7.6% for the corresponding quarter of the preceding year ended 30 September 2016. This represents an 83% improvement in our pre-tax margin and is due to the stable ringgit against foreign currencies.

For the remainder of this year, we will continue to roll out even more CRM from the robust orders we have received in the third quarter of this year.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B2. Group's Comparison with Preceding Quarter

	03 MONTHS ENDED		
	UNAUDITED	UNAUDITED	CHANGE
	30.09.2017	30.06.2017	%
	RM'000	RM'000	
Revenue	15,234	16,237	(6.2)
Profit before tax	2,123	927	129.0
	=====	=====	=====

The lower revenue of RM15.234 million for the current quarter ended 30 September 2017 as compared to RM16.237 million for the preceding quarter ended 30 June 2017 is due to the lower roll-out of the Cash Recycling Machine (CRM).

We achieved a 129% improvement in our profit before tax from a higher profit before tax of RM2.123 million for the quarter ended 30 September 2017 compared to the profit before tax of RM0.927 million for the preceding quarter ended 30 June 2017. This is due to the higher gross margins achieved from the roll-out of the CRM as a result of the stable ringgit against foreign currencies.

B3. Prospects

OpenSys expects that, barring any unforeseen circumstances, the performance of the Group will continue to be satisfactory in the financial year ending 31 December 2017.

B4. Profit Forecast

No profit forecast was announced; hence there is no comparison between actual results and forecast.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B5. Group's Tax Expense

Tax expense comprises the following:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER UNAUDITED 30.09.2016 RM'000	09 MONTHS ENDED UNAUDITED AUDITED 30.09.2017 30.09.2016 RM'000 RM'000	
Current year	614	615	1,360	1,857
Prior year	-	63	-	63
Deferred tax	-	(21)	(97)	(291)
	-----	-----	-----	-----
	614	657	1,263	1,629
	=====	=====	=====	=====

The higher effective tax rate of the Group as compared to the Malaysia statutory income tax rate for the current financial quarter and financial year to date is mainly due to non tax deductibility of certain expenses incurred by the Group.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B6. Profit for the period

	Current Quarter 30.09.2017 RM'000	Year to date 30.09.2017 RM'000
Interest income	(120)	(262)
Interest expenses	299	1,000
Amortisation	39	117
Depreciation	1,500	4,476
Property, plant & equipment written off	-	54
Gain on disposal of property, plant & equipment	(5)	(61)
Loss on disposal of property, plant & equipment	13	13
Foreign exchange (gain)/loss	-	(8)
	=====	=====

Other than the above items, there were no other income including investment income, write off of receivables, allowance for impairment, gain or loss on disposal of quoted or unquoted investment properties, impairment of assets, gain or loss on derivatives and exceptional items for the current financial quarterly and financial year to date.

B7. Corporate Proposals

There are no corporate proposals announced by the Group as at the date of this announcement.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B8. Group's Borrowings

The breakdown of the borrowings is set out below:-

	UNAUDITED AS AT 30.09.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Secured short-term borrowings		
Finance lease payables	4,510	2,389
Term loans	443	428
Bankers' acceptance	669	970
	----- 5,622 -----	----- 3,787 -----
Secured long-term borrowings		
Finance lease payables	6,204	1,571
Term loans	7,552	7,901
	----- 13,756 -----	----- 9,472 -----
Total borrowings	----- 19,378 =====	----- 13,259 =====

B9. Material Litigation

There was no material litigation pending as at the date of this announcement.

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B10. Dividend

The first interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 24 February 2017 and paid on 19 April 2017 in respect of the year ending 31 December 2017.

The second interim tax-exempt dividend of 0.5 sen per ordinary share amounting to RM1,489,460 was declared on 25 August 2017 and paid on 16 October 2017 in respect of the year ending 31 December 2017.

B11. Group's Earnings Per Share

(i) **Basic earnings per share**

The basic earnings per share of the Group have been computed by dividing the profit for the period by the number of ordinary shares in issue during the period.

	INDIVIDUAL PERIOD PRECEDING YEAR		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER UNAUDITED 30.09.2017	CORRESPONDING QUARTER UNAUDITED 30.09.2016	09 MONTHS ENDED UNAUDITED 30.09.2017	UNAUDITED 30.09.2016
Profit for the period (RM'000)	1,509 =====	1,681 =====	3,241 =====	4,531 =====
Number of ordinary shares ('000)	297,892 =====	297,892 =====	297,892 =====	297,892 =====
Basic earnings per share (sen)	0.51 =====	0.56 =====	1.09 =====	1.52 =====

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UNAUDITED INTERIM FINANCIAL REPORT – (Continued)

Notes :- (continued)

B11. Group's Earnings Per Share (Continued)

(ii) **Diluted earnings per share**

Not applicable.

B12. Group's Retained Earnings

	UNAUDITED AS AT 30.09.2017 RM'000	AUDITED AS AT 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	20,511	20,345
- Unrealised	(2,470)	(2,567)
	-----	-----
	18,041	17,778
Consolidation adjustments	69	69
	-----	-----
Total group retained earnings as per consolidated accounts	18,110	17,847
	=====	=====

By Order of the Board
LIM SECK WAH
Secretary
Kuala Lumpur