



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 June 2017

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 30 June</i>		<i>6 months ended 30 June</i>	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	106,389	107,054	211,568	249,313
Cost of sales	(90,589)	(88,061)	(177,604)	(206,285)
Gross profit	15,800	18,993	33,964	43,028
Other income	163	89	194	244
Administrative expenses	(3,684)	(3,888)	(7,487)	(7,578)
Results from operating activities	12,279	15,194	26,671	35,694
Finance income	594	1,034	1,363	2,176
Finance expense	(96)	(96)	(212)	(197)
Net finance income	498	938	1,151	1,979
Profit before tax	12,777	16,132	27,822	37,673
Income tax expense	(3,240)	(4,051)	(6,994)	(9,337)
Profit for the period	9,537	12,081	20,828	28,336
Other comprehensive income, net of tax	-	-	-	-
Profit and total comprehensive income for the period	9,537	12,081	20,828	28,336
Profit and total comprehensive income attributable to:				
Owners of the Company	9,525	12,080	20,796	28,335
Non-controlling Interests	12	1	32	1
Profit and total comprehensive income for the period	9,537	12,081	20,828	28,336
Earnings per share from continuing operations				
Basic/Diluted earnings per ordinary share (sen)	1.73	2.20	3.78	5.16

The notes set out on pages 5 to 11 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

In thousand of RM

	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS		
Property, plant and equipment	160,205	153,425
Investment properties	8,369	8,551
Land held for property development	168,269	162,977
Total non-current assets	336,843	324,953
Inventories	26,259	25,629
Property development costs	156,408	141,214
Trade and other receivables	258,088	284,690
Deposits and prepayments	7,706	3,240
Current tax refundable	5,332	4,696
Cash and bank balances	69,473	88,482
Total current assets	523,266	547,951
TOTAL ASSETS	860,109	872,904
EQUITY		
Share capital	118,700	116,535
Capital redemption reserves	-	2,165
Retained earnings	633,374	620,271
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	714,215	701,112
Non-controlling interests	3,068	3,036
TOTAL EQUITY	717,283	704,148
LIABILITIES		
Deferred tax liabilities	13,889	14,342
Total non-current liabilities	13,889	14,342
Loans and borrowings	-	6,802
Trade and other payables	128,907	147,555
Current tax payable	30	57
Total current liabilities	128,937	154,414
TOTAL LIABILITIES	142,826	168,756
TOTAL EQUITY AND LIABILITIES	860,109	872,904
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.30	1.28

The notes set out on pages 5 to 11 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 June 2017

<i>In thousand of RM</i>	Period ended 30 June	
	2017	2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	27,822	37,673
<i>Adjustments for:-</i>		
Non-cash items	5,843	4,780
Non-operating items	(908)	(1,464)
Operating profit before changes in working capital	32,757	40,989
Change in inventories	(630)	(3,664)
Change in property development costs	(15,187)	(5,146)
Change in trade and other receivables, deposits and prepayments	33,082	38,013
Change in trade and other payables	(29,331)	(29,895)
Cash generated from operations	20,691	40,297
Overdraft interest paid	-	-
Interest received	888	1,419
Income taxes paid	(8,110)	(12,868)
Net cash generated from operating activities	13,469	28,848
Cash flows from investing activities		
Acquisition of property, plant & equipment	(12,812)	(15,192)
Proceeds from disposal of property, plant & equipment	120	76
Land held for property development	(5,291)	(3,171)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	2,638	(7,011)
Net cash used in investing activities	(15,345)	(25,298)
Cash flows from financing activities		
Dividends paid to owners of the Company	(7,693)	(7,693)
Repayment of loans and borrowings	(6,566)	-
Net cash used in financing activities	(14,259)	(7,693)
Net (decrease) in cash and cash equivalents	(16,135)	(4,143)
Cash and cash equivalents at 1 January 2017 / 1 January 2016	84,938	94,606
Cash and cash equivalents at 30 June 2017 / 30 June 2016	68,803	90,463

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise the following amounts in condensed consolidated statements of financial position:

<i>In thousand of RM</i>	Period ended 30 June	
	2017	2016
	RM'000	RM'000
Cash and bank balances	50,103	46,992
Deposits placed with licensed banks	19,369	50,828
Total	69,472	97,820
Fixed deposits with original maturities exceeding three months	(669)	(7,357)
	68,803	90,463

The notes set out on pages 5 to 11 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the **period** ended 30 June 2017

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	----- Non-distributable -----		----- Distributable -----				
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	TOTAL		
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 June 2017							
At 1 January 2017	116,535	2,165	(37,859)	620,271	701,112	3,036	704,148
Profit and total comprehensive income for the period	-	-	-	20,796	20,796	32	20,828
Dividends to owners – 2016 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Transfer in accordance with Section 618(2) of the CA 2016*	2,165	(2,165)	-	-	-	-	-
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 June 2017	118,700	-	(37,859)	633,374	714,215	3,068	717,283
Period ended 30 June 2016							
At 1 January 2016	116,535	2,165	(37,859)	577,037	657,878	-	657,878
Issuance of shares by a subsidiary to NCI	-	-	-	-	-	3,000	3,000
Profit and total comprehensive income for the period	-	-	-	28,335	28,335	1	28,336
Dividends to owners – 2015 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 June 2016	116,535	2,165	(37,859)	597,679	678,520	3,001	681,521

* Pursuant to Section 74 of the new Companies Act 2016 ("the Act"), the Company's shares no longer have par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618(2) of the Act, any amount standing to the credit of the Company's capital redemption reserve account has become part of the Company's share capital.

Notwithstanding this provision, the Company has twenty-four (24) months upon the commencement of the Act to utilise the amount standing to the credit of its capital redemption reserve of RM2,165,500 for purposes as set out in Section 618(3) of the Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. During the financial period, the Company has not utilised any of the credit in the capital redemption reserve account which is now part of share capital.

The notes set out on pages 5 to 11 form an integral part of, and should be read in conjunction with this interim financial report and 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



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 June 2017

1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting Standard (FRS) 134, Interim Financial Reporting issued by Malaysian Accounting Standard Board. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2016 financial statements except for the adoption of the new and revised FRSs, IC Interpretations and Amendments that are applicable to the Group for the financial period beginning 1 January 2017. The adoption of these FRSs, interpretations and amendments does not have any material impact on the financial statements of the Group.

The Group falls within the scope of IC interpretation 15, *Agreements for the Construction of Real Estate*. Therefore the Group is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and is referred to as a “Transitioning Entity”. Being a Transitioning Entity, the Group and the Company will adopt the MFRS and present its first set of MFRS financial statements when adoption of the MFRS is mandated by the Malaysian Accounting Standard Board (MASB).

On 2 September 2014, MASB has announced that a Transitioning Entity shall apply the MFRS Framework for annual periods beginning on or after 1 January 2017. On 8 September 2015, MASB further announced that a Transitioning Entity shall apply the MFRS Framework for annual periods beginning on or after 1 January 2018, following the recent press release by the International Accounting Standards Board (IASB) confirming a one-year deferral of IFRS 15 Revenue from Contracts with Customers. The Group is currently assessing the financial impact of adopting MFRS for annual periods beginning on or after 1 January 2018.

3. Seasonality and Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors except that the level of construction activities in the first quarter of the year and during rainy season is generally lower.

4. Unusual Items

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

5. Changes in estimates

There were no changes in estimates reported in prior financial years that have a material effect in the current interim period.

6. Debt and Equity Securities etc

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

Share Buy Back

During the current quarter under review, the Company did not buy back any shares.

As at 30 June 2017, the number of treasury shares held were 33,158,781 shares at a total cost of RM37,858,954 and all the repurchase transactions were financed by internally generated funds. None of the shares purchased back was resold or cancelled during the quarter under review.



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

7. Operating Segment

The Group has two reportable segments, as described below, which are the Group's strategic units.

Construction : Marine and civil engineering works and construction
 Property development : Development of residential and commercial properties

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2017					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	226,726	30,872	-	(46,030)	211,568
Segment profit before tax, interest, depreciation and other material non-cash items	22,536	10,162	(23)	11	32,686
Depreciation	(5,785)	(18)	(212)	-	(6,015)
Interest income from bank balances	781	10	61	-	852
Interest income from other financial assets	511	-	-	-	511
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(212)	-	-	-	(212)
Segment profit before tax	17,831	10,154	(174)	11	27,822
Income tax expense					(6,994)
Profit for the period					20,828
Segment assets	503,492	330,996	49,475	(23,854)	860,109
Segment liabilities	128,405	34,892	3,192	(23,663)	142,826

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2016					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	217,180	32,133	-	-	249,313
Segment profit before tax, interest, depreciation and other material non-cash items	29,646	11,371	(10)	6	41,013
Depreciation	(5,098)	(10)	(211)	-	(5,319)
Interest income from bank balances	1,146	29	264	-	1,439
Interest income from other financial assets	737	-	-	-	737
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(197)	-	-	-	(197)
Segment profit before tax	26,234	11,390	43	6	37,673
Income tax expense					(9,337)
Profit for the period					28,336
Segment assets	513,668	247,405	48,297	(264)	809,106
Segment liabilities	114,327	11,620	1,704	(66)	127,585

The activities of the Group are carried out in Malaysia and as such, segmental reporting by geographical locations is not presented.

8. Dividend Paid

The final single-tier tax exempt dividend of 1.4 sen per ordinary share totaling RM7,693,233 for the year ended 31 December 2016 were paid on 23 June 2017.

9. Subsequent Material Events

There was no material events subsequent to the end of the period reported on till the date of this quarterly report.



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

10. Changes in the Composition of the Group

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

11. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 30 June 2017 till the date of this quarterly report.

12. Property, plant and equipment

The acquisitions and disposals of property, plant and equipment for the **period** ended 30 June 2017 were as follows:-

<i>In thousand of RM</i>	6 months ended 30 June	
	2017	2016
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	12,812	15,192
Disposals of property, plant and equipment, at carrying amount	192	52

13. Commitment

The amount of commitment not provided for in the interim financial report as at 30 June 2017 were as follows:-

<i>In thousand of RM</i>	As at 30 June	
	2017	2016
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	35,678	3,825
Approved but not contracted for	36,023	44,661
	<u>71,701</u>	<u>48,486</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the **period** ended 30 June 2017 were as follows:-

<i>In thousand of RM</i>	6 months ended 30 June	
	2017	2016
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>23,088</u>	<u>24,900</u>

The significant related party transactions comprise transactions with companies controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely Yii Chi Hau, Yu Chee Hoe, Yii Chee Sing, Lau Kiing Kang, Lau Kiing Yiing and Estate of the Late Yu Chee Lieng.

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

15. Key Management Personnel Compensation

<i>In thousand of RM</i>	6 months ended 30 June	
	2017	2016
	RM'000	RM'000
Directors' compensation	1,669	1,510
Other key management personnel compensation	<u>1,711</u>	<u>1,618</u>



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS

For the quarter ended 30 June 2017

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM106.39 million as compared to the preceding year corresponding quarter’s figure of RM107.05 million. The construction segment contributed RM89.64 million (84%) whilst the property development segment registered a contribution of RM16.75 million (16%) to the Group’s revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM12.78 million, a decrease of 21% as compared to RM16.13 million for the preceding year’s corresponding quarter.

The changes in revenue and net profit before tax were contributed by the following segments:

Construction segment: For the 3-month period ended 30 June 2017, the revenue and net profit before tax are RM89.64 million and RM6.92 million compared to the previous year’s corresponding quarter figures of RM96.25 million and RM12.89 million respectively. The revenue for the current quarter has decreased by 7% as compared to the previous year’s corresponding quarter while profit before tax has decreased by 46%. The lower revenue was due to timing of progress claims for construction works as major contract works are at their initial stages of execution. The profit margin for the works executed during the quarter was also lower.

Property development segment: For the 3-month period ended 30 June 2017, the revenue and net profit before tax are RM16.75 million and RM5.86 million compared to the previous year’s corresponding quarter figures of RM10.80 million and RM3.24 million respectively. Higher revenue was recorded during the current quarter due to recognition of sales from new launches while profit margins remained stable.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM12.78 million compared to RM15.05 million for the immediate preceding quarter on the back of the Group’s revenue of RM106.39 million and RM105.18 million respectively.

18. Current Year Prospects

With a record order book of RM3 billion in hand, the Group is now busy on work execution. Nevertheless, the Group will continue to bid for projects that are related to our core business in infrastructure works. Our procurement initiative shall be undertaken in line with our prudent project management strategies, taking due consideration of the capacity and capabilities of the Group. The Sarawak Corridor of Renewable Energy (SCORE) initiative as well as the forces of industrialisation and urbanization provides further contract opportunities for HSL in the key SCORE growth node towns of Tanjung Manis, Mukah and Samalaju and the major cities of Sarawak. HSL foresees the property development segment, with a variety of products on offer, will make a greater impact on the business of HSL Group in 2017.

19. Actual profit vs forecast profit / Profit guarantee

This note is not applicable, as no profit forecast was published and the Group is not required to give any profit guarantee.

20. Income Tax Expense

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/period	3,388	4,148	7,447	9,663
Deferred Tax Expense - Malaysian				
Current quarter/period	(148)	(97)	(453)	(326)



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

Income tax expense	3,240	4,051	6,994	9,337
Reconciliation of effective tax expense				
Profit for the quarter/period	9,537	12,081	20,828	28,336
Total income tax expense	3,240	4,051	6,994	9,337
Profit before taxation	12,777	16,132	27,822	37,673
Income tax using Malaysian tax rates	3,065	3,871	6,675	9,041
Non-deductible expenses	175	180	319	296
Over provision in prior year	-	-	-	-
Income tax expense	3,240	4,051	6,994	9,337

21. Status of Corporate Proposals

There was no corporate proposal announced but not completed at the date of this quarterly report.

22. Group Borrowings and Debt Securities

The Group has short term borrowings as at 30 June 2017 as follows:-

<i>In thousand of RM</i>	As at 30 June	
	2017 RM'000	2016 RM'000
Current		
Unsecured - Banker Acceptance	-	-
- Bank Overdraft	-	-
	-	-

23. Material Litigation

On 19 December 2016, HSL has been served as a nominee defendant (as the fifth defendant) through its solicitor, Idris & Company Advocates, an Originating Summons (“OS”) from Yii Chee Ming.

The other parties in the OS are Dato Yu Chee Hoe (first defendant), Tony Yu Yuong Wee (second defendant), Lau Kiing Kang (third defendant) and Lau Kiing Yiing (fourth defendant) who are also the directors of HSL. The OS concerns the issues of disclosure to the relevant authorities by the first, second, third and fourth defendants pertaining to the acquisition and disposal of shares (by himself/their spouses or company connected to himself) in HSLE (the holding company of HSL). The OS also seeks for the removal of the first, second, third and fourth defendants as directors of the Company. There is no order against the Company.

On 16 January 2017, the Company has filed an application in the High Court of Kuching to strike out the said OS. On 20 April 2017, the High Court of Kuching had dismissed the striking out application of the above OS by the Defendants. The Board of Directors of the Company was dissatisfied with the whole of the decision given in the High Court in Kuching on 20 April 2017 in dismissing the Defendants’ application to strike out the OS dated 13 December 2016 and had had appealed to the Court of Appeal Malaysia against the whole of the said decision of the High Court on 2 May 2017.

On 29 June 2017, High Court of Kuching had dismissed the prayer in the OS by the Plaintiff seeking the removal of the four directors. The Court decision is a full vindication of the four present Board members namely Dato Yu Chee Hoe (1st Defendant), Tony Yu Yuong Wee (2nd Defendant), Lau Kiing Kang (3rd Defendant) and Lau Kiing Yiing (4th Defendant) in the OS and proof that the allegations made by the Plaintiff were baseless given the fact that the Court had concluded that there were insufficient materials to support the plaintiff’s allegation.

The High Court has at the same time ordered the Defendants to make disclosures (disclosure order) concerning the acquisition and disposal of shares in Hock Seng Lee Berhad and Hock Seng Lee Enterprise Sdn Bhd, the holding Company of Hock Seng Lee Berhad. The Board welcomed the decision of the High Court in dismissing the prayer for the removal of the 4 directors, however, as advised, the Board was not satisfied with the decision of the High Court in ordering the prayers for disclosure and had appealed against the said decision in regards to disclosure to the Court of Appeal Malaysia on 30 June 2017.

The stay application for the disclosure order was dismissed by the Kuching High Court on 1 August 2017. On 8 August 2017, upon application by the Defendants, the Court of Appeal Malaysia had granted an interim stay of the said disclosure order until the determination of the Notice of motion for stay which will be heard on a date to be scheduled by the Registry.



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

24. Dividend

The Board of Directors has declared a first interim single-tier tax exempt dividend of 1 sen per ordinary share for the year ending 31 December 2017, payable to the shareholders on 10 October 2017. The dividend entitlement date shall be 19 September 2017.

25. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
	2017	2016	2017	2016
Net profit attributable to ordinary owners of the Company (RM'000)	9,525	12,080	20,796	28,335
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	1.73	2.20	3.78	5.16

26. Profit before tax

Profit before tax is arrived at after charging/(crediting) the followings:

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		6 months ended 30 June	
<i>In thousand of RM</i>	2017 RM,000	2016 RM,000	2017 RM,000	2016 RM,000
Interest income from bank balances	411	724	852	1,439
Interest income from other financial assets	183	310	511	737
Other income including investment income	27	75	54	150
Interest expense on bank balances	-	-	-	-
Interest expense on other financial liabilities	95	96	212	197
Depreciation and amortization	3,037	2,703	6,015	5,319
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	47	5	47	25
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	(27)	45	(191)	92
Foreign exchange gain/(loss)	18	-	21	(5)
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 30 June 2017.

28. Gains/Losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 30 June 2017.



QUARTERLY REPORT – Second Quarter Ended 30 June 2017

29. Disclosure of realised and unrealised profits

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive of Bursa Securities Malaysia Berhad, is as follows:

<i>In thousand of RM</i>	As at	As at
	30 June 2017	30 June 2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	648,712	612,760
- Unrealised	(15,017)	(14,816)
	633,695	597,944
Less : Consolidation adjustments	(321)	(265)
Total retained earnings as per consolidated financial statements	633,374	597,679

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

30. Audit Report

The auditors have expressed an unqualified opinion on the Group's and Company's statutory financial statements for the year ended 31 December 2016 in their report dated 30 June 2017.

31. 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 22 August 2017.

Issue Date: 22 August 2017