



QUARTERLY REPORT – Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 September 2017

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	126,329	136,028	337,897	385,341
Cost of sales	(107,869)	(111,174)	(285,472)	(317,459)
Gross profit	18,460	24,854	52,425	67,882
Other income	144	51	338	296
Administrative expenses	(3,954)	(3,807)	(11,442)	(11,385)
Results from operating activities	14,650	21,098	41,321	56,793
Finance income	536	809	1,899	2,985
Finance expense	(75)	(90)	(287)	(288)
Net finance income	461	719	1,612	2,697
Profit before tax	15,111	21,817	42,933	59,490
Income tax expense	(4,018)	(5,459)	(11,012)	(14,796)
Profit for the period	11,093	16,358	31,921	44,694
Other comprehensive income, net of tax	-	-	-	-
Profit and total comprehensive income for the period	11,093	16,358	31,921	44,694
Profit and total comprehensive income attributable to:				
Owners of the Company	11,062	16,342	31,858	44,677
Non-controlling Interests	31	16	63	17
Profit and total comprehensive income for the period	11,093	16,358	31,921	44,694
Earnings per share from continuing operations				
Basic/Diluted earnings per ordinary share (sen)	2.01	2.97	5.80	8.13

The notes set out on pages 5 to 12 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 – Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2017

In thousand of RM

	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS		
Property, plant and equipment	174,683	153,425
Investment properties	8,279	8,551
Land held for property development	170,167	162,977
Total non-current assets	353,129	324,953
Inventories	23,539	25,629
Property development costs	154,666	141,214
Trade and other receivables	264,440	284,690
Deposits and prepayments	20,602	3,240
Current tax refundable	5,085	4,696
Cash and bank balances	59,672	88,482
Total current assets	528,004	547,951
TOTAL ASSETS	881,133	872,904
EQUITY		
Share capital	118,700	116,535
Capital redemption reserves	-	2,165
Retained earnings	644,436	620,271
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	725,277	701,112
Non-controlling interests	3,099	3,036
TOTAL EQUITY	728,376	704,148
LIABILITIES		
Deferred tax liabilities	14,233	14,342
Total non-current liabilities	14,233	14,342
Loans and borrowings	-	6,802
Trade and other payables	138,475	147,555
Current tax payable	49	57
Total current liabilities	138,524	154,414
TOTAL LIABILITIES	152,757	168,756
TOTAL EQUITY AND LIABILITIES	881,133	872,904
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.32	1.28

The notes set out on pages 5 to 12 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 – Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 September 2017

<i>In thousand of RM</i>	Period ended 30 September	
	2017 RM'000	2016 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	42,933	59,490
<i>Adjustments for:-</i>		
Non-cash items	8,927	7,473
Non-operating items	(1,273)	(2,077)
Operating profit before changes in working capital	50,587	64,886
Change in inventories	2,090	(4,127)
Change in property development costs	(13,442)	(12,506)
Change in trade and other receivables, deposits and prepayments	14,105	39,064
Change in trade and other payables	(19,830)	(15,723)
Cash generated from operations	33,510	71,594
Overdraft interest paid	(7)	(1)
Interest received	1,153	2,006
Income taxes paid	(11,517)	(20,857)
Net cash generated from operating activities	23,139	52,742
Cash flows from investing activities		
Subscription of shares in a new subsidiary by non-controlling interest	-	3,000
Acquisition of property, plant & equipment	(30,394)	(27,363)
Proceeds from disposal of property, plant & equipment	131	249
Land held for property development	(7,190)	(5,943)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	(5,537)	(2,961)
Net cash used in investing activities	(42,990)	(33,018)
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)/increase in cash and cash equivalents	(34,110)	12,031
Cash and cash equivalents at 1 January 2017 / 1 January 2016	84,938	94,606
Cash and cash equivalents at 30 September 2017 / 30 September 2016	50,828	106,637

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 September	
	2017 RM'000	2016 RM'000
Cash and bank balances	47,033	67,414
Deposits placed with licensed banks	12,639	43,358
Bank overdraft	-	(827)
Total	59,672	109,945
Fixed deposits with original maturities exceeding three months	(8,844)	(3,308)
	50,828	106,637

The notes set out on pages 5 to 12 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 – Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 30 September 2017

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	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 September 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	-	-	-	31,858	31,858	63	31,921
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 September 2017	118,700	-	(37,859)	644,436	725,277	3,099	728,376
Period ended 30 September 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	-	-	-	44,677	44,677	17	44,694
Dividends to owners – 2015 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 September 2016	116,535	2,165	(37,859)	614,021	694,862	3,017	697,879

* 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 12 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 – Third Quarter Ended 30 September 2017

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 September 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 MRFS 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 September 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 – Third Quarter Ended 30 September 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 September 2017					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	353,934	58,452	-	(74,489)	337,897
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	31,562	18,994	(50)	19	50,525
<i>Depreciation</i>	(8,858)	(27)	(319)	-	(9,204)
<i>Interest income from bank balances</i>	1,079	13	71	-	1,163
<i>Interest income from other financial assets</i>	684	52	-	-	736
<i>Interest expense on bank balances</i>	-	(7)	-	-	(7)
<i>Interest expense on other financial liabilities</i>	(280)	-	-	-	(280)
Segment profit before tax	24,187	19,025	(298)	19	42,933
<i>Income tax expense</i>					(11,012)
Profit for the period					31,921
Segment assets	513,913	335,738	51,343	(19,861)	881,133
Segment liabilities	137,197	30,052	5,185	(19,677)	152,757

	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 September 2016					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	336,817	48,524	-	-	385,341
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	48,052	16,880	(17)	9	64,924
<i>Depreciation</i>	(7,797)	(17)	(317)	-	(8,131)
<i>Interest income from bank balances</i>	1,652	33	354	-	2,039
<i>Interest income from other financial assets</i>	946	-	-	-	946
<i>Interest expense on bank balances</i>	-	(1)	-	-	(1)
<i>Interest expense on other financial liabilities</i>	(287)	-	-	-	(287)
Segment profit before tax	42,566	16,895	20	9	59,490
<i>Income tax expense</i>					(14,796)
Profit for the period					44,694
Segment assets	539,723	254,343	46,325	(261)	840,130
Segment liabilities	128,278	14,260	(222)	(65)	142,251

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

8. Dividend Paid

There was no dividend paid during the quarter ended 30 September 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 – Third Quarter Ended 30 September 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 September 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 September 2017 were as follows:-

<i>In thousand of RM</i>	<u>9 months ended 30 September</u>	
	2017	2016
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	30,394	27,363
Disposals of property, plant and equipment, at carrying amount	<u>194</u>	<u>212</u>

13. Commitment

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

<i>In thousand of RM</i>	<u>As at 30 September</u>	
	2017	2016
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	35,646	12,013
Approved but not contracted for	<u>21,160</u>	<u>34,297</u>
	<u>56,806</u>	<u>46,310</u>

14. Recurrent Related Party Transactions

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

<i>In thousand of RM</i>	<u>9 months ended 30 September</u>	
	2017	2016
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>36,273</u>	<u>43,237</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>	<u>9 months ended 30 September</u>	
	2017	2016
	RM'000	RM'000
Directors' compensation	2,480	2,286
Other key management personnel compensation	<u>2,624</u>	<u>2,439</u>



QUARTERLY REPORT – Third Quarter Ended 30 September 2017

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 30 September 2017

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM126.33 million as compared to the preceding year corresponding quarter's figure of RM136.03 million. The construction segment contributed RM98.75 million (78%) whilst the property development segment registered a contribution of RM27.58 million (22%) to the Group's revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM15.11 million, a decrease of 31% as compared to RM21.82 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 September 2017, the revenue and net profit before tax are RM98.75 million and RM6.33 million compared to the previous year's corresponding quarter figures of RM119.64 million and RM16.40 million respectively. The revenue for the current quarter has decreased by 17% as compared to the previous year's corresponding quarter while profit before tax has decreased by 61%. 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 September 2017, the revenue and net profit before tax are RM27.58 million and RM8.78 million compared to the previous year's corresponding quarter figures of RM16.39 million and RM5.42 million respectively. The revenue for the current quarter has increased by 68% as compared to the previous year's corresponding quarter while profit before tax has increased by 62%. 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 RM15.11 million compared to RM12.78 million for the immediate preceding quarter on the back of the Group's revenue of RM126.33 million and RM106.39 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 and beyond.

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.



QUARTERLY REPORT – Third Quarter Ended 30 September 2017

20. Income Tax Expense

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/period	3,587	5,029	11,034	14,692
Under provision in prior year	87	5	87	5
Deferred Tax Expense - Malaysian				
Current quarter/period	339	431	(114)	105
Over provision in prior year	5	(6)	5	(6)
Income tax expense	4,018	5,459	11,012	14,796

Reconciliation of effective tax expense

Profit for the quarter/period	11,093	16,358	31,921	44,694
Total income tax expense	4,018	5,459	11,012	14,796
Profit before taxation	15,111	21,817	42,933	59,490
Income tax using Malaysian tax rates	3,624	5,235	10,299	14,276
Non-deductible expenses	302	225	621	521
Over provision in prior year	92	(1)	92	(1)
Income tax expense	4,018	5,459	11,012	14,796

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 September 2017 as follows:-

<i>In thousand of RM</i>	As at 30 September	
	2017	2016
	RM'000	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.



QUARTERLY REPORT – Third Quarter Ended 30 September 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.

On 20 September 2017, the Court of Appeal had, by consent of parties, granted an Order to set aside the Order of the High Court previously granted on 29 June 2017. The appeal was thereafter withdrawn and struck out accordingly. With that, the series of litigation matters involving Hock Seng Lee Berhad and the Yu/Yii family has been amicably settled.

24. Dividend

The first interim single-tier tax exempt dividend of one (1) sen per ordinary share for the year ending 31 December 2017 has been paid to shareholders on 10 October 2017.

25. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2017	2016	2017	2016
Net profit attributable to ordinary owners of the Company (RM'000)	11,062	16,342	31,858	44,677
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	2.01	2.97	5.80	8.13



QUARTERLY REPORT – Third Quarter Ended 30 September 2017

26. Profit before tax

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

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM,000	RM,000	RM,000	RM,000
Interest income from bank balances	310	600	1,163	2,039
Interest income from other financial assets	225	209	736	946
Other income including investment income	26	30	80	180
Interest expense on bank balances	7	1	7	1
Interest expense on other financial liabilities	67	90	279	287
Depreciation and amortization	3,189	2,812	9,204	8,131
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	7	13	54	38
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	(16)	(34)	(207)	58
Foreign exchange gain/(loss)	58	-	79	(5)
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 30 September 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 September 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 September	30 September
	2017	2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	659,480	629,292
- Unrealised	(14,699)	(14,993)
	644,781	614,299
Less : Consolidation adjustments	(345)	(278)
Total retained earnings as per consolidated financial statements	644,436	614,021

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 31 March 2017.



QUARTERLY REPORT – Third Quarter Ended 30 September 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 23 November 2017.

Issue Date: 23 November 2017