

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your ordinary shares in Insas Berhad (4081-M) ("Insas" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Special Share Registrar, ShareWorks Sdn Bhd (229948-U), No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Special Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 27 January 2015. This Abridged Prospectus together with the NPA and RSF, are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are and may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Abridged Prospectus together with the NPA and RSF comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders (as defined herein) and their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 3.9 of the Abridged Prospectus. Neither we, M&A Securities Sdn Bhd (15017-H) ("M&A Securities") nor our other experts shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 3 November 2014. Bank Negara Malaysia had vide its letter dated 16 October 2014 approved the issuance of 100,000,000 RPS amounting to RM100.0 million to non-residents shareholders of Insas. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") vide its letter dated 30 September 2014 for the admission of the RPS (as defined herein) and Warrants (as defined herein) to the Official List of Bursa Securities and the listing of and quotation for the RPS, Warrants and the new Insas Shares (as defined herein) to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The official listing of and quotation for the RPS and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the RPS and Warrants to the Official List of Bursa Securities and the listing of and quotation for the RPS, Warrants and the new Insas Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser, Managing Underwriter and Co-Underwriter for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.**



**INSAS BERHAD**  
(Company No. 4081-M)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,666,727 REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH IN INSAS ("RPS") TOGETHER WITH UP TO 277,333,454 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RPS TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM1.00 EACH IN INSAS, HELD AT 5.00 P.M. ON 27 JANUARY 2015 AT AN ISSUE PRICE OF RM1.00 PER RPS PAYABLE IN FULL UPON ACCEPTANCE**

*Adviser, Managing Underwriter and Co-Underwriter*



**M&A SECURITIES SDN BHD (15017-H)**

*(A Wholly-Owned Subsidiary of Insas Berhad)*

*(A Participating Organisation of Bursa Malaysia Securities Berhad)*

*Co-Underwriter*

**KENANGA INVESTMENT BANK BERHAD  
(15678-H)**

*Co-Underwriter*

**MIDF AMANAH INVESTMENT BANK  
BERHAD (23878-X)**

*Co-Underwriter*

**AFFIN HWANG INVESTMENT BANK BERHAD (14389-U)**  
*(formerly known as HwangDBS Investment Bank Berhad)*

**IMPORTANT RELEVANT DATES AND TIME:**

|                                                                    |                                          |
|--------------------------------------------------------------------|------------------------------------------|
| Entitlement Date                                                   | : Tuesday, 27 January 2015 at 5.00 p.m.  |
| Last date and time for sale of provisional allotment of rights     | : Thursday, 5 February 2015 at 5.00 p.m. |
| Last date and time for transfer of provisional allotment of rights | : Tuesday, 10 February 2015 at 4.00 p.m. |
| Last date and time for acceptance and payment                      | : Friday, 13 February 2015 at 5.00 p.m.* |
| Last date and time for excess application and payment              | : Friday, 13 February 2015 at 5.00 p.m.* |

\* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

**ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.**

**THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

## DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:-

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Abridged Prospectus"      | : This Abridged Prospectus issued by us dated 27 January 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| "Act"                      | : The Companies Act, 1965 as amended from time to time and any re-enactment thereof                                                                                                                                                                                                                                                                                                                                                                                                                               |
| "Amendments"               | : Collectively, the RASC and M&A Amendments                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| "BNM"                      | : Bank Negara Malaysia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| "Board"                    | : Board of Directors of Insas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| "Bursa Depository"         | : Bursa Malaysia Depository Sdn Bhd (165570-W)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| "Bursa Securities"         | : Bursa Malaysia Securities Berhad (635998-W)                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| "CDS"                      | : Central Depository System                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| "CDS Accounts"             | : A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor                                                                                                                                                                                                                          |
| "Code"                     | : Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof                                                                                                                                                                                                                                                                                                                                                                                                       |
| "Deed Poll"                | : The deed poll executed by our Company on 10 November 2014 governing the Warrants                                                                                                                                                                                                                                                                                                                                                                                                                                |
| "EGM"                      | : Extraordinary general meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| "EMS"                      | : Electronic Manufacturing Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| "Entitled Shareholders"    | : Our shareholders whose names appear on our Record of Depositors on the Entitlement Date                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "Entitlement Date"         | : At 5.00 p.m. on 27 January 2015, being the time and date on which the Entitled Shareholders must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants                                                                                                                                                                                                                                                                       |
| "EPS"                      | : Earnings per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| "ESOS"                     | : Establishment of an employee's share option scheme of up to ten percent (10%) of the issued and paid up share capital (excluding treasury shares) for eligible employees including Executive Directors and Non-Executive Directors (excluding Alternate Directors, if any) of the Insas Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation in the employee's share option scheme as set out in the by-laws constituting the employee's share option scheme |
| "Exercise Price"           | : Price at which one (1) Warrant is exercisable into one (1) Insas Share, being RM1.00, subject to such adjustments as may be allowed under the Deed Poll                                                                                                                                                                                                                                                                                                                                                         |
| "FPE"                      | : Financial period ended/ending, as the case may be                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| "FYE"                      | : Financial year ended/ending, as the case may be                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| "HKD"                      | : Hong Kong Dollar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| "Insas" or "Company"       | : Insas Berhad (4081-M)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| "Insas Group" or "Group"   | : Insas and its subsidiaries, collectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| "Insas Shares" or "Shares" | : Ordinary share(s) of RM1.00 each in Insas                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| "Issue Price"              | : The issue price of the RPS issued pursuant to the Rights Issue with Warrants of RM1.00 per RPS                                                                                                                                                                                                                                                                                                                                                                                                                  |
| "LPD"                      | : 6 January 2015, being the latest practicable date prior to the issuance of this Abridged Prospectus                                                                                                                                                                                                                                                                                                                                                                                                             |

**DEFINITIONS (CONT'D)**

|                              |                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "M&A Amendments"             | : Amendments to the Memorandum and Articles of Association of Insas                                                                                                                                                                                                                                                                                                   |
| "M&A Securities"             | : M&A Securities Sdn Bhd (15017-H)                                                                                                                                                                                                                                                                                                                                    |
| "Main Market LR"             | : Main Market Listing Requirements of Bursa Securities, as may be amended from time to time                                                                                                                                                                                                                                                                           |
| "Market Day(s)"              | : A day on which Bursa Securities is open for trading in securities                                                                                                                                                                                                                                                                                                   |
| "NA"                         | : Net assets                                                                                                                                                                                                                                                                                                                                                          |
| "NPA"                        | : Notice of Provisional Allotment in relation to the Rights Issue with Warrants                                                                                                                                                                                                                                                                                       |
| "PHP"                        | : Philippine Peso                                                                                                                                                                                                                                                                                                                                                     |
| "Proposals"                  | : Rights Issue with Warrants, RASC, M&A Amendments and ESOS, collectively                                                                                                                                                                                                                                                                                             |
| "RASC"                       | : Reclassification of the authorised share capital of Insas from RM1,500,000,000 comprising 1,500,000,000 Insas Shares to RM1,500,000,000 comprising 1,498,000,000 Insas Shares and 200,000,000 RPS                                                                                                                                                                   |
| "Record of Depositors"       | : A record of depositors established by Bursa Depository under the Rules of Bursa Depository, as amended from time to time                                                                                                                                                                                                                                            |
| "Rights Issue with Warrants" | : Renounceable rights issue of up to 138,666,727 RPS together with up to 277,333,454 Warrants on the basis of one (1) RPS together with two (2) Warrants for every five (5) existing Insas Shares held on the Entitlement Date, at an issue price of RM1.00 per RPS                                                                                                   |
| "RPS"                        | : Up to 138,666,727 new redeemable preference shares of RM0.01 each in Insas to be issued pursuant to the Rights Issue with Warrants                                                                                                                                                                                                                                  |
| "RM" and "sen"               | : Ringgit Malaysia and sen, respectively                                                                                                                                                                                                                                                                                                                              |
| "RSF"                        | : Rights Subscription Form in relation to the Rights Issue with Warrants                                                                                                                                                                                                                                                                                              |
| "SGD"                        | : Singapore Dollar                                                                                                                                                                                                                                                                                                                                                    |
| "SICDA"                      | : Securities Industry (Central Depositories) Act, 1991                                                                                                                                                                                                                                                                                                                |
| "Undertaking Shareholders"   | : Dato' Sri Thong Kok Khee, the Executive Deputy Chairman / Chief Executive Officer and major shareholder of Insas, together with his related parties                                                                                                                                                                                                                 |
| "Undertakings"               | : Irrevocable written undertakings dated 23 July 2014, by the Undertaking Shareholders to subscribe in full for the entitlements and for additional RPS and Warrants via excess application, aggregating up to 100,000,000 RPS with 200,000,000 Warrants under the Rights Issue with Warrants                                                                         |
| "Underwriting Agreement"     | : Underwriting agreement dated 12 January 2015 entered into between the Company and M&A Securities, the Managing Underwriter, and Kenanga Investment Bank Bhd, MIDF Amanah Investment Bank Berhad and Affin Hwang Investment Bank Berhad ( <i>formerly known as HwangDBS Investment Bank Berhad</i> ), the Co-Underwriters relating to the Rights Issue with Warrants |
| "Underwriting"               | : 38,666,727 RPS with 77,333,454 Warrants to be underwritten pursuant to the Underwriting Agreement                                                                                                                                                                                                                                                                   |
| "Underwriters"               | : Collectively, the Managing Underwriter and the Co-Underwriters as specified under the Corporate Directory of this Abridged Prospectus                                                                                                                                                                                                                               |
| "USD"                        | : United States Dollar                                                                                                                                                                                                                                                                                                                                                |
| "Warrants"                   | : Up to 277,333,454 free detachable warrants to be issued pursuant to the Rights Issue with Warrants                                                                                                                                                                                                                                                                  |
| "5D-VWAP"                    | : Five (5)-day volume weighted average market price                                                                                                                                                                                                                                                                                                                   |

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**DEFINITIONS (CONT'D)**

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References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name</b>                                                                                                                                                      | <b>Age</b> | <b>Address</b>                                                                                    | <b>Nationality</b> | <b>Occupation</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------|--------------------|-------------------|
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP<br><i>(Chairperson/Independent Non-Executive Director)</i> | 58         | C-G-3A, U-Thant Residence No. 28, Jalan Taman U-Thant 55000 Kuala Lumpur                          | Malaysian          | Company Director  |
| Dato' Sri Thong Kok Khee<br><i>(Executive Deputy Chairman/Chief Executive Officer)</i>                                                                           | 61         | 74, Jalan Setiakasih Damansara Heights 50490 Kuala Lumpur                                         | Malaysian          | Company Director  |
| Dr Tan Seng Chuan<br><i>(Executive Director)</i>                                                                                                                 | 60         | C-05, Pangsapuri Bayou Jalan Peranginan Leisure Farm 81560 Gelang Patah Johor                     | Malaysian          | Company Director  |
| Dato' Wong Gian Kui<br><i>(Non-Independent Non-Executive Director)</i>                                                                                           | 56         | Lot 26 Mont' Kiara Residence Changkat Suria 1 No. 6, Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur | Malaysian          | Company Director  |
| Soon Li Yen<br><i>(Non-Independent Non-Executive Director)</i>                                                                                                   | 47         | 161, Jalan Hujan Manik Overseas Union Garden 58200 Kuala Lumpur                                   | Malaysian          | Company Director  |
| Oh Seong Lye<br><i>(Independent Non-Executive Director)</i>                                                                                                      | 67         | 29, Jalan SS2/39 47300 Petaling Jaya Selangor                                                     | Malaysian          | Company Director  |

**AUDIT COMMITTEE**

| <b>Name</b>                                                                                           | <b>Designation</b> | <b>Directorship</b>                            |
|-------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------|
| Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | Chairman           | Chairperson/Independent Non-Executive Director |
| Soon Li Yen                                                                                           | Member             | Non-Independent Non-Executive Director         |
| Oh Seong Lye                                                                                          | Member             | Independent Non-Executive Director             |



**COMPANY SECRETARIES**

: Chow Yuet Kuen (MAICSA 7010284)  
Lau Fong Siew (MAICSA 7045893)  
c/o No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2284 8311

**REGISTERED OFFICE**

: No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2284 8311

**HEAD/MANAGEMENT OFFICE**

: Suite 23.02, Level 23  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
E-mail: post@insas.net  
Website: <http://www.insas.net>

**PRINCIPAL BANKERS**

: Affin Hwang Investment Bank Berhad (14389-U)  
*(formerly known as HwangDBS Investment Bank Berhad)*  
27th Floor, Menara Boustead  
No. 69, Jln Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2142 3700

Hong Leong Bank Berhad (97141-X)  
Lot A-G-2 (Ground Floor)  
No. 1, Persiaran Greentown 2  
Greentown Business Centre  
30450 Ipoh  
Perak Darul Ridzuan  
Tel: 05-253 0044

Malayan Banking Berhad (3813-K)  
37th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: 03-2070 8833

OCBC Bank (Malaysia) Berhad (295400-W)  
18th Floor Menara OCBC  
Jalan Tun Perak  
50050 Kuala Lumpur

Public Bank Berhad (6463-H)  
Ground Floor  
Wisma Lim Foo Yong  
86, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2141 8255

- PRINCIPAL BANKERS (CONT'D)** : RHB Bank Berhad (6171-M)  
Corporate Banking 3  
Level 7, Tower 3  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-9280 6399
- United Overseas Bank (Malaysia) Berhad (271809-K)  
Level 14, Menara UOB  
Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 03-2772 8000
- AUDITOR AND REPORTING ACCOUNTANTS** : SJ Grant Thornton (AF 0737)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2692 4022
- SHARE REGISTRAR** : Megapolitan Management Services Sdn Bhd (402023-T)  
No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2284 8311
- SPECIAL SHARE REGISTRAR FOR THE RIGHTS ISSUE WITH WARRANTS** : ShareWorks Sdn Bhd (229948-U)  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Tel: 03-6201 1120
- SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS** : Raslan Loong  
Suite 08-03, Level 8  
Wisma Mont Kiara  
No. 1, Jalan Kiara  
Mont Kiara  
50480 Kuala Lumpur  
Tel: 03-6205 2778
- ADVISER, MANAGING UNDERWRITER AND CO-UNDERWRITER FOR THE RIGHTS ISSUE WITH WARRANTS** : M&A Securities Sdn Bhd (15017-H)  
No. 45 & 47-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2284 2911
- CO-UNDERWRITERS FOR THE RIGHTS ISSUE WITH WARRANTS** : Affin Hwang Investment Bank Berhad (14389-U)  
*(formerly known as HwangDBS Investment Bank Berhad)*  
27<sup>th</sup> Floor, Menara Boustead  
No. 69, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2142 3700

**CO-UNDERWRITERS FOR THE  
RIGHTS ISSUE WITH WARRANTS  
(CONT'D)**

: Kenanga Investment Bank Bhd (15678-H)  
Equity Capital Markets  
10th Floor, Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2164 9080

MIDF Amanah Investment Bank Berhad (23878-X)  
Level 21, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2772 1681

**INDEPENDENT MARKET  
RESEARCHER FOR THE RIGHTS  
ISSUE WITH WARRANTS**

: Protégé Associates Sdn Bhd (675767-H)  
Suite C-06-06, Plaza Mont' Kiara  
2, Jalan Kiara  
Mont' Kiara  
50480 Kuala Lumpur  
Tel: 03-6201 9301

**STOCK EXCHANGE LISTING**

: Main Market of Bursa Securities

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**INSAS BERHAD**

(Company No. 4081-M)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

27 January 2015

**Directors:**

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II),  
SIMP (*Chairperson/Independent Non-Executive Director*)

Dato' Sri Thong Kok Khee (*Executive Deputy Chairman/Chief Executive Officer*)

Dr Tan Seng Chuan (*Executive Director*)

Dato' Wong Gian Kui (*Non-Independent Non-Executive Director*)

Soon Li Yen (*Non-Independent Non-Executive Director*)

Oh Seong Lye (*Independent Non-Executive Director*)

**To: Our Entitled Shareholders**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,666,727 RPS TOGETHER WITH UP TO 277,333,454 WARRANTS ON THE BASIS OF ONE (1) RPS TOGETHER WITH TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING INSAS SHARES HELD AT 5.00 P.M. ON 27 JANUARY 2015 AT AN ISSUE PRICE OF RM1.00 PER RPS PAYABLE IN FULL UPON ACCEPTANCE**

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**1. INTRODUCTION**

On 25 July 2014, M&A Securities, on behalf of our Board, had announced that Insas proposes to undertake amongst others, the Rights Issue with Warrants.

Bursa Securities, had vide its letter dated 30 September 2014 approved in-principle the following:-

- (i) Admission to the Official List and the listing and quotation of up to 277,333,454 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (ii) Admission to the Official List and the listing and quotation of up to 138,666,727 RPS to be issued pursuant to the Rights Issue with Warrants;
- (iii) Listing of and quotation for up to 277,333,454 new Insas Shares to be issued pursuant to the exercise of the Warrants; and

- (iv) Listing of such number of additional Insas Shares, representing up to ten percent (10%) of the issued and paid-up ordinary share capital of Insas (excluding treasury shares), to be issued pursuant to the exercise of options under the ESOS.

Bursa Securities' approval-in-principle is subject to the following conditions:-

| <b>Conditions</b>                                                                                                                                                                                                                                     | <b>Status of Compliance</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (a) Insas and M&A Securities must fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Rights Issue with Warrants;                                                                              | To be complied              |
| (b) Insas and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;                                                                                                                                        | To be complied              |
| (c) Insas to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;                                                     | To be complied              |
| (d) Insas to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants/ ESOS as at the end of each quarter together with a detailed computation of listing fees payable; | To be complied              |
| (e) Insas is required to submit a confirmation to Bursa Securities of full compliance with the ESOS pursuant to Paragraph 6.43(1) of the Main Market LR and stating the effective date of implementation;                                             | To be complied              |
| (f) A certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposals; and                                                                                                                               | To be complied              |
| (g) To incorporate the comments made in the circular to shareholders.                                                                                                                                                                                 | Complied                    |

Subsequently, our shareholders had at an EGM held on 3 November 2014, approved the Rights Issue with Warrants.

A certified extract of the resolutions pertaining to the Proposals which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

BNM, had vide its letter dated 16 October 2014 granted its approval for the issuance of 100,000,000 RPS amounting to RM100.0 million to non-resident shareholders of Insas.

The approval of BNM will be terminated in the event Insas:

- (a) utilises the funds for reasons other than stated in the approval letter; and
- (b) does not issue the RPS within twelve (12) months from the date of the said approval letter.

Insas is required to seek the prior consent of BNM:

- (a) for any amendments to the terms and purpose of use for the RPS by completing Form 10G; and

- (b) in the event the issuance of the RPS falls after twelve (12) months after the date of the said approval letter.

Insas is to make the redemption of the RPS in a foreign currency (other than the currency of Israel) or in Ringgit Malaysia. The redemption of the RPS is to be made into the non-resident's external account maintained in Malaysia. Any conversion of foreign currency into Ringgit Malaysia and vice versa is to be made through licensed onshore banks (commercial banks, Islamic banks or licensed investment banks).

Insas is to also submit the information required by a licensed domestic bank to enable the said bank to make the relevant payments, on behalf of Insas to non-resident shareholders, for each redemption and dividends of more than RM200,000 or the equivalent in a foreign currency.

In the event non-resident shareholders enter into hedging contracts to manage the risk of exposure against Ringgit Malaysia denominated borrowings, such hedging contracts may only be performed by licensed onshore banks.

On 13 January 2015, M&A Securities on behalf of our Board, announced the Entitlement Date had been fixed at 5.00 pm on 27 January 2015.

The official listing of and quotation for the RPS and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited with the RPS with Warrants allotted to them and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS**

### **2.1 INTRODUCTION**

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities, our shareholders and subject to the terms of this Abridged Prospectus, RSF and NPA, the Rights Issue with Warrants entails a renounceable rights issue of up to 138,666,727 RPS together with up to 277,333,454 Warrants on the basis of one (1) RPS and two (2) Warrants for every five (5) existing Insas Shares held, at an issue price of RM1.00 per RPS, to raise gross proceeds of up to RM138.7 million.

The RPS together with the Warrants will be offered to the Entitled Shareholders. The Warrants will be issued free to each Entitled Shareholder based on his respective entitlement to the Rights Issue with Warrants and on the acceptance of his rights entitlements.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the RPS in full or in part.

The Warrants will be immediately detached from the RPS upon issuance and will be separately traded. The renunciation of the RPS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the RPS pursuant to the Rights Issue with Warrants. If the Entitled Shareholder decides to accept only part of his RPS entitlements, he shall be entitled to the Warrants in the proportion of his acceptance of his RPS entitlements.

Any RPS with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the excess RPS with Warrants in a fair and equitable manner and on such basis as it may deem fit or expedient or in the best interests of our Company.

Fractional entitlements under the Rights Issue with Warrants, if any, will be disregarded and dealt with in such manner as our Board in its discretion deems fit and expedient and in the best interest of our Company.

Any dealing in the RPS and Warrants, which are prescribed securities under the CDS, will be subject to the provision of the SICDA and the Rules of Bursa Depository. Accordingly, upon allotment and issuance by Insas, the RPS with Warrants will be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have successfully subscribed for such RPS and Warrants. No physical certificates will be issued to the successful applicants.

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of RPS for which you are entitled to subscribe for and RSF which is to be used for the acceptance of the provisionally allotted RPS with Warrants and for the excess application for RPS with Warrants, should you wish to do so.

## **2.2 BASIS OF DETERMINING THE ISSUE PRICE AND THE EXERCISE PRICE**

Our Board had fixed the issue price of the RPS at RM1.00 per RPS and the exercise price of the Warrants at RM1.00 per Warrant, after taking into consideration, the prevailing market conditions, the 5D-VWAP and the par value of our Shares.

The issue price/exercise price of RM1.00 for each RPS/Warrant represents:

- (a) a discount of 19.4% to the 5D-VWAP of our Shares up to 24 July 2014, being the Market Day immediately prior to the date of the announcement of the Proposals on 25 July 2014, of RM1.24; and
- (b) a premium of 26.81% to the 5D-VWAP of our Shares up to 6 January 2015, being the LPD, of RM0.7886.

## **2.3 RANKING OF THE RPS AND THE NEW INSAS SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE WARRANTS**

The RPS shall rank *pari passu* without any preference or priority among themselves and in priority to Insas Shares and other preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of Insas.

The new Insas Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, rank *pari passu* in all respects with our then existing Insas Shares, save and except that such new Insas Shares will not entitle its holders any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company prior to the relevant date of allotment of the new Insas Shares arising from the exercise of the Warrants.

## 2.4 UNDERTAKINGS BY SHAREHOLDERS

The Rights Issue with Warrants is intended to be undertaken on a full subscription basis.

Notwithstanding the above, our Company has obtained irrevocable written undertakings from the Undertaking Shareholders to subscribe for at least 100,000,000 RPS to be issued together with 200,000,000 Warrants under the Rights Issue with Warrants which are as follows:

|                                                          | Shareholdings as at the LPD |                | Undertakings to subscribe for his/its Rights entitlements |                 |       | Undertaking to subscribe for excess RPS |                 |       | Total to be subscribed pursuant to the Undertakings |                 |       |
|----------------------------------------------------------|-----------------------------|----------------|-----------------------------------------------------------|-----------------|-------|-----------------------------------------|-----------------|-------|-----------------------------------------------------|-----------------|-------|
|                                                          | No. of Shares               |                | No. of RPS                                                | No. of Warrants |       | No. of RPS                              | No. of Warrants |       | No. of RPS                                          | No. of Warrants |       |
|                                                          | ('000)                      | % <sup>^</sup> | ('000)                                                    | ('000)          | %*    | ('000)                                  | ('000)          | %*    | ('000)                                              | ('000)          | %*    |
| Dato' Sri Thong Kok Khee                                 | 3,785                       | 0.57           | 757                                                       | 1,514           | 0.55  | 67,157                                  | 134,314         | 48.43 | 67,914                                              | 135,828         | 48.98 |
| Parties related to Dato' Sri Thong Kok Khee <sup>#</sup> | 160,430                     | 24.18          | 32,086                                                    | 64,172          | 23.14 | -                                       | -               | -     | 32,086                                              | 64,172          | 23.14 |

*Notes:*

<sup>^</sup> % shareholdings calculated based on 663,506,342 Insas Shares (net of 29,827,291 treasury shares).

\* Computed based on 138,666,727 RPS to be issued pursuant to the Rights Issue with Warrants.

<sup>#</sup> Parties related to Dato' Sri Thong Kok Khee pursuant to the Undertakings are his spouse, Datin Sri Yeoh Kwee See, M&A Investments International Limited, Immobiliaire Holdings Sdn Bhd and Baktihan Sdn Bhd.

Pursuant to the Undertakings, the Undertaking Shareholders have confirmed that they have sufficient financial resources to subscribe for their respective undertakings and such confirmations have been verified by M&A Securities.

Insas confirms that the Undertakings will not give rise to any consequences of mandatory general offer obligation pursuant to the Code after the Rights Issue with Warrants. However, should Dato' Sri Thong Kok Khee and/or any of his related parties exercise their Warrants, such that their shareholdings in Insas increases to more than 33%, whether on an individual or collective basis, Dato' Sri Thong Kok Khee and/or any of his related parties is obliged under Part III of the Code to undertake a mandatory offer for all the remaining Insas Shares not already held by them after the exercise of the Warrants.

The remaining portion of 38,666,727 RPS (or 27.88% of the total RPS to be issued) for which no undertaking is obtained, has been fully underwritten by the Underwriters.

## 2.5 UNDERWRITING ARRANGEMENT

On 12 January 2015, our Company entered into the Underwriting Agreement with the Underwriters to underwrite 38,666,727 RPS together with 77,333,454 Warrants ("Underwritten RPS"), representing approximately 27.88% of the RPS with Warrants to be issued pursuant to the Rights Issue with Warrants at an underwriting commission of between 0.5% - 1.5% of the total value of the Underwritten RPS, subject to the terms and conditions of the Underwriting Agreement.



|                                                                                                      | No. of Underwritten RPS | Amount<br>RM      |
|------------------------------------------------------------------------------------------------------|-------------------------|-------------------|
| <b><u>Underwriters</u></b>                                                                           |                         |                   |
| M&A Securities                                                                                       | 17,666,727              | 17,666,727        |
| Kenanga Investment Bank Berhad                                                                       | 7,000,000               | 7,000,000         |
| MIDF Amanah Investment Bank Berhad                                                                   | 7,000,000               | 7,000,000         |
| Affin Hwang Investment Bank Berhad<br><i>(formerly known as HwangDBS Investment<br/>Bank Berhad)</i> | 7,000,000               | 7,000,000         |
| <b>Total</b>                                                                                         | <b>38,666,727</b>       | <b>38,666,727</b> |

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be borne by our Company.

## 2.6 SALIENT TERMS OF THE RPS AND WARRANTS

Please refer to Appendices II and III of this Abridged Prospectus for the salient terms of the RPS and Warrants respectively.

## 2.7 DETAILS OF OTHER CORPORATE EXERCISES

As at the LPD, save for the Proposals, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

## 3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

### 3.1 GENERAL

As an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted RPS with Warrants, which you are entitled to accept/subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted RPS with Warrants into your CDS Account and the RSF to enable you to subscribe for the RPS with Warrants provisionally allotted to you, as well as to apply for excess RPS with Warrants if you choose to do so.

The provisionally allotted RPS with Warrants are renounceable in full or in part and as such, you may fully or partially renounce your rights entitlements to the RPS with Warrants.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONALLY ALLOTTED RPS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR PART OF YOUR PROVISIONALLY ALLOTTED RPS WITH WARRANTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED WITH THIS ABRIDGED PROSPECTUS.**

The provisionally allotted RPS with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the RPS and Warrants will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

### 3.2 LAST DATE AND TIME OF ACCEPTANCE AND PAYMENT

The last date and time for acceptance and payment for the RPS with Warrants is 5.00 p.m. on 13 February 2015, or such other later date and time as may be determined and announced by our Board at its discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

### 3.3 PROCEDURE FOR FULL ACCEPTANCE AND PAYMENT

Acceptance and payment for the RPS with Warrants provisionally allotted to you as an Entitled Shareholder or your renounee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the discretion of our Board.

If you or your renounee(s)/transferee(s) (if applicable) wish to accept all or part of the provisionally allotted RPS, you or your renounee(s)/transferee(s) (if applicable) are required to complete Part I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** (at your own risk) to our Special Share Registrar at the following address:

**ShareWorks Sdn Bhd**

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur

and should reach our Special Share Registrar not later than 5.00 p.m. on 13 February 2015, being the last date and time for acceptance and payment for the RPS with Warrants, or such later date and time as the Board may decide and announce, not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the Abridged Prospectus and/or RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from our Special Share Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

You must use one (1) RSF for the subscription of the provisionally allotted RPS with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of the provisionally allotted RPS with Warrants standing to the credit of different CDS Accounts. The provisionally allotted RPS with Warrants that you have subscribed for, will be credited into the respective CDS Accounts where the provisionally allotted RPS with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Special Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Any fractional RPS with Warrants entitlement arising from the Rights Issue with Warrants (if any) shall be disregarded and will be dealt with in a fair and equitable manner as our Board in its discretion deems fit and in the best interest of our Company and you.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and should be made payable to "**INSAS RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name in block letters, contact number and CDS Account number. The payment must be made in the exact amount. Any subscription of the provisionally allotted RPS with Warrants accompanied by excess or insufficient payment or payment in the manner other than stated in this Abridged Prospectus may be rejected at the discretion of our Board. Cheques or any other modes of payment will be rejected. Details of remittance must be filled in the appropriate boxes provided in the RSF.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SPECIAL SHARE REGISTRAR FOR THE RECEIPT OF ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN EIGHT (8) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RPS WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SPECIAL SHARE REGISTRAR OR INSAS.**

**YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SPECIAL SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RPS WITH WARRANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART THE SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RPS WITH WARRANTS WITHOUT ASSIGNING ANY REASON THEREOF.**

**WHERE THE SUBSCRIPTION OF THE PROVISIONALLY ALLOTTED RPS WITH WARRANTS IS NOT ACCEPTED OR ACCEPTED IN PART, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SPECIAL SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RPS WITH WARRANTS.**

If the acceptance and payment for the provisionally allotted RPS with Warrants are not received by our Special Share Registrar by 5.00 p.m. on 13 February 2015 or such later date and time as may be determined and announced by our Board, your and/or your renounee(s)/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such provisionally allotted RPS with Warrants not taken up will be allotted to applicants for the excess RPS with Warrants in the manner as set out in Section 3.6 of this Abridged Prospectus.

### **3.4 PROCEDURE FOR PART ACCEPTANCE**

You can accept part of your entitlements for the RPS with Warrants. You must complete both Part I(A) of the RSF by specifying the number of the RPS with Warrants which you are accepting and Part II of the RSF and deliver the RSF together with the relevant payment to our Special Share Registrar in the manner set out in Section 3.3 of this Abridged Prospectus.

### **3.5 PROCEDURE FOR SALE/TRANSFER OF PROVISIONAL ALLOTMENT OF RPS WITH WARRANTS**

The provisionally allotted RPS with Warrants are renounceable. If you wish to sell or transfer all or part of your provisionally allotted RPS with Warrants to one (1) or more person(s), you may do so through your stockbrokers without first having to request for a split of the provisionally allotted RPS with Warrants standing to the credit of your CDS Accounts. To sell or transfer all or part of your entitlement to the provisionally allotted RPS with Warrants, you may sell such entitlement in the open market or transfer such provisional allotments to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted RPS with Warrants, you do not need to deliver the RSF or any document, to any stockbroker. You are however advised to read and adhere to the RSF and the notes and instructions contained in the RSF as well as ensure that there is sufficient provisional allotment of RPS with Warrants standing to the credit of your CDS Account(s) before selling or transferring.

Renouncee(s)/transferee(s) (if applicable) of the provisionally allotted RPS with Warrants may obtain a copy of this Abridged Prospectus and the RSF from our Special Share Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

If you have sold or transferred only part of the provisionally allotted RPS with Warrants, you may still accept the balance of the provisionally allotted RPS with Warrants by following the procedures described in Section 3.4 of this Abridged Prospectus.

### **3.6 PROCEDURE FOR EXCESS APPLICATION**

If you are an Entitled Shareholder, you and/or your renouncee(s)/transferee(s) (if applicable) may apply for excess RPS with Warrants in addition to your provisionally allotted RPS with Warrants.

It is the intention of our Board to allot the excess RPS with Warrants, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have applied for the excess RPS with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess RPS with Warrants on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess RPS with Warrants on a pro-rata basis and in board lots, based on the quantum of their respective excess RPS with Warrants applied for; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for excess RPS with Warrants on a pro-rata basis and in board lots, based on the quantum of their respective excess RPS with Warrants applied for.

In the event of an under subscription by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), after all excess RPS with Warrants applications have been taken into consideration, the remaining unsubscribed RPS with Warrants will be subscribed by the Underwriters in Section 2.5 of this Abridged Prospectus.

If you wish to apply for excess RPS with Warrants in excess of your entitlement, you should complete Part I(B) — application for excess RPS with Warrants of the RSF (in addition to Part I(A) and Part II) and forward it together with a separate remittance for the full amount payable in respect of the excess RPS with Warrants applied for, to our Special Share Registrar, not later than 5.00 p.m. on 13 February 2015, being the last date and time for acceptance and payment or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess RPS with Warrants should be made in the same manner as described in Section 3.3 of this Abridged Prospectus, with remittance in the form of banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia and crossed "**ACCOUNT PAYEE ONLY**" and made payable to "**INSAS EXCESS ACCOUNT**" for the excess RPS with Warrants and endorsed on the reverse side(s) with your name in block letters, contact number and CDS Account number.

Our Board reserves the right to allot the excess RPS with Warrants, if any, applied for under Part I(B) of the RSF, subject always to such allocation being made on a basis which is fair and equitable, as it deems fit and expedient and in the best interest of our Company, and that the intention of our Board is achieved. Our Board reserves the right to accept any excess RPS with Warrants application in part only, without assigning any reason thereto.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR SUBSCRIPTION MONIES IN RESPECT OF THE EXCESS RPS WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SPECIAL SHARE REGISTRAR FOR THE RECEIPT OF THE ABRIDGED PROSPECTUS, NPA AND RSF, WITHIN EIGHT (8) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RPS AND WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RPS WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE SUBSCRIPTION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST VIA CHEQUE AND SHALL BE DESPATCHED TO YOU AT YOUR OWN RISK, BY ORDINARY POST TO YOUR REGISTERED ADDRESS IN MALAYSIA AS STATED IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY OR TO THE ADDRESS IN MALAYSIA WHICH WAS PROVIDED BY YOU TO OUR SPECIAL SHARE REGISTRAR FOR THE RECEIPT OF THE DOCUMENTS, WITHIN FIFTEEN (15) MARKET DAYS AFTER THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RPS WITH WARRANTS.**

### **3.7 PROCEDURE FOR ACCEPTANCE BY RENOUNCEE(S)/TRANSFeree(S)**

A renounee/transferee (if applicable) who wishes to accept the provisionally allotted RPS with Warrants or apply for excess RPS with Warrants may obtain a copy of the RSF from our Special Share Registrar, our Registered Office or from Bursa Securities' website (<http://www.bursamalaysia.com>).

The procedures and payment for acceptance of the provisionally allotted RPS with Warrants and excess application for RPS with Warrants by the renounee(s)/transferee(s) (if applicable) are the same as those applicable to the Entitled Shareholders as set out in Sections 3.3 and 3.6 of this Abridged Prospectus.

**RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

### **3.8 FORM OF ISSUANCE**

Bursa Securities has already prescribed our securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly all dealings in respect to the RPS and Warrants are subject to the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts in order to subscribe for the RPS with Warrants.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical RPS or Warrant certificates will be issued. The RPS and Warrants will be credited directly into your CDS Account(s) and the notice of allotment will be despatched to you at your own risk, by ordinary post to your registered address in Malaysia as stated in the Record of Depositors of Bursa Depository or to the address in Malaysia which was provided by you to our Special Share Registrar for the receipt of the Abridged Prospectus, NPA and RSF, within eight (8) Market Days after the last date for acceptance and payment for the RPS with Warrants, or such other period as may be prescribed by Bursa Securities.

### **3.9 Laws of foreign jurisdictions**

This Abridged Prospectus, the NPA and the RSF have not been and will not be registered under or made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, other experts, our Company and our Directors and officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) are or may be subjected to. Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, other experts, our Company and our Directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Special Share Registrar, in which event our Special Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By accepting the provisionally allotted RPS with Warrants and signing the RSF, the foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, other experts, our Company and our Directors and officers that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounee(s)/transferee(s) (if applicable) are or may be subjected to;
- (ii) they have complied with the laws to which they are or may be subjected to in connection with the acceptance or renunciation;
- (iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) they are aware that the RPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as it deems necessary in connection with their decision to subscribe for or purchase the RPS with Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the RPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the RPS with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the RPS with Warrants from any such application by foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our discretion, to treat any acceptance of the RPS with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### 4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is undertaken to provide our Group with an adequate level of capital buffer for growth and to further strengthen our Company's capital position to support the continuous business growth of its subsidiaries.

The Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in our Company and raise capital at a competitive cost as compared to other means of financing such as through bank borrowings or the issuance of debt instruments.

The issuance of RPS pursuant to the Rights Issue with Warrants will also minimise the immediate dilution effect on the EPS of our Company which would otherwise arise from the issuance of ordinary shares.

The Warrants which are attached together with the RPS will increase the attractiveness of the Rights Issue with Warrants as it provides the Entitled Shareholders with the opportunity to increase their equity participation in our Company at a predetermined price during the tenure of the Warrants. In addition, the Warrants will enable our Company to raise further proceeds from the equity market as and when any of the Warrants are exercised.

Based on the above and after taking into consideration other options available, our Board is of the view that the Rights Issue with Warrants is in the best interest of our Company and shareholders.

#### 5. UTILISATION OF PROCEEDS

Assuming the treasury shares are resold in the open market and based on the issue price of RM1.00 per RPS, gross proceeds of up to RM138.7 million is expected to be raised from the Rights Issue with Warrants, which shall be utilised as follows:

| Purpose                                                                                           | RM'000                | Timeframe for utilisation                     |
|---------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------|
| Capital injection into M&A Securities, our wholly-owned subsidiary <sup>^</sup>                   | 60,000                | } Within 6 months from the listing of the RPS |
| Capital injection into Insas Pacific Rent-A-Car Sdn Bhd, our wholly-owned subsidiary <sup>^</sup> | 5,000                 |                                               |
| Repayment of bank borrowings <sup>#</sup>                                                         | 20,000                |                                               |
| Subscription of the rights issue of our associate company <sup>*</sup>                            | 30,000                |                                               |
| Working capital and general business purposes <sup>^^</sup>                                       | 22,267                | Within 12 months from the listing of the RPS  |
| To defray estimated expenses relating to the Proposals <sup>##</sup>                              | 1,400                 | Within 1 month from the listing of the RPS    |
| <b>Total</b>                                                                                      | <b><u>138,667</u></b> |                                               |



*Notes:*

- ^ *Capital injection to support our subsidiaries' continuous business for growth:*
- (a) *M&A Securities is in the business of stockbroking and dealing in securities and provision of corporate finance and advisory services. The capital injection will increase M&A Securities' shareholder's funds to RM172.4 million based on its audited financial statement as at 30 June 2014 and hence provide M&A Securities with additional working capital for its businesses and to ensure its shareholder's funds is maintained at least RM100 million at all times as required under the Securities Commission Licensing Handbook and;*
- (b) *This is for the expansion of the car rental services business to purchase new cars and set up of new offices in East Malaysia by Insas Pacific Rent-A-Car Sdn Bhd.*
- # *Total borrowings as at 31 December 2014 were approximately RM314.8 million. The repayment of bank borrowings of RM20.0 million is for revolving credits and overdrafts facilities of our Group and is expected to generate interest savings of approximately RM1.50 million per annum.*
- \* *The Company has allocated RM30.0 million to be utilised to replenish monies to be taken out from its working capital to subscribe for the rights issue with warrants by our associate company, Inari Amertron Berhad. The expected last date for acceptance and payment of Inari Amertron Berhad's rights issue with warrants is 10 February 2015, which is before the expected last date for acceptance and payment for the Company's Rights Issue with Warrants.*
- ^^ *The funds for our working capital will be mainly utilised to finance our Group's existing operations, which includes overheads, staff cost as well as provision of margin lines for our structured finance operations. The breakdown of the utilization is as follows:*

| <b>Description</b>                                                                                    | <b>RM'000</b>        |
|-------------------------------------------------------------------------------------------------------|----------------------|
| <i>Overheads such as office rental, utilities, statutory fees, secretarial/audit fees, insurances</i> | <i>1,600</i>         |
| <i>Staff costs</i>                                                                                    | <i>8,000</i>         |
| <i>Margin lines for structured finance operations</i>                                                 | <i>12,667</i>        |
|                                                                                                       | <b><u>22,267</u></b> |

- ## *The estimated expenses comprises fees for advisory and underwriting (62.4%), miscellaneous expenses such printing and meeting fees (27.1%) and fees to authorities (10.5%).*

The exact quantum of gross proceeds to be raised by our Company from the exercise of Warrants is dependent on the actual total number of Warrants exercised during the tenure of the Warrants.

Assuming full exercise of the Warrants at an exercise price of RM1.00 per Warrant by way of cash subscription, our Company could potentially raise gross proceeds of up to RM277.3 million. The proceeds to be raised, as and when the Warrants are exercised, are proposed to be utilised for the working capital requirements of our Group, which include operating expenses and/or finance costs. The proceeds to be utilised for each component of working capital and its timeframes are subject to our Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture.

## 6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

## 6.1 RISKS RELATING TO OUR GROUP AND THE INDUSTRIES IN WHICH WE OPERATE IN

### (i) Dependence on key personnel

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. With our Group's human resources strategies to retain competent personnel such as encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities, our management has expanded and strengthened over the years. Our Group is thus confident that it would not face difficulties when younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group. However, the loss of key members of the senior management team could adversely affect our Group's ability to compete in the industry.

### (ii) Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic and regulatory developments. These factors include the level of inflation, interest rates, exchange rates and changes in political leadership, Government's fiscal and monetary regulatory policies, changes in laws and regulations, war, social unrest, and economic downturns. Implementation of the Goods and Services Tax ("GST") in 2015 may dampen consumer sentiment and have an adverse impact on demand across the industries in which our businesses operate.

Whilst our Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our Group.

### (iii) Competition

Our Group may face competition from international and domestic players across the industries in which we operate in and there may be no assurance that our Group will be able to maintain our existing market share in the future.

Notwithstanding the above, we expect that as an established Group, we can continue to strive to remain highly competitive and expect to maintain and/or expand our market share for our products through our experienced management team.

In addition, future success will depend significantly upon our ability to respond to changing market conditions and demand, and employ marketing strategies that will suitably position our Group to fulfill the need of our target market.

### (iv) Risks of the financial services and credit leasing industry

#### (a) Political and economic factors

Political and economic conditions and developments in Malaysia as well as abroad could have an impact on the financial performance of our financial services and credit leasing business. Adverse political and economic conditions or developments, such as an unstable political environment, severe fluctuation in interest and currency exchange rates, can create uncertainties and could discourage the free flow of investment capital and affect international trade, ultimately resulting in adverse developments in national economic activity. This, in turn, may have a material adverse impact on the financial performance of our

business as financial services provider. As a result of globalisation, economic or market instability in a single country or region are increasingly affecting other markets generally. A continuation of these situations could adversely affect global economic conditions and world markets, and in turn, could cause a "chain reaction" effect and thus may adversely affect our Group's business and financial performance.

Our financial services and credit leasing division practices conservative policies in managing capital flow as well as providing for contingencies. However there can be no assurance that our efforts and current policies will be sufficient should we experience any adverse political or economic events.

**(b) Credit risks**

Credit risks arising from adverse changes in the credit quality and recoverability of loan, advances and amounts due from counterparties are inherent in our credit leasing business. Credit risks could arise from deterioration in the credit quality of specific counterparties of our Group, from a general deterioration in local or global economic conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of our business' assets and require an increase in our business' provisions for impairment of our assets and other credit exposures.

Our financial services and credit leasing division has in place risk management policies including a risk management committee managing risks of our financial exposure of our business as well as vetting through prospective clients. Our Group controls credit risk by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting our Group's associations to clients with high credit worthiness. Trade receivables are monitored on an on-going basis via management reporting procedures.

However there can be no assurance that our efforts and risks managing policies will be sufficient in mitigating credit risks may arises.

**(c) Interest rate risks**

Our financial services and credit leasing division is financed by both internally generated funds and borrowings. Our Group's exposure to interest rate risk arises mainly from borrowings. Any increase in interest rates can materially increase our cost of financing and hence, our profitability. Our Group manages such risk by closely monitoring the interest rates of our borrowings. However, there can be no assurance that our monitoring efforts will be sufficient to mitigate the risks arising from fluctuating interest rates.

**(d) Liquidity and cash flow risks**

Any negative movement in the equity markets due to political or economic factors, such as geo-political unrest, fluctuations in interest and/or currency exchange rates, can potentially affect our liquidity and cash flow positions and may even cause credit risks due to recoverability of loans. In addition, our Group is also in the business of trading of quoted securities and other related financial instruments. Any negative movements in the financial markets could adversely affect the price of our financial instruments and hence, the value of our holdings of financial assets.

Our Group actively manages its debts maturity profile, operating cash flow and availability of funds so as to ensure all financing, repayment and funding needs are met. Our Group maintains adequate amount of committed credit facilities by keeping credit lines available. However, there can be no assurance that our efforts will be sufficient to mitigate liquidity and cash flow risks.

**(e) Operational risks**

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, failure of internal systems, equipment and external systems (e.g., those of our business counterparties or vendors) and occurrence of natural disasters. Although our business has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to entirely eliminate any of the operational risks.

In addition, our business seeks to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased use of the internet. Computer security breaches and power disruptions could affect the security of information stored in, and transmitted through, these computer systems and network infrastructure. Our business employs physical and digital security systems, including firewalls and password encryption, designed to minimise the risk of security breaches.

There can be no assurance that these security measures will be adequate or successful. A significant fraud, system failure, calamity or failure in security measures could have a material adverse effect on our Group's business, financial condition, results of operations and prospects. In addition, our Group's reputation could be adversely affected by significant frauds committed by employees, customers or other third parties.

**(v) Risks of the property development industry**

**(a) Capital requirements**

The availability of adequate financing is crucial to our ability to acquire suitable parcels of land for development or identify joint venture developments and to complete development projects according to plan. We financed our land acquisitions and property development projects primarily through a combination of internal funds, bank borrowings and proceeds from our property development projects.

Although our management actively monitors the funds of our property development projects, there cannot be any assurance that we will have sufficient internal funds available for property developments or that we will be able to achieve sufficient sales to fund our developments.

**(b) Dependence on contractors**

The property development sector is highly dependent on the performance of the main/sub-contractors to ensure timely completion of the respective buildings and infrastructure works as per their contractual timeline. Our development projects have historically been fully outsourced to main/sub-contractors. As such, the performance and profitability of our development project is dependent on the quality, pricing, performance and reliability of the main/sub-contractors appointed to carry out the development projects.

Failure by our contractors to complete their work based on agreed time schedule and to the specification required may materially and adversely affect our ability to deliver completed properties to our end-buyers in a timely manner and to the specification required. We engage third-party contractors to provide various services in respect of our property development business, including design, construction, piling and foundation, building and property fit-out works. We invite contractors to tender bids according to their reputation for quality and track record. However there is no assurance that the services rendered by third-party contractors will be satisfactory or match the quality level we require. Moreover, contractors may experience financial or other difficulties such as procuring foreign labour that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of our property development projects and resulting in additional costs to us. Any of these factors could adversely affect the results of our operations and reputation.

**(vi) Risks of the food and beverage industry**

**(a) Inherent food safety risks in the production of food products**

As a food service operator, our food and beverage business faces inherent risk of food contamination and liability claims. In event that contamination and/or deterioration occurs, our raw materials and food products will be unsafe for consumption. This could lead to loss in revenue, increased in cost, and/or compensation to customers for medical issues caused.

We may be required to undertake measures to decontaminate our premises and equipment to ensure the safety of our customers resulting in the temporary closure of our premises. Additional costs may also be incurred in addressing customer complaints or in engaging legal services to defend our Group's reputation.

We implement strict protocols in our outlets to reduce the risks of contamination occurring in our premises, including the usage of appropriate apparels in our food preparation areas, providing food cleanliness and safety training to our staff and routine preventive cleaning in our outlets. We also ensure that we purchase our raw materials from reputable suppliers to ensure the quality of our raw materials. However there can be no assurance that our steps to prevent/mitigate such risks will be sufficient to prevent any potential contamination.

**(b) Availability, quality and price fluctuations of food ingredients**

We rely on various suppliers to source for food ingredients that meet our quality requirements. Fluctuation in prices and/or disruptions in supply of these food ingredients will have an impact on our business operations. To mitigate this risk, we carefully select and maintain long term relationships with our suppliers. Our business has been able to absorb fluctuation in prices and difficulties in supply in certain food ingredients, via careful stock planning and pricing strategies. However there can be no assurance that our business and/or efforts will be sufficiently strong to mitigate fluctuations in food prices in the future.

**(c) Changes in regulatory environment**

Introduction of new laws or changes in the regulatory environment in the food and beverage industry may have an adverse effect on our business operations. Failure to comply with new and existing rules and regulations may have a negative impact on our operations. There is also no assurance that existing licenses and permits issued will not be subjected to the imposition of further conditions or restrictions by the relevant authorities.

Although our management strives to mitigate regulatory risks by keeping abreast with best practices, no assurance can be given that any changes in these factors will not have a material effect on our businesses.

**(vii) Risks of the car rental industry**

**(a) Competition**

Our car hire business faces competition from other local and multinational car hire companies. Our management continuously undertakes measures to ensure that our services and products offered are commercially viable and are able to remain competitive by ensuring competitive car rental rates and that cars are regularly serviced and well-maintained.

In addition to active cost control, our management is also on a constant look-out for potential growth revenue. We have recently commenced offering limousine hire services in Singapore which has been identified as an avenue of growth.

Nevertheless there is no assurance that our car hire division will be able to continue to be competitive in the future.

**(b) Failure of or deficiency in our car hire business' internal control system to detect procedural errors, fraud and misconduct will affect our operations**

Our car hire business involves the direct handling of transactions by the employees, thus it is important to have in place a good internal control system to detect any procedural errors, frauds or misconduct. Under our internal control system, policies and operation guidelines are put in place, while our management reviews all relevant financial, operational and compliance controls and risk management functions.

Nevertheless, this internal control system may not be capable of identifying or capturing all procedural errors, suspicious transactions and our employees may fail to carry out proper reporting procedures. There is also no assurance that our internal control system will be adequate at all times given the possible changes in the business and regulatory environment. Our operations, reputation and prospects of the business may be adversely affected in any failure of or deficiency in our internal control system.

Our Group also has in place an internal audit function which provides independent supervision and oversight of our internal control system. The audit committee assists our Board in overseeing financial reporting, monitor the work of the internal control function and ensure that an objective and professional relationship is maintained with the external and internal auditors. However there can be no assurance that our efforts will be sufficient to mitigate any of the abovementioned risks.

**(viii) Risks of the luxury fashion industry**

**(a) Competition**

Our luxury fashion business faces competition primarily from franchisees of other international luxury brands that our Group does not carry and from direct international luxury brands that opens stores in Malaysia. In order for us to sustain our competitive advantage, we constantly strive to keep in touch with the latest fashion trend and to carry new designs regularly palatable to the Malaysian market. However, there is no assurance that our business will not be affected by competitive strategies adopted by our competitors.

**(b) Renewal of license agreement**

Our luxury fashion business carries international brands such as Hugo Boss, Saint Laurent, Aigner, Tods and Givenchy.

In order to retail and distribute such products, our Group has entered into various license agreements, sub-license agreements, distributorship agreements and memorandum of understanding with various principals, which are renewed periodically. As such, there exists a risk which may affect our luxury fashion operations and profitability should such agreements not be renewed due to various factors including contractual obligations which may be beyond our control. In addition, should there be variation / termination of our contracts / agreements where we do not enjoy the sole distributorship of certain brands in the locations we operate in, our businesses may be adversely affected by direct competition from other companies.

In order to mitigate such risks, we consistently strived to maintain good rapport with our principals and offer value-added-services to our partnering brands (i.e., handling warranty claims). However, there can be no assurance that our luxury fashion business will be able to retain such contracts in future.

**(c) Slow moving stocks**

Our luxury fashion business has various boutiques in Kuala Lumpur and Johor. Our business constantly requires high inventory level to meet the demand as well as sufficient inventory level for each outlet. As demand and inventory level for each outlet varies, our business faces risks such as possibilities of slow moving stocks due to changing fashion trends and consumer tastes. As such, our business has to constantly repackage these slow moving stocks to enhance the marketability of such stocks to keep inventory level down. However, no assurance can be given that such steps will reduce the amount of slow moving stocks.

**(ix) Risks of the EMS industry**

We are exposed to certain risks in the contract manufacturing industry. These risks include, without limitation, the following:

**(a) Dependency on the Electrical & Electronic ("E&E") industry**

As an EMS provider offering semiconductor packaging used in wireless communication devices such as mobile phones and networking products, our financial health is closely linked to the electronics industry.

Over the last few years, our information technology division has been upgrading our technical and production capabilities to extend its product and service range to cater for different application markets. We started from offering basic assembly services to our current comprehensive semiconductor packaging services to other original equipment manufacturers ("OEMs"). We are currently working on securing projects with new customers who are in line with our Group's objectives of diversifying our revenue streams, thereby reducing our dependency on a single industry as well as increasing profit margins through continuous research and development activities to enhance production efficiency and cost reduction.

Notwithstanding the aforesaid, there is no assurance that any change to the above factors will not have a material adverse effect on our Group's business and financial conditions.

**(b) Dependency on experienced management and key personnel**

Our Group recognises and believes that our continued success depends to a significant extent, on the abilities and continuing efforts of our Directors and key management/key technical personnel. The loss of any Director, key management/key technical personnel could adversely affect our Group's continued ability to compete in the industry. Thus, we recognise the importance of attracting and retaining our key management/technical personnel, and have in placed, remuneration packages which are on par with the industry standards, as well as providing a good working environment which promotes productivity and loyalty. Efforts are made to continuously attract new skilled personnel to strengthen our existing team.

Although we seek to limit the dependence on key management and technical personnel through the efforts mentioned above, there is no assurance that any change in our key management and technical personnel structure will not have a material adverse effect on our Group's future performance.

**(c) Competition**

Our Group is operating in a highly competitive industry and the components which are being manufactured for use in the wireless communications are subject to rapid technological changes. If our manufacturing capabilities fail to keep abreast with the rapid changes in the product specifications and stringent quality requirements, our customers may terminate orders to us which will materially and adversely affect our Group's performance and financial condition. Our Group and personnel have successfully carved a reputable track record in servicing multinationals in the semiconductor industry over the years. These are results from our good service, continuous research and developmental efforts, upgrading of manufacturing technologies, machines and equipment as well as the practice of stringent quality management system.

Although no assurance is given that our Group is able to maintain our market position in the contract manufacturing industry, our Directors are confident that our Group can sustain our position in view of our reputation among our customers, our technical know-how and industry knowledge, particularly in back-end wafer processing, package assembly and final testing. Our Directors believe that competition from existing companies and new entrants can be mitigated, to a certain extent, due to the numerous barriers to entry such as long period of required audits, established track record, design and technical skills, steep learning curves and economies of scale.



Although our Group continues to adopt appropriate strategies to remain competitive, there can be no assurance that competition from existing competitors and/or new entrants will not have a material adverse effect on our performance.

**(d) Shortage of skilled labour and dependence on supply of foreign labour**

The nature of our business is such that it is highly dependent on the availability of skilled labour. In Malaysia, there is a shortage of skilled labour for the contract manufacturing industry. The semiconductor packaging industry is labour intensive and we may experience difficulty in attracting employees to work in our manufacturing facilities. We are also dependent on the supply of foreign labour.

In view of the above, any review of policies in relation to foreign labour by the Government may adversely affect our Group's operations. To mitigate the risk of possible disruptions to the operations due to a shortage of foreign labour, we have adopted measures to ensure the retention of foreign workers by providing training, competitive remuneration, housing and amenities and a harmonious working environment. Nevertheless, no assurance can be given that any changes in immigration and labour policies by the Government in respect of foreign labour will not affect our Group's operations.

**(e) Production/operational risks**

Our Group's revenue is dependent on our production process running smoothly and efficiently. Our Group's daily operations are susceptible to events of emergency such as explosion, fire, flood, energy crisis, health crisis, sabotage, civil commotion and natural disasters. Our management is aware of the adverse consequences arising from such events which could cripple our business operations. We have taken precautions to minimise risks of fire outbreaks by installing fire extinguishers, and sprinklers throughout our factories, and training our employees in basic fire-fighting techniques. Our Group also has a dedicated maintenance team to conduct regular maintenance on our machinery and equipment, and our staff is trained to solve most of production interruptions.

We have adequate insurance coverage for our operations and have taken up fire insurance policies for our office equipment, plants, machineries, premises and all-risks policies for our machines. The insurance policies and coverage are reviewed by our Group on a yearly basis.

However, despite all the precautions we have taken to limit these risks, there is no assurance that these production/operational risks will not materially affect our Group's business and/or the insurance coverage our Group has taken would be comprehensive enough to reflect the replacement cost of the assets or any consequential loss our Group may suffer.

**(f) Foreign currency exchange fluctuation**

A large proportion of our EMS revenue is derived from exports and is denominated in USD. As such, we are exposed to foreign currency exchange losses or gains arising from timing differences. Any appreciation or depreciation of foreign currencies against the RM will result in our Group incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM. Foreign currency exchange fluctuations may also result in translation gains or losses on our Group's financial result which is denominated in foreign currency whilst RM is our Group's reporting currency. Any such translation of gains or losses will be recorded in the income statement.

The risk of foreign currency exchange fluctuations is, to a certain extent, mitigated by the managed float mechanism adopted by BNM on the RM vs. USD conversion rate since the de-pegging of the RM. This may prevent extreme fluctuation of the RM vis-à-vis USD. If the need arises, we will also use hedging techniques such as forward foreign exchange contracts to mitigate the risk of foreign currency exchange fluctuations. Nevertheless, there can be no assurance that any foreign currency exchange fluctuation will not impact the revenue and earnings of our Group significantly.

**(g) Rapid technological change**

Our Group, as both technology user and provider, cannot avoid obsolescence and rapid advancements in technology. Our future depends on our ability to adopt increasingly sophisticated technology. We have to deal with the ever-advancing needs and requirements by customers, adoption of new manufacturing processes and use of the latest machinery and equipment in our operations to run more efficiently than our competitors. As our business division in EMS is held through an ISO-certified company and to ensure the maintenance of our status, our Group will need to comply with the latest quality requirements revised from time to time. As part of our Group's efforts to mitigate this risk, our Group undertakes efforts which include on-going research and development, provision of staff training in line with new technologies and the pursuit of technological innovation.

Although our Group seeks to limit rapid technological change, there is no assurance that it will not impact on our business.

**(h) Fluctuation in raw material prices**

The raw materials used by our Group are wafer, printed circuit board/substrate, passive/active components and gold wire. We acquire most of raw materials from local and overseas suppliers. We are exposed to fluctuations in raw materials prices which may have adverse impact on our financial results. The cost and availability of raw materials used to manufacture our products are important to our business. Any increase in the raw materials price may affect our profit margin if we are unable to pass on the cost to our customers. Nevertheless, our Group believes that the volatility of raw material cost is manageable, as supply orders are based on production orders and not long-term supply contracts. Generally, most of our products are sold based on the production forecast and the amount of raw materials purchased using the same forecast period. We do not take open positions in raw material purchases. As such, the impact of the price movement of our raw materials, if any, would be minimal, since the fluctuation in cost of raw materials would be passed on to our customers within the same or next cycle of orders.

Notwithstanding the above, no assurance can be given that any fluctuation in raw material prices will not affect the future profitability of our Group.

**(i) Production delay**

In the event production interruptions caused by events such as power outages and machine downtime, it will cause production delays and affect our delivery schedules. We have implemented proper production planning procedures to ensure smooth operations. Our production planning division will forecast our production for the next six (6) months on rolling basis, of which the first three (3) months are secured. Through this method, we are able to allocate the necessary resources to meet our customers' production schedules. To mitigate machine downtime, we carry out scheduled maintenance on the machinery and equipment

to ensure they are operating efficiently and effectively. We also have a team of technical staff with the relevant skills to provide immediate repair in case there is any machine downtime.

Although we take precautions in the maintenance of our machinery and equipment, nevertheless, there can be no assurance that the machinery and equipment will not break down and impact the revenue and earnings of our Group.

**(j) Product defects**

The System in package ("SiP") packages manufactured by our Group are mainly used in wireless application devices such as mobile phones and network products. A SiP package is miniature in size and requires careful handling during the manufacturing process. Our Group have stringent quality policies and procedures to ensure all products manufactured are of highest quality and with near zero defect. We conduct 100% inspection and failure analysis on final products and ensure they have zero defects before delivery to customers. In addition, we have a strict electrostatic discharge programme and control procedures to prevent SiP package failure through handling. After the products are tested, they are packed, sealed in proper packaging and stored in a secure facility. With strict implementation of our quality policies, controls, procedures and programmes, we have not experienced any product defect which has materially and adversely affected our Group's reputation in the contract manufacturing industry since our inception.

In spite of our stringent quality policies, controls, procedures and programmes, there can be no assurance that we can guarantee the products manufactured by us have no defects and impact the revenue and earnings of our Group.

**6.2 RISKS RELATING TO THE RIGHTS ISSUE WITH WARRANTS**

**(i) No prior market for the RPS and/or Warrants**

There can be no assurance that there will be an active market for the RPS and/or Warrants upon or subsequent to their listing on the Main Market of Bursa Securities or, if developed, that such a market is sustainable or adequately liquid during the tenure of the RPS and/or Warrants.

The market price of the RPS and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the RPS and Warrants on the Main Market of Bursa Securities in the future, the market price and volatility of our Shares, announcements relating to the business of our Group, the financial performance of our Group, the remaining tenure of the RPS and exercise period of the Warrants. In addition to the fundamentals of our Group, the future price performance of the RPS and Warrants also depends on various external factors such as economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

As each RPS will be issued at RM1.00, there can be no assurance that the market price of the RPS, upon or subsequent to its listing, will remain at or above the issue price, or that the RPS can be disposed of at above the issue price. In addition, there can be no assurance that the exercise price of the Warrants will be less than the prevailing market price of our Shares during the tenure of the Warrants.

**(ii) Delay in or abortion of the Rights Issue with Warrants**

The Rights Issue with Warrants may be aborted or delayed on the occurrence of any of the following events:

- (a) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants;
- (b) the Undertaking Shareholders as set out in Section 2.4 above who have given their Undertakings to subscribe for the Rights Issue with Warrants may not fulfil or be able to fulfil their obligations; or
- (c) the Underwriters as set out in Section 2.5 above may not fulfil or be able to fulfil their obligation under the Underwriting Agreements.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within fourteen (14) days to the Entitled Shareholders in the event the Rights Issue with Warrants is aborted. Monies not paid within fourteen (14) days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the Securities Commission Malaysia. Notwithstanding the above, we will exercise our best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

**(iii) Risks of the RPS**

The RPS shall constitute direct, unconditional and unsecured obligations of our Company and subject to the provisions contained in our Memorandum and Articles of Association, must at all times rank *pari passu*, without discrimination, preference or priority between themselves. Moving forward, there is no assurance that the financial performance of our Group would be profitable to sustain the financial condition of our Group at a satisfactory level to support the value of the RPS and generate sufficient cash flows to service the bi-annual dividend payments when due.

In the event of our RPS becoming payable upon the occurrence of an event of default pursuant to our Memorandum and Article of Association, the amount which is immediately due and payable by our Company to the holders of the RPS shall be the nominal value of the outstanding RPS. Our Company may not be able to fulfill the bi-annual dividend redemption obligation or redemption obligation at the end of the tenure of our RPS due to various factors including extenuating circumstances beyond our control which could materially affect our Group. In the event of a default of our obligations to the RPS, our Group's reputation could materially be affected. We will endeavour to ensure a prudent cash flow management and monitoring of cash flow position regularly to minimise the event of default. However, there is no assurance that we will generate sufficient cash flows to service the obligations of RPS when due.

**(iv) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter-alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

## **7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

The industries in which our Group operates are namely financial services and credit leasing, property development/investment, retail food and beverage, luxury fashion retail, car rental services and technology related services (primarily EMS).

### **7.1 OVERVIEW AND PROSPECTS OF THE GLOBAL ECONOMY**

The global economy continued to expand at a moderate pace in the third quarter of 2014, with uneven growth performances across economies. The economy of the United States of America ("US") recorded a seasonally adjusted growth of 3.5% in the quarter (2Q 2014: 4.6%), supported by private consumption and investment activity.

Recovery in the euro area was subdued in the third quarter of 2014. While overall demand conditions were supported by more accommodative monetary conditions, growth remained weak amid high unemployment, low capacity utilisation and ongoing balance sheet adjustments by both the private and public sectors. Business confidence was further affected by geopolitical developments in Eastern Europe, which in turn weighed down on private investment. Meanwhile economic activity in the United Kingdom expanded by 3% in the third quarter of 2014 (2Q 2014: 3.2%) with the services sector being the key contributor to growth, particularly the transport, and business services and finance sectors.

In Asia, economic activity continued to expand, although growth was more moderate in several economies. In Japan, economic activity improved, although the strength of growth remained weak following larger-than-expected impact from the consumption tax increase in April. Private consumption was underpinned by higher retail sales amid better employment conditions. Investment was supported by improving business sentiments.

Going forward, global growth is expected to remain moderate. Growth in the advanced economies is expected to remain uneven. In Asia, growth will be underpinned by a continued expansion in domestic demand and exports. Nevertheless, there remain considerable downside risks to global growth. These include prolonged weakness in domestic demand and low inflation in a number of major economies, uncertainty over monetary policy adjustments in key advanced economies and persistent geopolitical tensions that could heighten financial market volatility.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2014, BNM)*

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## 7.2 OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY

The Malaysian economy is expected to remain on a steady growth path in 2014, expanding between 4.5% and 5.5%. Domestic demand is anticipated to remain the key driver of growth, albeit at a more moderate pace, reflecting the continued public sector consolidation. Private investment is forecast to register robust growth for the fifth consecutive year, driven by the ongoing implementation of multi-year projects and the improvement in external demand. Private consumption is expected to be underpinned by healthy labour market conditions and sustained income growth. Nonetheless, household spending is expected to moderate towards its long-term trend growth, reflecting in part the impact of the higher inflation. Public consumption is projected to record lower growth, following the ongoing consolidation of the Government's fiscal position, while public investment is anticipated to register a higher growth, supported by both Government and public enterprise capital spending.

*(Source: Annual Report 2013, BNM)*

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014 (2Q 2014: 6.5%), supported by private sector demand and continued positive growth in net exports of goods and services. On the supply side, growth in the major economic sectors was sustained, supported by trade and domestic activities. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.9% (2Q 2014: 1.9%).

Growth in the private sector was supported by stable labour market conditions and continued wage growth. On the supply side, positive growth was experienced across all economic sectors in the third quarter. The services sector recorded sustained growth, supported mainly by the consumption- and production-related services sub-sectors. Similarly, growth in the construction sector also remained sustained, driven by the residential and non-residential sub-sectors. After an exceptionally strong performance in the second quarter, the manufacturing sector expanded at a more moderate pace amid slower domestic-oriented activity. The agriculture sector registered a slower growth following weaker output of palm oil and rubber, while the mining sector grew at a more moderate pace amidst lower production of natural gas and condensates.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2014, BNM)*

## 7.3 OVERVIEW AND PROSPECTS OF THE FINANCIAL SERVICES AND CREDIT LEASING SECTOR IN MALAYSIA

In the third quarter of 2014, total gross financing raised by the private sector through the banking system and the capital market amounted to RM302.1 billion (2Q 2014: RM281.0 billion). On a net basis, outstanding banking system loans and private debt securities expanded by 8.9% as at end-September (end-June 2014: 9.1%).

Net lending to businesses by the banking system expanded by a lower amount of RM5.3 billion during the quarter (2Q 2014: RM8.0 billion). Nonetheless, loans disbursed to businesses increased during the quarter, with higher funds channelled to the electricity, gas and water supply; wholesale and retail trade, and restaurants and hotels; and real estate sectors. On an annual basis, outstanding business loans increased at a higher rate of 7.8% as at end-September (end-June 2014: 7.2%). Demand for new financing by businesses remained strong, with higher loan applications compared to the previous quarter by both large corporates and small-medium enterprises. This was matched by higher loan approvals to both segments.

Net financing to the household sector expanded by RM16.4 billion during the quarter (2Q 2014: RM18.6 billion). On an annual basis, outstanding household loans moderated to 10.7% as at end-September (end-June 2014: 11.5%).

Net funds raised in the capital market were slightly lower at RM17.1 billion in the third quarter (2Q 2014: RM17.2 billion). The decline was due mainly to lower net funds raised by the public sector.

Gross funds raised by the public sector during the quarter moderated to RM22 billion (2Q 2014: RM24.6 billion). Funds were raised mainly through re-opening of a 3-year, 5-year, 7-year and 30-year Malaysian Government Security (MGS), and the re-opening of a 5-year, 10-year and 15-year Government Investment Issue (GII). Additionally, funds were raised via a RM1.5 billion issuance of the Government Housing Sukuk. During the quarter, redemptions of government securities were also higher at RM19.9 billion (2Q 2014: RM16 billion). Overall, net funds raised by the public sector were lower at RM2.1 billion (2Q 2014: RM8.5 billion).

In the private sector, new issuances of private debt securities (PDS) were higher at RM24.9 billion (2Q 2014: RM18.5 billion). Funds raised were mainly driven by issuances in the finance, insurance, real estate and business services sector, for working capital and general corporate purposes. Funds raised from the equity market during the quarter amounted to RM8.8 billion (2Q 2014: RM5.2 billion). The higher amount of funds raised during the quarter was mainly driven by two large rights issuances from firms in the finance and trading and services sectors. After adjusting for redemptions, net funds raised by the private sector increased to RM15.0 billion (2Q 2014: RM8.7 billion).

*(Source: Quarterly Bulletin, Third Quarter 2014, BNM)*

#### **7.4 OVERVIEW AND PROSPECTS OF THE PROPERTY DEVELOPMENT SECTOR IN MALAYSIA**

The property market performed moderately with lesser in number but at higher value of transaction. The year recorded 381,130 transactions worth RM152.37 billion as opposed to 427,520 transactions worth RM142.84 billion in 2012, indicating a reduction of 10.9% in volume and an increase of 6.7% in value.

The year observed a fair and sustainable sales performance of 45.1% (2012: 47.7%), as units launched decreased by 14.9% (2013: 48,617; 2012: 57,162 units). The overhang performance continued to improve as the number of residential overhang dropped further to 13,547 units in 2013 (2012: 15,091; 2011: 19,607 units). On the contrary, the overhang value increased from RM4.74 billion to RM4.80 billion this year. On the supply side, completion of residential, shop and industrial sub-sectors improved with 8.3%, 18.2% and 15.8% increments respectively. Similarly, construction activities for residential, shop and industrial sub-sectors continued to grow with more starts and new planned supply.

The Malaysian property market recorded a moderate growth which saw a contraction of 10.9% in volume but with a marginal increase of 6.7% in value. The market moved by - 8.1% (Q1); 4.4% (Q2); 0.3% (Q3) and 4.1% (Q4) against gross development product growth of 4.1% (Q1), 4.4% (Q2), 5.0% (Q3) and 5.1% (Q4).

The residential sub-sector continued to spearhead the property market activities, taking up 64.6% share. Prevailing low interest rate environment with the base lending rate of commercial banks sustaining at 6.53% and weighted average lending rate to 5.4% continued to support the domestic property market. BNM's pre-emptive strategies to preserve household sector resilience through application of 70% loan-to-value ratio on third housing loans onwards as well as guidelines on responsible funding, had gradually impacted the housing market.

Housing approvals reduced substantially by 22.5% compared to 47.4% expansion in 2012. Total loans disbursed for purchase of residential properties however, increased to RM74.40 billion from RM64.10 billion in 2012. Simultaneously, in terms of residential market activity, the number of transaction contracted by 9.7% but value wise, a 6.3% expansion was recorded.

States performances softened across the board with exception of Johor and Perlis which increased by 7.1% and 5.9%, respectively. Five states registered double digit contraction led by Putrajaya (39.4%) and followed by Kuala Lumpur (33.2%), Kelantan (24.6%), Pulau Pinang (21.4%), Sabah (17.4%) and Selangor (15.1%). Kedah, Negeri Sembilan, Melaka, Terengganu and Pahang recorded a notable drop of 8.6%, 5.0%, 3.4%, 3.7% and 2.3%, respectively.

In 2014, the Malaysian economy is projected to grow at a stronger pace of between 5.0% and 5.5%, driven by domestic demand and favourable global economy. The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years.

*(Source: Press Release dated 22 April 2014, Malaysian Property Market 2013, National Property Information Centre (NAPIC), Valuation & Property Services Department, Ministry of Finance Malaysia)*

## **7.5 OVERVIEW AND PROSPECTS OF THE FOOD AND BEVERAGE SECTOR IN MALAYSIA**

The food services market in Malaysia is highly fragmented. While the food services market is sufficiently large, food services providers grapple with highly competitive conditions in the market. The level of competitiveness can be determined by factors such as brand name and reputation, quality of food and services provided, as well as economies of scale. At the same time, market players are also affected by factors such as food options and location of the outlet.

At the same time, entry barriers are relatively low for food services providers with only one outlet. Some of the more significant deterrents into the market may include set-up costs and establishing a brand and reputation. As such, players with a network of outlets stand to enjoy even lower barriers with their economies of scale and reduced operating cost. The moderately high competition and low barriers to entry conditions has created a situation where food services providers can enter and leave the market easily. The market size (revenue) of the food services market in Malaysia stood at an estimated RM30.21 billion in 2014 and it is expected to reach RM37.43 billion in 2018 at a compounded annual growth rate ("CAGR") of 5.5 percent.

The trend of eating out has been increasing in Malaysia in recent years. Several reasons contribute to this trend includes, the busy lifestyle of Malaysians that have left little time to cook and the increasing population of the middle income group, thus accelerated the development of the food services market.

The tourism industry in Malaysia is an important foreign exchange earner and contributes significantly to the economic growth, attracting investments as well as providing employment. The Malaysian Government has strived to promote Malaysia as a top tourist destination. As the tourism industry grows, it poses an increasing influence to the dynamics in the food services market. One of the initiatives by the Malaysian Government includes promoting local delicacies to tourists. The move by the government is expected to spur food tourism in Malaysia and is expected to boost demand in the food services market.

While food services providers in Malaysia is expected to face constant competition from competitors, the outlook of the market is expected to be bright. The positive outlook on the market stems from the growing eating out culture in the country, increasing population in the middle income group, an expanding tourism industry as well as a rising number of shopping complexes. However, players in the food services market have to be wary of the shortage of labour in the market, which, the food and beverage sector is dependent to an extent on the availability of foreign workers to ensure the continuity of operations, as well as, the volatile prices of commodities and basic food ingredients. Going forward, the food services industry is projected to reach RM31.87 billion in market value (revenue) in 2015 and is expected to reach RM37.43 billion in 2018.

*(Source: Independent Market Research Report, Protégé Associates Sdn Bhd dated 8 January 2015)*



## 7.6 OVERVIEW AND PROSPECTS OF THE CAR RENTAL SECTOR IN MALAYSIA

The performance of the passenger car rental and operational leasing market in Malaysia is correlated to the performance of the tourism industry while companies leasing cars for their top level executives would also contribute to market revenue. The passenger car rental and operational leasing market in Malaysia is matured with established markets players. These market players are spread across the country and focused on serving different areas or locations. Notwithstanding that, many of the players tend to focus on main tourist attraction areas or busy city centres where potential customers are abundant.

At the end of third quarter 2014, there were 57,713 hire and drive cars in Malaysia, with the Federal Territory accounting for approximately 70.8 percent of the total. The two states in East Malaysia, Sabah and Sarawak accounted for 6.4 and 2.7 percent of the total hire and drive cars in Malaysia respectively. While the number of hire and drive cars have been increasing over the years, these vehicles accounted for only 0.2 percent of the total motor vehicles in Malaysia as at end of September 2014.

The market size (revenue) of the Malaysian passenger car rental and operational leasing market stood at an estimated RM437.9 million in 2014 and it is expected to reach RM527.4 million in 2018 at a CAGR of 4.8 percent. The outlook for the demand on passenger car rental stems from a growing tourism industry and relatively underdeveloped public transport system.

*(Source: Independent Market Research Report, Protégé Associates Sdn Bhd dated 8 January 2015)*

## 7.7 OVERVIEW AND PROSPECTS OF THE LUXURY FASHION RETAIL SECTOR IN MALAYSIA

The Malaysian apparel industry is a subset of the textile and apparel industry. The Malaysian textile and apparel industry is continuing its stable growth that remains moderate as the industry transforms from low value-added processing to higher value-added activities as led by the Malaysian Government under the Third Industrial Masterplan (2006-2020). The value of exports generated from the industry totaled more than RM10 billion in 2013 as improved global economic sentiments helped to drive demand.

Industry players who operate within the high-end designer wear/ haute couture retail segment command the highest margins per item of apparel whilst also enjoying less competition than those that sell clothing for the masses. Notable industry players in Malaysia that operate in the high-end designer wear/haute couture segment include Melium Sdn Bhd (an associate company of our Group), FJ Benjamin Lifestyle Sdn Bhd and Gucci (Malaysia) Sdn Bhd. As such, industry players continue to improve their brand image to move up the value chain.

The retail sales generated in the apparel industry in Malaysia stood at an estimated RM4.05 billion in 2014 and this is expected to reach RM4.64 billion in 2018 – registering a CAGR of 3.5 percent during the period. While the overall industry is expected to grow, industry players in the high-end designer wear/haute couture stand to benefit further with supportive demand conditions such as:

- (a) fashion-driven consumption patterns due to growing middle-income earners aspiring towards a new lifestyle that includes the purchase and consumption of luxury items; and
- (b) continuing expansion of the Malaysian economy, with positive economic conditions leading to rising incomes and positive consumer sentiment, thus increasing the propensity to purchase consumer goods such as apparels.

*(Source: Independent Market Research Report, Protégé Associates Sdn Bhd dated 8 January 2015)*

## 7.8 OVERVIEW AND PROSPECTS OF THE EMS SECTOR

### 7.8.1 Overview of the global semiconductor industry

The global semiconductor industry was estimated at USD333.15 billion in 2014, up from USD305.58 billion in the previous year. The figure below depicts the historical and forecast size of the global semiconductor industry.

#### Historical and forecast size for the global semiconductor industry, 2012-2018

| Year | Global Revenue<br>(USD 'million) | Annual<br>Growth (%) |
|------|----------------------------------|----------------------|
| 2012 | 291,562                          | -                    |
| 2013 | 305,584                          | 4.8                  |
| 2014 | 333,151                          | 9.0                  |
| 2015 | 344,547                          | 3.4                  |
| 2016 | 355,272                          | 3.1                  |
| 2017 | 367,707                          | 3.5                  |
| 2018 | 381,679                          | 3.8                  |

Notes:

(1) CAGR (2013-2018) = 4.6 %

(2) The base year is 2013

\* As at the LPD, the exchange rate was USD1.00 : RM3.556

(Source: Protégé Associates Sdn Bhd)

Most major categories of semiconductors experienced moderate growth in 2013, with the exception of discrete semiconductors, sensors and microprocessors showing declines. In 2014, growth is expected to be largely driven by derived demand from the manufacture of smartphones, tablets and automotive, in particular the electronic components.

### 7.8.2 Overview of the global semiconductor optoelectronics industry

The global semiconductor optoelectronics industry is a subset of the global semiconductor industry, and its products are used in optoelectronic devices, which combine electronics and light. Optoelectronic devices are widely used in various fields ranging from telecommunications to consumer electronics to specialised healthcare. They play a crucial role in the equipment and systems that shape the very infrastructure of our society. The global revenue of semiconductor optoelectronics was estimated at USD29.50 billion in 2014, which was an increase of 7.0 percent from USD27.57 billion recorded in the previous year. The global revenue growth was spurred by higher adoption rate of semiconductor optoelectronics for various applications as well as an expanding global economy.

### 7.8.3 Overview of the E&E industry in Malaysia

The EMS market in Malaysia provides key manufacturing support to the local E&E industry. The growth of the EMS market is tied to the development of the local E&E industry. The growth of the EMS market in Malaysia has over the past decades accelerated in tandem with the overall growth of the local E&E industry.

In terms of performance, the E&E products cluster in Malaysia registered a set of mixed results in 2013. For example, the production of television sets as well as insulated wires and cables increased while the production of room air-conditioners, semiconductors, electronic transistors, integrated circuits and radios decreased in 2013. Thus far into 2014, there has been a general slowdown in the production of selected E&E products between January to October, with only the production of room air-conditioners and electronic transistors registering positive growth as depicted in the following figure.

#### Production of selected E&E products in Malaysia, 2010 - October 2014

| Product                                | 2010       | 2011       | 2012       | 2013       | January-October 2014 |
|----------------------------------------|------------|------------|------------|------------|----------------------|
| Room Air-Conditioners (units)          | 2,593,647  | 2,846,511  | 2,665,326  | 2,633,717  | 2,414,339            |
| Semiconductors (million units)         | 17,997     | 16,281     | 19,765     | 19,281     | 12,159               |
| Electronic transistors (million units) | 34,184     | 34,189     | 36,119     | 35,362     | 30,554               |
| Integrated circuits (million units)    | 38,007     | 33,380     | 39,391     | 35,686     | 20,303               |
| Insulated wires and cables (tonnes)    | 61,046     | 72,328     | 69,610     | 86,384     | 66,952               |
| Television sets (units)                | 13,163,257 | 13,966,508 | 13,054,444 | 17,072,420 | 10,578,909           |
| Radios ('000 units)                    | 57,350     | 47,889     | 28,365     | 18,954     | 11,355               |

(Source: Department of Statistics Malaysia)

#### 7.8.4 Overview of the EMS industry in Malaysia

The EMS market has played an integral role in the development and growth of manufacturing concerns worldwide. EMS provides a full range of services from contract design and manufacturing to post-manufacturing services. EMS market players act as strategic outsourcing partners for various manufacturing concerns particularly the OEMs by assisting them in their manufacturing related activities.

EMS generally refer to the provision of design, testing, building (manufacturing or assembling), supply chain and logistics management as well as aftermarket services for electronic components and printed circuit board assemblies. It has also been referred as electronics contract manufacturing. As the EMS market players are typically involved in more than one of the activities, it is not surprising that they are resourceful in terms of supply and manpower and generally well equipped with the latest equipment and machineries. In addition, they typically possess sound knowledge and expertise on electronics related manufacturing and process technologies.

#### 7.8.5 Prospects and outlook of the EMS industry in Malaysia

The revenue size of the global semiconductor industry is expected to keep increasing throughout the 2013-2018 period, growing from USD305.58 billion in 2013 to USD381.68 billion in 2018, registering a CAGR of 4.6%. In line with the growth in the broader semiconductor industry, the global revenue of semiconductor optoelectronics is also projected to continue expanding during the 2013-2018 period, increasing from USD27.57 billion in 2013 to USD34.56 billion in 2018, registering a CAGR of 4.6%.

In Malaysia, the positive outlook on the demand for EMS in Malaysia stems mainly from the rising trend towards outsourcing, technology advancement, the presence of an established electronics cluster in Malaysia, growing global population, high demand for data in the information era, expected widespread adoption of SiP technology, continuing growth of the telecommunications market, expanding demand for network products, rising trend towards modularisation, the push for greener products, increasing number of wireless standards and coexistence of many standards as well as the expanding local and global economies spurring customer demand for electronic products offered by end-user markets. On the supply side, positive impacts are expected from increased production of semiconductor components, influx of capital into research and development and encouraging support from the government. Nonetheless, market players need to beware of the tough environment for the hiring of relatively low-skilled workers and insufficiency of design engineers.

*(Source: Independent Market Research Report, Protégé Associates Sdn Bhd dated 8 January 2015)*

## **7.9 Future prospects of our Group**

Our Group's operating businesses range from financial services and credit leasing, property development/investment, retail food & beverage, luxury fashion retail, car rental services and technology related services. The strength of our Group is in its diversity rather than be exposed to the cycles of a single industry. Our management has, over the years, built up knowledge capital and core competences across different businesses and industries and continues to build its various businesses by having in place core management teams and senior management at operating companies.

Our Group's largest portfolio in terms of market and intrinsic value is in its information technology ("IT") group, which has invested in various companies across different sectors of technology ranging from payment systems to genome sciences. Our Group's investments include amongst others, its 28.64% equity interest as at the LPD in Inari Amertron Berhad which completed its transfer of listing to the Main Board of Bursa Securities on 3 June 2014. The principal business of Inari Amertron Berhad is EMS in radio frequency chips for wireless and mobile technology sectors, key components in leading brands of smartphones and tablets, and in optoelectronic devices. Our Group also holds a 12.04% equity interest as at the LPD in Omesti Berhad (formerly known as Formis Resources Berhad), another public listed company on the Main Board of Bursa Securities which provides technology services and solutions across diverse sectors of financial services, oil and gas, telecommunications, payments systems, government and education.

Our Group benefited from the growth of a strategic holding in Ho Hup Construction Company Berhad, another public limited company listed on the Main Board of Bursa Securities through its 11.09% interest. Our Group expects to benefit as Ho Hup Construction Company Berhad begins its recovery from having successfully undertaken its restructuring scheme. Our Group also holds a 9.00% equity interest in SYF Resources Berhad, a listed company on the Main Board of Bursa Securities with business activities in the manufacturing and export of furniture products and property development.

Our Group's financial services and credit leasing division has in the previous financial year provided our Group with consistent earnings and cashflow. Our Group's financial services and credit leasing division has shown consistent earnings growth, particularly after the rebalancing of resources towards its advisory business whilst scaling back on conventional stockbroking. Our Group expects its combined strategy to continue to increase revenue and reducing costs on low margin business. Growth in our Group's financial services and credit leasing division is expected to be increasingly driven by fee income from the advisory business.

Our Group's retail and food & beverage division continues to be a leading player in Malaysia with certain brands, same store sales recording healthy year-on-year growth. Growth in this division is expected to be sustained by our Group's expansion plan to increase the number of brands and outlets.

Moving forward, our Group moves to leverage on its strength by increasingly deploying funds into existing and new operating businesses.

*(Source: Management of Insas)*

## 8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

The effects of the Rights Issue with Warrants on our share capital, consolidated earnings and EPS, dividend, substantial shareholders' shareholdings, NA and gearing are as follows:

### 8.1 SHARE CAPITAL

The effects of the Rights Issue with Warrants on the issued and paid-up share capital of our Company are set out below:-

|                                                                                            | <b>No. of Shares</b> |               |
|--------------------------------------------------------------------------------------------|----------------------|---------------|
|                                                                                            | <b>'000</b>          | <b>RM'000</b> |
| Share capital as at the LPD <sup>^</sup>                                                   | 693,334              | 693,334       |
| To be issued assuming full exercise of Warrants pursuant to the Rights Issue with Warrants | 277,333              | 277,333       |
| After full exercise of Warrants                                                            | 970,667              | 970,667       |

*Note:*

<sup>^</sup> Including the 29,827,291 Insas Shares held as treasury shares as at the LPD.

### 8.2 EARNINGS AND EPS

Barring unforeseen circumstances, the Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group for the FYE 30 June 2015 and for the ensuing financial years when the benefits of the utilisation of proceeds raised from the Rights Issue with Warrants are realised. The proceeds from the Rights Issue with Warrants shall be mainly used to fund our Group's business growth, hence increasing our Group's future earnings potential.

The consolidated EPS of our Company may be proportionately diluted as a result of the increase in the number of ordinary shares in our Company in issue assuming full exercise of the Warrants.

Notwithstanding the above, the actual impact on the future earnings and consolidated EPS will depend on the level of returns generated from the utilisation of proceeds in our Group's business growth in the ensuing years.

### 8.3 DIVIDEND

Any potential effect of the Rights Issue with Warrants on the dividends to be declared for the future financial years will be dependent on the dividend rate of our Shares only after the dividend of the RPS is paid, to be determined after taking into consideration the future financial performance of our Group.

#### 8.4 EXISTING CONVERTIBLE SECURITIES

As at the LPD, our Company does not have any existing convertible securities.

#### 8.5 NA AND GEARING

The pro forma effects of the Rights Issue with Warrants and assuming full exercise of Warrants on the consolidated NA and gearing of our Group based on the audited consolidated financial position of our Group as at 30 June 2014, assuming the Rights Issue with Warrants was completed on that date, are set out below:-

|                                                     | Audited<br>as at 30<br>June 2014<br>RM'000 | After the<br>Rights Issue<br>with<br>Warrants<br>RM'000 | Assuming<br>full exercise<br>of<br>Warrants~<br>RM'000 | Upon<br>redemption<br>of the RPS<br>RM'000 |
|-----------------------------------------------------|--------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|--------------------------------------------|
| Share capital                                       | 693,334                                    | 693,334*                                                | 970,667                                                | 970,667                                    |
| Treasury shares                                     | (13,522)                                   | -*                                                      | -                                                      | -                                          |
| Share premium                                       | 47,751                                     | 56,796*                                                 | 56,796                                                 | 56,796                                     |
| Capital redemption reserve                          | -                                          | -                                                       | -                                                      | 1,387                                      |
| Warrant reserve                                     | -                                          | 47,697                                                  | -                                                      | -                                          |
| Available for sale investment fair<br>value reserve | 52,820                                     | 52,820                                                  | 52,820                                                 | 52,820                                     |
| Other reserves                                      | 3,394                                      | 3,394                                                   | 3,394                                                  | 3,394                                      |
| Exchange translation reserve                        | 5,335                                      | 5,335                                                   | 5,335                                                  | 5,335                                      |
| Retained earnings                                   | 406,569                                    | 377,436 <sup>+φ</sup>                                   | 377,436                                                | 376,049                                    |
| <b>Shareholders' equity</b>                         | <b>1,195,681</b>                           | <b>1,236,812</b>                                        | <b>1,466,448</b>                                       | <b>1,466,448</b>                           |
| Par value per ordinary share (RM)                   | 1.00                                       | 1.00                                                    | 1.00                                                   | 1.00                                       |
| No. of ordinary shares ('000)                       | 664,206 <sup>^</sup>                       | 693,334 <sup>^^</sup>                                   | 970,667                                                | 970,667                                    |
| NA per ordinary share (RM)                          | 1.80                                       | 1.78                                                    | 1.51                                                   | 1.51                                       |
| Interest bearing debts                              | 300,684                                    | 384,325 <sup>@#</sup>                                   | 447,084 <sup>##</sup>                                  | 280,684 <sup>++</sup>                      |
| Gearing (times)                                     | 0.25                                       | 0.31                                                    | 0.30                                                   | 0.19                                       |

*Notes:*

\* As at 30 June 2014, there were 29,127,291 outstanding treasury shares. Based on the records as at the LPD, there was an increase in outstanding treasury shares to 29,827,291 at a cost of RM14,071,414. The 29,827,291 treasury shares are assumed to be resold in the open market at RM0.775 per Share (which approximates the current market price as at the LPD) prior to the implementation of the Rights Issue with Warrants, to result in a gain of RM9,044,737 under this scenario.

<sup>^</sup> Net of 29,127,291 treasury shares as at 30 June 2014.

<sup>^^</sup> After taking into account the 29,827,291 outstanding treasury shares are resold in the open market.

<sup>@</sup> After taking into account the total dividends to be paid on the RPS amounting to RM27.73 million and the liabilities portion of the RPS of RM138.67 million net of the fair value adjustment on Warrants of RM62.76 million (Warrant reserve).

<sup>#</sup> After repayment of bank borrowings from the utilisation of proceeds of the Rights Issue with Warrants.

<sup>##</sup> After taking into account the reversal of fair value adjustment on Warrants of RM62.76 million.

<sup>+</sup> After deducting estimated expenses of RM1.40 million.

<sup>++</sup> After taking into account the total dividends to be paid on the RPS of RM27.73 million and the liabilities portion of the RPS of RM138.67 million.

<sup>φ</sup> After taking into account the total dividends to be paid on the RPS amounting to RM27.73 million.

<sup>~</sup> Based on the exercise price of RM1.00 per Warrant.

## 8.6 SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Rights Issue with Warrants will not have any effect on our substantial shareholders' shareholdings. However, assuming all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue with Warrants and exercise in full their Warrants, there will be no effect to their respective percentage shareholdings, but the number of Shares held by each shareholder will increase proportionately.

### ASSUMING ALL ENTITLED SHAREHOLDERS SUBSCRIBE FOR THEIR ENTITLEMENTS PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS

|                                         | Existing as at the LPD*          |                                 | After the Rights Issue with Warrants^ |                                | After full exercise of Warrants  |                                 |         |       |         |       |         |       |
|-----------------------------------------|----------------------------------|---------------------------------|---------------------------------------|--------------------------------|----------------------------------|---------------------------------|---------|-------|---------|-------|---------|-------|
|                                         | <---Direct -> No. of Shares '000 | <---Indirect--> No. of Shares % | <--Direct --> No. of Shares '000      | <--Indirect--> No. of Shares % | <---Direct -> No. of Shares '000 | <---Indirect--> No. of Shares % |         |       |         |       |         |       |
| Dato' Sri Thong Kok Khee <sup>(1)</sup> | 3,785                            | 0.57                            | 160,430                               | 24.18                          | 3,785                            | 0.55                            | 160,430 | 23.14 | 5,299   | 0.55  | 224,602 | 23.14 |
| M&A Investments International Limited   | 124,420                          | 18.75                           | -                                     | -                              | 124,420                          | 17.95                           | -       | -     | 174,188 | 17.95 | -       | -     |
| Dato' Thong Kok Yoon <sup>(2)</sup>     | 43,359                           | 6.53                            | 30,845                                | 4.65                           | 43,359                           | 6.25                            | 30,845  | 4.45  | 60,702  | 6.25  | 43,183  | 4.45  |

Notes:-

\* % shareholdings calculated based on 663,506,342 Insas Shares (net of 29,827,291 treasury shares).

^ % shareholdings calculated based on 693,333,633 Insas Shares (assuming all treasury shares are resold in the open market prior to the implementation of the Rights Issue with Warrants).

<sup>(1)</sup> Deemed interest by virtue of his spouse's and his children's interests in our Company and his substantial interest in M&A Investments International Limited, Immobileire Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

<sup>(2)</sup> Deemed interest by virtue of his spouse's interest in our Company and his substantial interest in Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

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**ASSUMING ONLY THE UNDERTAKING SHAREHOLDERS SUBSCRIBE FOR THE RPS AND WARRANTS PURSUANT TO THEIR UNDERTAKINGS**

|                                         | Existing as at the LPD*          |                                   | After the Rights Issue with Warrants <sup>^</sup> |      | After full exercise of Warrants  |                                  |         |         |         |       |        |      |
|-----------------------------------------|----------------------------------|-----------------------------------|---------------------------------------------------|------|----------------------------------|----------------------------------|---------|---------|---------|-------|--------|------|
|                                         | <---Direct -> No. of Shares '000 | <--Indirect--> No. of Shares '000 | <--Direct --> No. of Shares '000                  | %    | <---Direct -> No. of Shares '000 | <--Indirect-> No. of Shares '000 |         |         |         |       |        |      |
| Dato' Sri Thong Kok Khee <sup>(1)</sup> | 3,785                            | 160,430                           | 3,785                                             | 0.55 | 160,430                          | 23.14                            | 139,613 | 14.38   | 224,602 | 23.14 |        |      |
| M&A Investments International Limited   | 124,420                          | 18.75                             | -                                                 | -    | 124,420                          | 17.95                            | -       | 174,188 | 17.95   | -     |        |      |
| Dato' Thong Kok Yoon <sup>(2)</sup>     | 43,359                           | 6.53                              | 30,845                                            | 4.65 | 43,359                           | 6.25                             | 30,845  | 4.45    | 43,359  | 4.47  | 30,845 | 3.18 |

Notes:-

\* % shareholdings calculated based on 663,506,342 Insas Shares (net of 29,827,291 treasury shares).

<sup>^</sup> % shareholdings calculated based on 693,333,633 Insas Shares (assuming all treasury shares are resold in the open market prior to the implementation of the Rights Issue with Warrants).

<sup>(1)</sup> Deemed interest by virtue of his spouse's and his children's interests in our Company and his substantial interest in M&A Investments International Limited, Immobiliaire Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

<sup>(2)</sup> Deemed interest by virtue of his spouse's interest in our Company and his substantial interest in Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

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## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 9.1 WORKING CAPITAL

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and banking facilities available, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

### 9.2 BORROWINGS

As at 31 December 2014, our Group's total outstanding bank borrowings are approximately as follows:

| <b>Interest bearing borrowings:</b> | <b>Foreign Currency '000</b> | <b>RM'000</b>         |
|-------------------------------------|------------------------------|-----------------------|
| Short-term secured borrowings       |                              |                       |
| - in USD                            | 46,362                       | 162,010               |
| - in Australian dollars             | (11,912)                     | (34,228)              |
| - in Euro dollars                   | 1,936                        | 8,227                 |
| - in HKD                            | 20,676                       | 9,316                 |
| - in SGD                            | 17,410                       | 46,045                |
| - in RM                             |                              | <u>75,854</u>         |
|                                     |                              | <u>267,224</u>        |
| Long-term secured borrowings        |                              |                       |
| - in USD                            | 2,020                        | 7,059                 |
| - in SGD                            | 3,542                        | 9,368                 |
| - in RM                             |                              | <u>31,181</u>         |
|                                     |                              | <u>47,608</u>         |
| <b>Total</b>                        |                              | <b><u>314,832</u></b> |

Our Board, after having made all reasonable enquiries, confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2014 and for the subsequent financial periods up to the LPD.

### 9.3 MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board, after having made all reasonable enquiries, confirms that there are no material commitments, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group as at 31 December 2014.

|                                           | <b>RM'000</b> |
|-------------------------------------------|---------------|
| Approved and contracted for:              |               |
| Purchase of property, plant and equipment | 3,804         |
| Purchase of investment properties*        | 15,856        |

*Note:*

\* *The Insas Group is amongst others, in the business of property development and property investment. The above purchase of investment properties is to add to our Group's stable of investment properties portfolio.*

The purchase of the abovementioned commitments shall be funded by way of internal funds and bank borrowings.

#### 9.4 CONTINGENT LIABILITIES

Save as disclosed below, as at 31 December 2014, our Board, after having made all reasonable enquiries, confirms that there are no contingent liabilities incurred or known to be incurred which upon becoming enforceable, may have a material impact on the net profit or NA of our Group:

|                                                                                                    | <b>RM'000</b> |
|----------------------------------------------------------------------------------------------------|---------------|
| Guarantees to secure banking and credit facilities granted to subsidiaries and associate companies | 150,643       |

#### 10. TERMS AND CONDITIONS

The issuance of the RPS with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

#### 11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of our Board,  
**INSAS BERHAD**



**DATO' SRI THONG KOK KHEE**  
Executive Deputy Chairman/Chief Executive Officer

**CERTIFIED EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 3 NOVEMBER 2014**

**INSAS BERHAD**  
(Company No. 4081-M)  
(Incorporated in Malaysia)

**EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 3 NOVEMBER 2014**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 138,666,727 RPS WITH UP TO 277,333,454 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) RPS AND TWO (2) WARRANTS FOR EVERY FIVE (5) EXISTING INSAS SHARES AT AN ISSUE PRICE OF RM1.00 PER RPS (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)**

It is hereby **RESOLVED:-**

**THAT** subject to the passing of Special Resolutions 1 and 2, and the approvals from the relevant authorities being obtained where necessary, approval be and is hereby given to the Board of Directors of Insas (“Board”) to:

- (i) allot and issue up to 138,666,727 RPS in Insas at an issue price of RM1.00 per RPS to the shareholders of Insas whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined by the Directors and to be announced by the Company (“Entitled Shareholders”);
- (ii) allot and issue up to 277,333,454 Warrants to those Entitled Shareholders who have successfully applied for the RPS on the basis of two (2) Warrants for every one (1) RPS successfully subscribed;
- (iii) constitute the Warrants upon the terms and conditions of a deed poll to be executed by Insas (“Deed Poll”), the principal terms of which are set out in Section 2.1.7 of the Circular and wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll, at any time during the exercise period, for one (1) new Insas Share at an exercise price of RM1.00 per Warrant or at any adjustment thereof under the provisions of the Deed Poll;
- (iv) allot and issue such other additional Warrants as may be required or permitted to be issued as a result of any adjustment under the provisions of the Deed Poll; and
- (v) allot and issue up to 277,333,454 Insas Shares arising from the exercise of Warrants;

**THAT** any RPS which are not validly taken up or which are not allotted for any reason whatsoever shall be made available for excess applications by the Entitled Shareholders and/or their renounees(s) and such excess RPS shall be allocated in a fair and equitable manner on a basis to be determined by the Directors of the Company in their discretion and announced later by the Company;

**THAT** the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Warrants in such manner and on such terms and conditions as the Directors of the Company in their discretion as they may deem fit or think expedient or in the best interest of the Company;

**INSAS BERHAD (4081-M)**  
**EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING**  
**HELD ON 3 NOVEMBER 2014**

**THAT** the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 2.1.8 of the Circular, and the Directors of the Company be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors of the Company may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

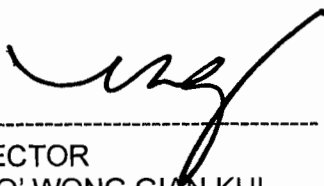
**THAT** the new Insas Shares to be issued pursuant to the exercise of the Warrants shall upon allotment, rank *pari passu* in all respects with the then existing Insas Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new Insas Shares to be issued arising from the exercise of the Warrants;

**THAT** the RPS, Warrants and the new Insas Shares to be issued pursuant to the exercise of the Warrants shall be listed on Bursa Malaysia Securities Berhad ("Bursa Securities");

**THAT** the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll upon the terms set out in the Circular with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Directors of the Company, and, subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as a consequence of any adjustments under the provisions of the Deed Poll, with full powers to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

**THAT** the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities or deemed necessary by the Directors of the Company in the best interest of the Company, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.

**CERTIFIED TRUE EXTRACT**



-----  
DIRECTOR  
DATO' WONG GIAN KUI



-----  
SECRETARY  
LAU FONG SIEW  
(MAICSA 7045893)

**SALIENT TERMS OF THE RPS**

The indicative salient terms of the RPS are set out in the following:-

| <b>Terms</b>          | <b>Details</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue Size            | : Up to 138,666,727 RPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Par Value             | : RM0.01 per RPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Issue Price           | : RM1.00 per RPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Tenure                | : Five (5) years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Maturity Date         | : The day falling five (5) years from the date of issue of the RPS unless the tenure of the RPS, if permitted by-law, is extended by Insas and the RPS holders. If such date is not a Market Day, then it shall be the next Market Day immediately after the said non-Market Day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Board Lot             | : The RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Dividends             | : The RPS shall carry the right to receive cumulative gross preferential dividend rate out of the distributable profits of Insas as the issuer, at a dividend rate per annum of four (4) sen on the issue price per RPS. No dividends shall be paid on the ordinary shares of Insas unless the dividends on the RPS have first been paid.<br><br>The dividends for the RPS shall be paid in arrears every six (6) monthly ending 30 <sup>th</sup> June and 31 <sup>st</sup> December of each year, with the first dividend payment to be paid on 30 June 2015 and to the extent that the dividends or any part thereof is not paid on the relevant dividend payment date, it shall continue to accumulate (whether or not there are any distributable reserves). The last dividend payment shall be made on the Maturity Date. |
| Form and denomination | : The RPS are to be issued in registered form and in multiples of RM1.00 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Conversion Right      | : The RPS is not convertible into new Insas Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Ranking of the RPS    | : The RPS shall rank <i>pari passu</i> without any preference or priority among themselves and in priority to Insas Shares and other preference shares that may be created in future, but shall rank behind all secured and unsecured obligations of our Company. In the event of liquidation, dissolution, winding-up (other than a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of our Company are transferred to a successor entity which assumes all the obligations of our Company under the RPS) or other repayment of capital (other than on redemption):-                                                                                                                                                       |

**Terms**

**Details**

- (a) the RPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in our Company, cash repayment in full of the amount at 100% of the issue price of the RPS together with accrued but unpaid dividends up to the date of repayment, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company.
  - (b) the RPS shall not confer on the holders thereof the right to participate in the distribution of surplus assets or profits; and
  - (c) in the event that our Company has insufficient assets to permit payment of the full Issue Price to the RPS holders, the assets of our Company shall be distributed rateably to the RPS holder in proportion to the amount that each RPS holders would otherwise be entitled to receive.
- Redemption : The RPS is redeemable at 100% of the issue price of the RPS at any time during the tenure of the RPS at the option of our Company as the issuer, where not less than seven (7) business days' in writing notice must be given.
- Any RPS not redeemed by the Company or surrendered by the RPS holder at the Maturity Date shall be automatically redeemed by the Company at 100% of the Issue Price of the RPS.
- Redemption Price : The redemption price is at 100% of the issue price of the RPS together with arrears of unpaid dividends up to the date of redemption.
- Method of Redemption : The Company may redeem the RPS on a pro-rata basis at their nominal value commencing from the date of issue of the RPS up to the Maturity Date, subject to not less than seven (7) business days' notice in writing must be given.
- Surrender : The RPS may be surrendered by the Warrant holders at 100% of the issue price of the RPS for the exercise of the Warrants in lieu of the exercise price of RM1.00 per Warrant.
- Covenants : Our Group's total borrowings shall not exceed two (2) times the amount of our Group's shareholders' funds as disclosed in its latest published quarterly financial statements.
- Events of Default : The RPS holders may at their sole discretion, by notice require our Company to redeem the RPS at the Issue Price together with accrued but unpaid dividends up to the redemption date stipulated in the notice in the occurrence of our Company becoming insolvent or is unable to pay its debts as they fall due or ceasing or threatening to carry on its business or a substantial part of its business or breaching the terms of the RPS as stated herein.
- Rights of the RPS holders : The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of our Company. The RPS holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in our Company except in the following circumstances:-

**Terms**

**Details**

- (a) where the dividend or part of the dividend on the RPS has been declared but remains unpaid for more than six (6) months;
- (b) on a proposal to reduce our Company's share capital;
- (c) on a proposal for the disposal of our Group's assets, business and undertakings in excess of 25% of our Group's NA based on the last audited financial statements;
- (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RPS;
- (e) upon any resolution for the winding-up of Insas; and
- (f) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.

|                           |                                                                                                                                                                                                    |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transferable              | : The RPS shall be transferable in accordance with the Rules of Bursa Depository.                                                                                                                  |
| Purchase and cancellation | : Our Company may at any time purchase the RPS in the open market at any price subject to compliance with prevailing laws. The RPS so purchased may be resold or cancelled at our sole discretion. |
| Listing                   | : The RPS will be listed on the Main Market of Bursa Securities.                                                                                                                                   |
| Governing Law             | : Laws of Malaysia.                                                                                                                                                                                |

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**SALIENT TERMS OF THE WARRANTS**

| <b>Terms</b>     | <b>Details</b>                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue Size       | : Up to 277,333,454 Warrants to subscribe for up to 277,333,454 new Insas Shares to be issued to the Entitled Shareholders pursuant to the Rights Issue with Warrants.                                                                                                                                                                                                                                                                  |
| Detachability    | : The Warrants which are to be issued pursuant to the Rights Issue with Warrants are immediately detachable upon allotment and issue of the RPS. The Warrants will be traded separately.                                                                                                                                                                                                                                                |
| Deed Poll        | : The Warrants will be constituted by the Deed Poll to be executed by our Company.                                                                                                                                                                                                                                                                                                                                                      |
| Exercise Price   | : RM1.00 per Warrant.<br><br>The exercise price and the number of outstanding Warrants shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.                                                                                                                                                                                                                     |
| Exercise Period  | : The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants until 5.00 p.m. on the expiry date. If such date is not a Market Day, then it shall be the next Market Day immediately after the said non-Market Day.<br><br>The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse. |
| Mode of Exercise | : The holder of Warrants is required to lodge an exercise form with our Share Registrar, duly completed and signed together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank or post office operating in Malaysia; or by the surrender of such number of RPS at 100% of the issue price of the RPS for the exercise of the Warrants in lieu of the exercise price of RM1.00 per Warrant.         |
| Exercise Rights  | : Each Warrant entitles the registered Warrant holder to subscribe for one (1) new Insas Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll, which is to be executed.                                                                                                                                                                        |
| Mode of Transfer | : The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as our Board and Bursa Securities may approve.                                                                                                                                                                                                                                                                              |
| Board Lot        | : The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Insas Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.                                                                                                                                                                                               |



**Terms**

**Details**

- Status of new Insas Shares to be issued pursuant to the exercise of the Warrants : All new Insas Shares to be issued arising from the exercise of the Warrants shall upon allotment rank *pari passu* in all respects with our then existing Insas Shares save and except that such new Insas Shares will not entitle its holders to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to our shareholders prior to the relevant date of allotment of the new Insas Shares arising from the exercise of the Warrants.
- Rights of the Warrant holders : The Warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other distributions in our Company until and unless such holder of Warrants exercise their Warrants into new Insas Shares.
- Rights in the event of winding-up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a member's voluntary winding-up of our Company, or where there is a compromise or arrangement, then:
- (a) For the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and
  - (b) In any other case, every Warrant holder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of our Company or within six (6) weeks after the granting of the order by the High Court of Malaya approving the compromise or arrangement, by the irrevocable surrendering of his Warrants to our Company, exercise his Warrants and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding-up, compromise or arrangement and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such action, and the liquidator of our Company will give effect to such election accordingly. If our Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.
- Adjustments in the exercise price and/or number of Warrants : The Exercise Price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll.
- Further Issues : Subject to the provisions of the Deed Poll, our Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions our Board sees fit. Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by our Company in general meeting.
- Listing : The Warrants will be listed on the Main Market of Bursa Securities.
- Governing Law : Laws of Malaysia.

**INFORMATION ON OUR COMPANY****1. HISTORY AND BUSINESS**

Insas was incorporated in Malaysia as a private limited company under the name of Paper Products (Malaya) Ltd in January 1961. In June 1968, it was converted into a public company and changed its name to Paper Products (Malaya) Berhad. It proceeded to obtain listing on the Main Board of the stock exchange of Malaysia in June 1969. In October 1987, our Company adopted its present name.

The principal activities of our Company are investment holding and the provision of management services whilst the principal activities of our subsidiaries and associate companies are disclosed in Section 5 below.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

| <b>Type</b>                            | <b>No. of Shares</b> | <b>Par value RM</b> | <b>No. of RPS</b> | <b>Par value RM</b> | <b>Total RM</b> |
|----------------------------------------|----------------------|---------------------|-------------------|---------------------|-----------------|
| Authorised                             | 1,498,000,000        | 1.00                | 200,000,000       | 0.01                | 1,500,000,000   |
| Issued and fully paid-up share capital | 663,506,342*         | 1.00                | -                 | 0.01                | 663,506,342     |

*Note:*

\* Excluding the 29,827,291 treasury shares held as at the LPD.

**Changes in Issued and Paid-Up Share Capital**

There have been no changes in our Company's issued and paid-up share capital for the last three (3) years.

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### 3. BOARD OF DIRECTORS

The age, profession, designation, nationalities and addresses of our Board are set out in the Corporate Directory of this Abridged Prospectus. The Rights Issue with Warrants will not have any effect on our substantial shareholders' shareholdings. Assuming all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue with Warrants and exercise in full their Warrants, there will be no effect to their respective percentage shareholdings, but the number of Insas Shares held by each shareholder will increase proportionately.

However, pursuant to the Rights Issue with Warrants, the shareholdings of Dato' Sri Thong Kok Khee, being one of the Undertaking Shareholders, may increase in the event where Undertaking Shareholders are required to subscribe for the RPS and Warrants pursuant to their Undertakings. The pro forma effects of the Rights Issue with Warrants on the shareholdings of our Board based on the Register of Directors as at the LPD are as follows:

#### ASSUMING ALL ENTITLED SHAREHOLDERS SUBSCRIBE FOR THEIR ENTITLEMENTS PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS

|                                                               | As at the LPD*                     |                                      | (I)<br>After the Rights Issue with Warrants^ |                                      |                                    |                                      | (II)<br>After (I) and the full exercise of Warrants |                                      |                                    |                                      |                        |
|---------------------------------------------------------------|------------------------------------|--------------------------------------|----------------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|-----------------------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------|
|                                                               | Direct<br>No. of<br>Shares<br>'000 | Indirect<br>No. of<br>Shares<br>'000 | Direct<br>No. of<br>Shares<br>'000           | Indirect<br>No. of<br>Shares<br>'000 | Direct<br>No. of<br>Shares<br>'000 | Indirect<br>No. of<br>Shares<br>'000 | Direct<br>No. of<br>Shares<br>'000                  | Indirect<br>No. of<br>Shares<br>'000 | Direct<br>No. of<br>Shares<br>'000 | Indirect<br>No. of<br>Shares<br>'000 |                        |
| Y.A.M. Tengku Puteri Seri Kemala Pahang                       | 122                                | 0.02                                 | -                                            | -                                    | 122                                | 0.02                                 | -                                                   | -                                    | 171                                | 0.02                                 | -                      |
| Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP | 3,785                              | 0.57                                 | 160,430 <sup>(i)</sup>                       | 24.18                                | 3,785                              | 0.55                                 | 160,430 <sup>(i)</sup>                              | 23.14                                | 5,299                              | 0.55                                 | 224,602 <sup>(i)</sup> |
| Dato' Sri Thong Kok Khee                                      | -                                  | -                                    | -                                            | -                                    | -                                  | -                                    | -                                                   | -                                    | -                                  | -                                    | -                      |
| Dr Tan Seng Chuan                                             | 396                                | 0.06                                 | 1,102 <sup>(ii)</sup>                        | 0.17                                 | 396                                | 0.06                                 | 1,102 <sup>(ii)</sup>                               | 0.16                                 | 554                                | 0.06                                 | 1,542 <sup>(ii)</sup>  |
| Dato' Wong Gian Kui                                           | -                                  | -                                    | -                                            | -                                    | -                                  | -                                    | -                                                   | -                                    | -                                  | -                                    | -                      |
| Soon Li Yen                                                   | -                                  | -                                    | -                                            | -                                    | -                                  | -                                    | -                                                   | -                                    | -                                  | -                                    | -                      |
| Oh Seong Lye                                                  | -                                  | -                                    | -                                            | -                                    | -                                  | -                                    | -                                                   | -                                    | -                                  | -                                    | -                      |

**Notes:**

\* % shareholdings calculated based on 663,506,342 Insas Shares (net of 29,827,291 treasury shares).

^ % shareholdings calculated based on 693,333,633 Insas Shares (assuming all treasury shares are resold in the open market prior to the implementation of the Rights Issue with Warrants).

(i) Deemed interest by virtue of his spouse's and children's interests in our Company and his substantial interest in M&A Investments International Limited, Immobile Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

(ii) Deemed interest by virtue of his spouse's interest in our Company pursuant to Section 134 of the Act.

**ASSUMING ONLY THE UNDERTAKING SHAREHOLDERS SUBSCRIBE FOR THE RPS AND WARRANTS PURSUANT TO THEIR UNDERTAKINGS**

|                                                                                                                | As at the LPD*                     |      |                                      |       | (I)<br>After the Rights Issue with<br>Warrants^ |      |                                      |       | (II)<br>After (I) and the full exercise of<br>Warrants |       |                                      |       |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|------|--------------------------------------|-------|-------------------------------------------------|------|--------------------------------------|-------|--------------------------------------------------------|-------|--------------------------------------|-------|
|                                                                                                                | Direct<br>No. of<br>Shares<br>'000 | %    | Indirect<br>No. of<br>Shares<br>'000 | %     | Direct<br>No. of<br>Shares<br>'000              | %    | Indirect<br>No. of<br>Shares<br>'000 | %     | Direct<br>No. of<br>Shares<br>'000                     | %     | Indirect<br>No. of<br>Shares<br>'000 | %     |
| Y.A.M. Tengku Puteri Seri Kemala<br>Pahang Tengku Hajjah Aishah<br>bte Sultan Haji Ahmad Shah,<br>DK(II), SIMP | 122                                | 0.02 | -                                    | -     | 122                                             | 0.02 | -                                    | -     | 122                                                    | 0.01  | -                                    | -     |
| Dato' Sri Thong Kok Khee                                                                                       | 3,785                              | 0.57 | 160,430 <sup>(i)</sup>               | 24.18 | 3,785                                           | 0.55 | 160,430 <sup>(i)</sup>               | 23.14 | 139,613                                                | 14.38 | 224,602 <sup>(i)</sup>               | 23.14 |
| Dr Tan Seng Chuan                                                                                              | -                                  | -    | -                                    | -     | -                                               | -    | -                                    | -     | -                                                      | -     | -                                    | -     |
| Dato' Wong Gian Kui                                                                                            | 396                                | 0.06 | 1,102 <sup>(ii)</sup>                | 0.17  | 396                                             | 0.06 | 1,102 <sup>(ii)</sup>                | 0.16  | 396                                                    | 0.04  | 1,102 <sup>(ii)</sup>                | 0.11  |
| Soon Li Yen                                                                                                    | -                                  | -    | -                                    | -     | -                                               | -    | -                                    | -     | -                                                      | -     | -                                    | -     |
| Oh Seong Lye                                                                                                   | -                                  | -    | -                                    | -     | -                                               | -    | -                                    | -     | -                                                      | -     | -                                    | -     |

**Notes:**

\* % shareholdings calculated based on 663,506,342 Insas Shares (net of 29,827,291 treasury shares).

^ Assuming all treasury shares are resold in the open market prior to the implementation of the Rights Issue with Warrants.

(i) Deemed interest by virtue of his spouse's and children's interests in our Company and his substantial interest in M&A Investments International Limited, Immobiliaire Holdings Sdn Bhd and Baktihan Sdn Bhd pursuant to Sections 134 and 6A of the Act.

(ii) Deemed interest by virtue of his spouse's interest in our Company pursuant to Section 134 of the Act.

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#### 4. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders, the pro forma effects of the Rights Issue with Warrants on our Substantial Shareholders Shareholdings are as set out in Section 8.6 of this Abridged Prospectus.

#### 5. SUBSIDIARIES AND ASSOCIATE COMPANIES

Our subsidiaries and associate companies as at the LPD are as follows:-

| <b>Name</b>                      | <b>Date and place of incorporation</b> | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                     |
|----------------------------------|----------------------------------------|-----------------------------------|------------------------------|-----------------------------------------------------------------|
| <b><u>Subsidiaries</u></b>       |                                        |                                   |                              |                                                                 |
| Cellar-One Sdn Bhd               | 7 December 1995<br>Malaysia            | RM1,500,000                       | 100.0                        | Wine merchant                                                   |
| Dellmax Worldwide Sdn Bhd        | 24 May 2005<br>Malaysia                | RM100,000                         | 69.3                         | Investment holding                                              |
| Delta Crest (M) Sdn Bhd          | 27 October 1994<br>Malaysia            | RM10,000                          | 100.0                        | Property investment                                             |
| Delta Crest (KL) Sdn Bhd         | 10 October 2011<br>Malaysia            | RM100,000                         | 55.0                         | Property investment holding and development                     |
| Desa Juara Sdn Bhd               | 1 November 1990<br>Malaysia            | RM2                               | 100.0                        | Property development                                            |
| Filmont Development Sdn Bhd      | 7 November 1994<br>Malaysia            | RM2                               | 100.0                        | Investment holding, property development and project management |
| Gryphon Asset Management Sdn Bhd | 14 June 1993<br>Malaysia               | RM2,000,000                       | 100.0                        | Dormant                                                         |
| Hastanas Development Sdn Bhd     | 5 February 2004<br>Malaysia            | RM250,000                         | 78.8                         | Property development                                            |
| Insas Construction Sdn Bhd       | 9 May 1979<br>Malaysia                 | RM800,000                         | 100.0                        | Construction, landscaping, renovation and other related works   |
| Insas Corporate Services Sdn Bhd | 30 January 1985<br>Malaysia            | RM3,000,000                       | 100.0                        | Provision of management services and investment holding         |
| Insas Credit & Leasing Sdn Bhd   | 14 May 1982<br>Malaysia                | RM3,000,100 <sup>^</sup>          | 100.0                        | Credit and leasing and other related financing activities       |

| <b>Name</b>                                                                 | <b>Date and place of incorporation</b> | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                                                                                                                             |
|-----------------------------------------------------------------------------|----------------------------------------|-----------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Insas Logistics (S) Pte Ltd <i>(formerly known as Cellar-1 (S) Pte Ltd)</i> | 12 July 2007<br>Singapore              | SGD1,000,000                      | 100.0                        | Car rental and logistics services                                                                                                                                                       |
| Insas Plaza Sdn Bhd                                                         | 30 January 1986<br>Malaysia            | RM2                               | 100.0                        | Investment holding, investment trading, property investment, project and property management and commission agent                                                                       |
| Insas Project Management Sdn Bhd                                            | 10 April 1996<br>Malaysia              | RM600,000                         | 100.0                        | Property and project management and consultants (Dormant)                                                                                                                               |
| Insas Properties Sdn Bhd                                                    | 7 February 2004<br>Malaysia            | RM800,000                         | 90.0                         | Investment holding and property investment                                                                                                                                              |
| Insas Property Management Sdn Bhd                                           | 13 December 2006<br>Malaysia           | RM2                               | 90.0                         | Property and project management                                                                                                                                                         |
| Insas (S) Pte Ltd                                                           | 19 September 2014<br>Singapore         | SGD10,000                         | 100.0                        | Investment holding                                                                                                                                                                      |
| Insas Technology Berhad                                                     | 29 August 1994<br>Malaysia             | RM5,000,000                       | 100.0                        | Investment holding and provision of management services, provision of information technology and consultancy services and trading of electronic and telecommunications related products |
| Insas Technology Pte Ltd                                                    | 15 April 1997<br>Singapore             | SGD1,000,000                      | 100.0                        | Investment holding                                                                                                                                                                      |
| Insas Pacific Rent-A-Car Sdn Bhd                                            | 14 September 1982<br>Malaysia          | RM1,500,000                       | 100.0                        | Car rental services                                                                                                                                                                     |
| J&C Collaboration Sdn Bhd                                                   | 28 August 2008<br>Malaysia             | RM100,000                         | 51.0                         | Provision of content information, communication and connectivity technology solutions and services                                                                                      |
| J&C Pacific Sdn Bhd                                                         | 14 April 1997<br>Malaysia              | RM1,250,000                       | 51.0                         | Provide mobile telecommunication products and services and mobile airtime reload services                                                                                               |

| <b>Name</b>                             | <b>Date and place of incorporation</b>     | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                                                                                                                         |
|-----------------------------------------|--------------------------------------------|-----------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Langdale E3 Pte Ltd                     | 12 October 1987<br>Singapore               | SGD500,000                        | 100.0                        | Provide telecommunication services, electronic components sourcing and distribution and sale of mobile wireless and fixed line broadband solutions, devices and related peripherals |
| Langdale Systems Sdn Bhd                | 1 December 1982<br>Malaysia                | RM110,000                         | 100.0                        | Computer trading and software consultation                                                                                                                                          |
| Lifestyle-One Sdn Bhd                   | 14 July 1997<br>Malaysia                   | RM2                               | 100.0                        | Investment holding                                                                                                                                                                  |
| M & A Futures Sdn Bhd                   | 20 September 1995<br>Malaysia              | RM5,000,000                       | 100.0                        | Dormant                                                                                                                                                                             |
| M & A Financial Services Inc            | 24 December 1993<br>British Virgin Islands | USD1                              | 100.0                        | Investment holding                                                                                                                                                                  |
| M & A Nominee (Asing) Sdn Bhd           | 20 October 1994<br>Malaysia                | RM2                               | 100.0                        | Nominee agent and registration services                                                                                                                                             |
| M & A Nominee (Tempatan) Sdn Bhd        | 20 October 1994<br>Malaysia                | RM2                               | 100.0                        | Nominee agent and registration services                                                                                                                                             |
| M & A Research Sdn Bhd                  | 12 May 1994<br>Malaysia                    | RM500,000                         | 100.0                        | Management and investment research services (Dormant)                                                                                                                               |
| M & A Securities Sdn Bhd                | 2 July 1973<br>Malaysia                    | RM100,000,000                     | 100.0                        | Stock broking and dealing in securities and provision of corporate finance and advisory services                                                                                    |
| M & A Securities (HK) Limited           | 27 October 1994<br>Hong Kong               | HKD100,000,000*                   | 100.0                        | Stockbroking (Ceased operations)                                                                                                                                                    |
| Magxo Sdn Bhd                           | 25 March 1988<br>Malaysia                  | RM500,000                         | 100.0                        | Mobile virtual network operations (Dormant)                                                                                                                                         |
| Megapolitan Nominees (Tempatan) Sdn Bhd | 31 December 1983<br>Malaysia               | RM177,000                         | 100.0                        | Nominee agent and registration services (Dormant)                                                                                                                                   |
| Megapolitan Management Services Sdn Bhd | 12 September 1996<br>Malaysia              | RM25,000                          | 100.0                        | Provision of corporate secretarial, share registration and management services                                                                                                      |

| <b>Name</b>                         | <b>Date and place of incorporation</b>     | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                              |
|-------------------------------------|--------------------------------------------|-----------------------------------|------------------------------|------------------------------------------------------------------------------------------|
| Media Lang Limited                  | 25 January 2005<br>Hong Kong               | USD6,435                          | 100.0                        | Trading of multimedia and electronic products and investment in securities               |
| Montania Development Sdn Bhd        | 14 August 1995<br>Malaysia                 | RM100,000                         | 100.0                        | Property investment                                                                      |
| Montego Assets Limited              | 25 November 1993<br>British Virgin Islands | USD1                              | 100.0                        | Investment holding and trading                                                           |
| Montego (S) Pte Ltd                 | 6 July 1993<br>Singapore                   | SGD5,000,000 <sup>#</sup>         | 100.0                        | Investment holding, investment trading and investment and rental of properties           |
| Montego Management Services Pte Ltd | 19 March 2013<br>Singapore                 | SGD1                              | 100.0                        | Investment holding and provision of management services                                  |
| Noble Builders Sdn Bhd              | 11 May 1993<br>Malaysia                    | RM1,000,000                       | 100.0                        | Dormant                                                                                  |
| Parkfair Development Sdn Bhd        | 30 March 2006<br>Malaysia                  | RM1,000,000                       | 90.0                         | Investment holding                                                                       |
| Premium-One Sdn Bhd                 | 21 March 1997<br>Malaysia                  | RM2                               | 100.0                        | Restaurant operator (Ceased operations)                                                  |
| Premium Realty Sdn Bhd              | 26 November 1993<br>Malaysia               | RM100,000                         | 100.0                        | Investment holding and property investment                                               |
| Premium Yield Sdn Bhd               | 7 September 2004<br>Malaysia               | RM1,000,000                       | 78.8                         | Investment holding                                                                       |
| Roset Limousine Services Pte Ltd    | 1 June 2004<br>Singapore                   | SGD625,000                        | 51.0                         | Provision of premium limousine services                                                  |
| Segar Raya Development Sdn Bhd      | 22 November 2003<br>Malaysia               | RM1,000,000                       | 71.1                         | Real property and housing developer                                                      |
| Special Windfall Sdn Bhd            | 16 July 2012<br>Malaysia                   | RM545,000                         | 60.0                         | Housing developer                                                                        |
| Southgroup Investments Limited      | 6 July 1993<br>Hong Kong                   | HKD2                              | 100.0                        | Investment holding                                                                       |
| Teraju Usaha Sdn Bhd                | 26 February 1980<br>Malaysia               | RM5,410,828                       | 100.0                        | Provision of consultancy and advisory services, commission agent and property investment |



| <b>Name</b>                 | <b>Date and place of incorporation</b> | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                                                         |
|-----------------------------|----------------------------------------|-----------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Topacres Sdn Bhd            | 7 August 1993<br>Malaysia              | RM2                               | 100.0                        | Investment holding                                                                                                  |
| Valencia Homes Sdn Bhd      | 19 August 2004<br>Malaysia             | RM1,000,000                       | 90.0                         | Property development                                                                                                |
| Vigcashlimited LLC          | 7 December 2005<br>Mongolia            | USD10,000                         | 100.0                        | Provision of secure payment gateway services for e-commerce communities (Dormant)                                   |
| VigSys Sdn Bhd              | 10 April 1991<br>Malaysia              | RM50,000                          | 100.0                        | Manufacture and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals |
| VigTech Labs Sdn Bhd        | 8 February 2005<br>Malaysia            | RM100                             | 100.0                        | Design and development of software and web applications and provision of communication and networking services      |
| Xotapoint Sdn Bhd           | 22 March 1997<br>Malaysia              | RM250,000                         | 100.0                        | Dormant                                                                                                             |
| Xota Communications Sdn Bhd | 6 May 1997<br>Malaysia                 | RM200,000                         | 100.0                        | Dormant                                                                                                             |

#### **Associate Companies**

|                            |                              |             |      |                                            |
|----------------------------|------------------------------|-------------|------|--------------------------------------------|
| Centreplus Sdn Bhd         | 29 June 1994<br>Malaysia     | RM750,000   | 35.0 | Improving and leasing of landed property   |
| Cool Inspirations Sdn Bhd  | 4 November 2010<br>Malaysia  | RM500,000   | 43.4 | Property investment and investment holding |
| Diffusion Fashions Sdn Bhd | 18 February 1987<br>Malaysia | RM500,000   | 43.4 | Retailer of high fashion products          |
| Dome Cafe Sdn Bhd          | 28 July 1995<br>Malaysia     | RM1,000,000 | 43.4 | Operating food and beverages restaurants   |
| Island Cafe Sdn Bhd        | 22 May 1997<br>Malaysia      | RM600,000   | 30.3 | Operating food and beverages restaurants   |
| Lifestyle Foods Sdn Bhd    | 15 August 2007<br>Malaysia   | RM1,000,000 | 43.4 | Operating food and beverages restaurants   |

| <b>Name</b>                          | <b>Date and place of incorporation</b>         | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                                                                               |
|--------------------------------------|------------------------------------------------|-----------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Melium Holdings Sdn Bhd              | 4 July 1997<br>Malaysia                        | RM11,765,000                      | 43.4                         | Investment holding                                                                                                                        |
| Melium Sdn Bhd                       | 2 October 1989<br>Malaysia                     | RM4,000,000                       | 43.4                         | Retailer of high fashion products                                                                                                         |
| Melium Aseana Sdn Bhd                | 20 February 1987<br>Malaysia                   | RM4,000,000                       | 43.4                         | Trading of Asian made products                                                                                                            |
| Fancy Connections Sdn Bhd            | 11 January 2010<br>Malaysia                    | RM100                             | 30.3                         | Investment holding                                                                                                                        |
| Rising Inspiration Sdn Bhd           | 10 March 2011<br>Malaysia                      | RM500,000                         | 43.4                         | Retailer of high fashion products                                                                                                         |
| PT Melium Nusantara                  | 22 November 2010<br>Indonesia                  | USD1,333,333                      | 22.8                         | Property investment holding and development                                                                                               |
| Smooth Inspiration Sdn Bhd           | 26 September 2011<br>Malaysia                  | RM250,000                         | 43.4                         | Operating food and beverages restaurant                                                                                                   |
| Inari Amertron Berhad                | 5 May 2010<br>Malaysia                         | RM62,300,725                      | 28.6                         | Investment holding                                                                                                                        |
| Inari Technology Sdn Bhd             | 1 June 2006<br>Malaysia                        | RM9,015,000                       | 28.6                         | Manufacture of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services |
| Inari International Limited          | 19 June 2012<br>Cayman Islands                 | USD1                              | 28.6                         | Investment holding                                                                                                                        |
| Amertron Inc. (Global) Limited       | 20 February 2001<br>Cayman Islands             | USD23,732,859                     | 28.6                         | Investment holding                                                                                                                        |
| Amertron Incorporated                | 9 November 1988<br>Philippines                 | PHP500,000,000                    | 28.6                         | Manufacture electronics and optical fiber cable devices                                                                                   |
| Amertron Technology (Kunshan) Co Ltd | 19 June 2001<br>The People's Republic of China | USD10,000,000                     | 28.6                         | Manufacture light emitting diode, research and resale of all kinds of optoelectronic devices                                              |
| Inari South Keytech Sdn Bhd          | 12 June 2012<br>Malaysia                       | RM2,500,000                       | 28.6                         | Design, develop and manufacture fiber optic connector                                                                                     |

| <b>Name</b>                                                                           | <b>Date and place of incorporation</b>     | <b>Issued and paid-up capital</b> | <b>Effective ownership %</b> | <b>Principal activities</b>                                                                        |
|---------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------|------------------------------|----------------------------------------------------------------------------------------------------|
| Inari Global (HK) Limited                                                             | 27 November 2012<br>British Virgin Islands | USD1                              | 28.6                         | Dormant                                                                                            |
| Ceedtec Sdn Bhd                                                                       | 23 November 2005<br>Malaysia               | RM3,967,088***                    | 14.6                         | Designing, marketing and distribution of electronic products                                       |
| Ceedtec Technology Sdn Bhd                                                            | 7 December 2007<br>Malaysia                | RM10,000                          | 14.6                         | Manufacture of testing equipment for semiconductor and related products                            |
| Simfoni Bistari Sdn Bhd                                                               | 18 February 2003<br>Malaysia               | RM500,000                         | 28.6                         | Investment holding and property investment                                                         |
| Inari Semiconductor Labs Sdn Bhd<br><i>(formerly known as Hektar Haruman Sdn Bhd)</i> | 12 June 2012<br>Malaysia                   | RM400,000                         | 28.6                         | Property and investment holding                                                                    |
| Hektar Teknologi Sdn Bhd<br><i>(Dufu Dyna-Edge Sdn Bhd)</i>                           | 20 August 2010<br>Malaysia                 | RM3,000,000                       | 28.6                         | Property and investment holding                                                                    |
| Sengenics Sdn Bhd                                                                     | 3 July 2008<br>Malaysia                    | RM480,000                         | 20.0                         | Provision of cytogenetic and molecular diagnostic products and services and related R&D activities |
| Sengenics International Pte Ltd                                                       | 23 February 2012<br>Singapore              | SGD1,000                          | 20.0                         | Research and experimental development on biotechnology                                             |
| Winfields Development Sdn Bhd                                                         | 30 March 2006<br>Malaysia                  | RM1,000,000                       | 40.0                         | Investment holding and rental of properties                                                        |
| Winfields Development Pte Ltd                                                         | 28 July 2009<br>Singapore                  | SGD1                              | 40.0                         | Investment holding in properties and trading of securities and other financial instruments         |
| Montprimo Sdn Bhd                                                                     | 11 February 2009<br>Malaysia               | RM447,500^^                       | 45.0                         | Investment holding and real property and housing development                                       |
| Bandar Kinrara Properties Sdn Bhd                                                     | 24 June 2010<br>Malaysia                   | RM250,000                         | 45.0                         | Property development                                                                               |

| Name                                    | Date and place of incorporation | Issued and paid-up capital | Effective ownership % | Principal activities                                                                                  |
|-----------------------------------------|---------------------------------|----------------------------|-----------------------|-------------------------------------------------------------------------------------------------------|
| Montprimo Property Management Sdn Bhd   | 23 February 2012<br>Malaysia    | RM2                        | 45.0                  | Property management, consultancy and advisory services                                                |
| Regular Project Management Sdn Bhd      | 13 February 2012<br>Malaysia    | RM2                        | 45.0                  | Property management, consultancy and advisory services                                                |
| Score Project Management Sdn Bhd        | 11 November 2011<br>Malaysia    | RM2                        | 45.0                  | Project management, consultancy and advisory services                                                 |
| PRAC Logistics Sdn Bhd                  | 4 July 2012<br>Malaysia         | RM2                        | 45.0                  | Dormant                                                                                               |
| True Acres Sdn Bhd                      | 8 December 2005<br>Malaysia     | RM1,000                    | 40.1                  | Investment holding                                                                                    |
| Numoni Pte Ltd                          | 1 January 2012<br>Singapore     | **                         | 34.2                  | Investment holding, manufacture and sale of self-service terminals and transaction processing systems |
| Numoni Singapore Pte Ltd                | 3 October 2012<br>Singapore     | SGD2                       | 34.2                  | Mobile network payment solutions                                                                      |
| Numoni Technology Pte Ltd               | 1 January 2012<br>Singapore     | SGD1                       | 34.2                  | Mobile network payment solutions                                                                      |
| Numoni Malaysia Sdn Bhd                 | 24 September 2012<br>Malaysia   | RM2                        | 34.2                  | Dormant                                                                                               |
| Microfinance Maximum Savings Bank, Inc. | 21 July 2005<br>Philippines     | PHP100,000,000             | 17.8                  | Thrift banking                                                                                        |

## Notes:

- ^ RM3,000,000 consists of RM3,000,000 ordinary shares and RM100 redeemable preference shares.
- \* HKD100,000,000 consists of HKD60,000,000 ordinary shares and HKD40,000,000 redeemable convertible preference shares.
- # SGD5,000,000 consists of SGD2,000,000 ordinary shares and SGD3,000,000 redeemable preference shares.
- \*\* Consists of SGD4,449,990.50 ordinary shares and SGD5,170,278.60 preference shares.
- \*\*\* Consists of RM3,920,000 ordinary shares and RM47,088 redeemable convertible preference shares.
- ^^ Consists of RM300,000 ordinary shares and RM147,500 redeemable preference shares.

## 6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 30 June 2012 to 30 June 2014 and the unaudited consolidated financial statements for the three (3) months ended 30 September 2014 are as follows:

|                                                                          | Audited                 |               |                | Unaudited                |               |
|--------------------------------------------------------------------------|-------------------------|---------------|----------------|--------------------------|---------------|
|                                                                          | ←-----FYE 30 June-----→ |               |                | ←---FPE 30 September---→ |               |
|                                                                          | 2012                    | 2013          | 2014           | 2013                     | 2014          |
|                                                                          | (RM'000)                | (RM'000)      | (RM'000)       | (RM'000)                 | (RM'000)      |
| Revenue                                                                  | 235,376                 | 297,324       | 276,520        | 72,494                   | 71,115        |
| Profit before taxation                                                   | 11,316                  | 62,600        | 171,151        | 61,547                   | 25,238        |
| <i>Add:</i>                                                              |                         |               |                |                          |               |
| Finance costs                                                            | 10,742                  | 10,896        | 9,080          | 1,954                    | 2,915         |
| Depreciation and amortisation                                            | 8,130                   | 9,534         | 10,735         | 2,104                    | 2,944         |
| <i>Less:</i>                                                             |                         |               |                |                          |               |
| Interest income                                                          | 8,945                   | 7,523         | 7,472          | 1,299                    | 2,239         |
| <b>Earnings before interest, taxation, depreciation and amortisation</b> | <b>21,243</b>           | <b>75,507</b> | <b>183,494</b> | <b>64,306</b>            | <b>28,858</b> |
| Other income                                                             | 27,719                  | 60,155        | 126,719        | 49,148                   | 44,660        |
| Share of profit less losses of associate companies                       | 1,366                   | 25,850        | 45,232         | 11,744                   | 5,933         |
| Share of profit less losses of joint ventures                            | 11,179                  | (4,027)       | -              | -                        | -             |
| Profit after taxation for the financial year                             | 10,699                  | 64,468        | 160,684        | 59,675                   | 23,704        |
| Taxation                                                                 | 617                     | (1,868)       | 10,467         | (1,872)                  | 1,534         |
| Non-controlling interests                                                | (1,902)                 | 2,427         | 280            | 275                      | (35)          |
| Profit after taxation attributable to equity holders of parent           | 12,601                  | 62,041        | 160,404        | 59,400                   | 23,739        |
| Number of ordinary shares in issue (net of treasury shares) (^000)       | 691,368                 | 670,178       | 664,206        | 669,577                  | 664,206       |
| Gross profit                                                             | 52,204                  | 63,218        | 83,487         | 20,630                   | 28,424        |
| Gross profit margin (%)                                                  | 22.2                    | 21.3          | 30.2           | 28.5                     | 40.0          |
| Basic earnings per Share (sen)^                                          | 1.84                    | 9.14          | 24.10          | 8.87                     | 3.57          |

*Note:*

^ Based on the weighted average number of Shares in issue during the respective financial years and financial period after accounting for the effect of shares bought back of 684,181,000 (FYE 30 June 2012), 679,113,000 (FYE 30 June 2013), 665,649,000 (FYE 30 June 2014) and 665,649,000 (FPE 30 September 2014).

## **Commentary on our financial performance**

### **FYE 30 June 2012**

For the FYE 30 June 2012, our Group reported revenue of RM235.4 million and a profit before taxation of RM11.3 million as compared to revenue of RM235.9 million and a profit before taxation of RM105.7 million in the preceding financial year.

The results reported for the FYE 30 June 2012 as compared to the preceding financial year were mainly due to the following:-

#### Financial service and credit and leasing division

Revenue and profit before taxation improved due to new loans given out by our money lending business and higher brokerage and corporate advisory fee income generated by our stockbroking business as compared to the preceding financial year. Our stockbroking business commenced operations in several new branches within the Klang Valley, Penang and Johor Bahru during the financial year.

#### Property investment and development division

Revenue and profit before taxation declined as compared to the preceding financial year primarily due to the winding down of our Group's development projects completed in the preceding financial year.

#### Investment holding and trading division

Revenue was higher than the preceding financial year due to higher investment trading activities. However, profit before taxation declined primarily due to the weak financial market throughout the financial year, affecting the performance of our investment holding and trading division. Our investment holding business reported marked-to-market losses on our financial assets at fair value through profit or loss totaling RM7.2 million (FYE 30 June 2011: reversal of marked-to-market losses of RM7.8 million) and fair value loss on financial derivatives of RM2.9 million.

#### Retail trading and car rental division

Revenue and profit before taxation improved compared to the preceding financial year as a result of increased fleet size, higher gain on disposal of vehicles due for fleet replacement and the consolidation of the full year results of our Group's 51% equity interest in our subsidiary involved in the limousine-for-hire business in Singapore.

#### Information Technology ("IT") related business

The deconsolidation of Inari Technology Sdn Bhd and J&C Pacific Sdn Bhd (inclusive of its wholly-owned subsidiary, J&C Collaboration Sdn Bhd) (collectively, "J&C Pacific group") from our Group's results, resulted in a reduction in revenue and profits from the division (FYE 30 June 2011: inclusion of Inari Technology Sdn Bhd's and J&C Pacific group's results).

The profit before taxation declined mainly due to the marked-to-market losses of RM12.6 million on our Group's investment in Mint Wireless Limited, Australia (FYE 30 June 2011: marked-to-market gain RM10.2 million). Our Group also reported an exceptional gain of RM5.1 million in the FYE 30 June 2012 arising from gain on dilution of our equity interest in Inari Berhad (now known as Inari Amertron Berhad).

#### Group's summary

Our Group's profit before taxation of RM11.3 million in the FYE 30 June 2012 was derived at after accounting for gain on capital repayment from our associate company of RM9.1 million (FYE 30 June 2011: nil), exceptional gain of RM5.1 million arising from gain on dilution of our Group's equity interest in Inari Berhad's (now known as Inari Amertron Berhad) (FYE 30 June 2011: nil), and impairment loss on financial assets at fair value through profit or loss of RM18.0 million (preceding year: write back of impairment of RM20.1 million) and fair value loss on financial derivatives of RM2.9 million (FYE 30 June 2011: fair value gain on financial derivatives RM5.0 million).

**FYE 30 June 2013**

Our Group reported revenue of RM297.3 million and a profit before taxation of RM62.6 million for the FYE 30 June 2013 as compared to revenue of RM235.4 million and a profit before taxation of RM11.3 million reported in the preceding year. The improvement in profit before taxation reported for the FYE 30 June 2013 as compared to the preceding year were mainly due to the following:-

Financial service and leasing division

Our stockbroking business reported improved revenue in the FYE 30 June 2013 due to higher underwriting and placement fee income derived from our corporate finance unit. The profit before taxation for the FYE 30 June 2013 declined compared to the preceding year mainly due to impairment loss on financial assets at fair value through profit or loss of approximately RM1.5 million in the FYE 30 June 2013 (FYE 30 June 2012: write back of impairment loss on financial assets at fair value through profit or loss of RM1.2 million).

Property investment and development division

Our property investment business contributed higher profit before taxation in the FYE 30 June 2013 due to higher fair value gain on revaluation of our Group's investment properties in the fourth quarter of the FYE 30 June 2013.

Investment holding and trading division

Our investment holding business reported improved results for the FYE 30 June 2013 as compared to the preceding year mainly due to higher trading gain and recovery of foreign equity prices resulting in fair value gain on financial assets at fair value through profit or loss of RM17.5 million (FYE 30 June 2012: fair value loss of RM7.2 million).

Retail trading and car rental division

Our retail trading and car rental business recorded increased revenue and profit before taxation for the FYE 30 June 2013 as compared to the preceding year mainly due to improved revenue from our car rental businesses in the FYE 30 June 2013 and improved results from the Group's equity accounting for the profit after taxation of our associate company, Melium Holdings Sdn Bhd which was higher at RM5.7 million as compared to RM1.4 million in the preceding year due to higher trading volume/demand reported by Melium Holdings Sdn Bhd and Dome Cafe Sdn Bhd.

IT related business

Our IT related businesses reported improvement in results for the FYE 30 June 2013 as compared to the preceding year primarily due to write back of impairment loss on financial assets at fair value through profit or loss on our Group's shareholding in Mint Wireless Limited amounting to RM0.1 million in the FYE 30 June 2013 as compared to impairment loss of RM12.6 million in the preceding year.

Our associate company, Inari Berhad (now known as Inari Amertron Berhad) reported higher profits for the FYE 30 June 2013 as compared to the preceding year due to higher trading volume arising from higher demand from its customers and improvement in profit margin. Our Group's equity accounting for Inari Berhad's profit after taxation were RM14.6 million (FYE 30 June 2012: RM6.6 million).

Group's summary

Our Group reported a higher profit before taxation of RM62.6 million in the FYE 30 June 2013 as compared to RM11.3 million in the preceding year mainly due to higher profits reported by our investment holding business and IT related business and our associated companies, Melium Holdings Sdn Bhd and Inari Berhad, fair value gain on financial assets at fair value through profit or loss of RM16.4 million (FYE 30 June 2012: fair value loss of RM18.0 million) and fair value loss on financial derivatives of RM9.1 million (FYE 30 June 2012: RM2.9 million). The increase in other income was contributed by amongst others, dividend income, interest income, gain on disposal of investments, fair value gain on investment properties and writeback of impairment of financial assets at fair value through profit and loss.

## **FYE 30 June 2014**

Our Group reported revenue of RM276.5 million and a profit before taxation of RM171.2 million for the FYE 30 June 2014 as compared with revenue of RM297.3 million and a profit before taxation of RM62.6 million reported in the preceding year.

The improvement in our Group's results reported in the FYE 30 June 2014 as compared to the preceding year were mainly due to the following:-

### Financial service and credit leasing division

Revenue improved as compared to the preceding year mainly due to higher brokerage and corporate advisory income reported by our stockbroking business.

Profit before taxation increased as compared to the preceding year due to higher profits reported by both our stockbroking and money lending businesses on the back of improved market sentiments.

### Property investment and development division

There is no significant contribution from our property investment and development division for the FYE 30 June 2014.

### Investment holding and trading division

Our investment holding business reported lower revenue as compared to the preceding year as a result of lower trading activities. Our investment holding business however registered higher profit before taxation as compared to the preceding year after taking into account fair value gain on financial derivatives of RM16.3 million (FYE 30 June 2013: fair value loss on financial derivatives of RM9.1 million) and fair value gain on financial assets at fair value through profit or loss of RM37.4 million (FYE 30 June 2013: RM17.5 million).

### Retail trading and car rental division

Revenue increased as compared to the preceding year arising from higher demand for cars on the back of increased fleet size of our car rental businesses. Despite higher revenue, there were no significant improvement in the profit before taxation due to low profit margin and high fixed costs incurred by our Group's car rental businesses.

Our associate company, Melium Holdings Sdn Bhd reported lower operating profits on the back of higher expenses as compared to the preceding year. Our Group's equity accounting for Melium Holdings Sdn Bhd's profit after taxation was RM0.9 million (FYE 30 June 2013: RM5.7 million).

### IT related business

Our IT related businesses reported significantly higher profit before taxation for the FYE 30 June 2014 as compared to the preceding year mainly due to higher gain from sale of quoted securities in the financial year.

Our associate company, Inari Amertron Berhad reported higher profit as compared to the preceding year due to the consolidation of the results of Amertron Inc. (Global) Limited, the acquisition of which was completed in June 2013 as well as higher trading volumes from Inari Amertron Berhad's existing businesses. Our Group's equity accounting for Inari Amertron Berhad's profit after taxation was RM33.0 million (FYE 30 June 2013: RM14.6 million).

### Group's summary

Our Group reported a higher profit before taxation of RM171.2 million for the FYE 30 June 2014 as compared to RM62.6 million in the preceding year mainly due to higher profits reported by our stockbroking, money lending, and investment holding and IT businesses and our associate company, Inari Amertron Berhad. The increase in other income was contributed by amongst others, dividend income, interest income, recovery of bad debts, gain on disposal of investments and writeback of impairment of financial assets at fair value through profit and loss.



**FPE 30 September 2013**

Our Group reported a revenue of RM72.5 million and a profit before taxation of RM61.5 million for the FPE 30 September 2013 as compared with a revenue of RM63.6 million and a profit before taxation of RM30.2 million in the preceding year's corresponding quarter. The higher profit before taxation in the FPE 30 September 2013 as was mainly due to higher profit before taxation reported by our Group's stockbroking, investment and IT related businesses and higher profits contributed by our associate company i.e. Inari Amertron Berhad.

**FPE 30 September 2014**

Our Group reported revenue of RM71.1 million and a profit before taxation of RM25.2 million for the FPE 30 September 2014 as compared to a revenue of RM72.5 million and a profit before taxation of RM61.5 million reported in the preceding year's corresponding quarter. The lower profit before taxation of RM25.2 million in the FPE 30 September 2014 was mainly due to losses before taxation reported by our investment holding and trading division.

For the FPE 30 September 2014, our investment holding and trading division reported lower revenue due to lower trading activities. Losses before taxation in our investment holding and trading division was primarily due to impairment loss on financial assets at fair value and fair value losses on financial derivatives.

**7. HISTORICAL SHARE PRICES**

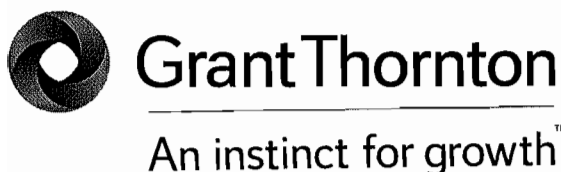
The monthly highest and lowest prices of our Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

|             | <b>High<br/>(RM)</b> | <b>Low<br/>(RM)</b> |
|-------------|----------------------|---------------------|
| <b>2014</b> |                      |                     |
| January     | 0.930                | 0.765               |
| February    | 0.945                | 0.770               |
| March       | 1.320                | 0.820               |
| April       | 1.360                | 1.180               |
| May         | 1.260                | 1.180               |
| June        | 1.280                | 1.160               |
| July        | 1.340                | 1.190               |
| August      | 1.340                | 1.180               |
| September   | 1.280                | 1.220               |
| October     | 1.250                | 0.860               |
| November    | 1.230                | 1.040               |
| December    | 1.060                | 0.750               |

The last transacted price of our Shares on 24 July 2014, being the Market Day immediately prior to the date of the announcement of the Proposals on 25 July 2014, was RM1.24 per Share. The last transacted price of our Shares on 22 January 2015, being the day prior to the ex-date of the Rights Issue with Warrants was RM0.905 per Share. The last transacted price of our Shares as at the LPD was RM0.775 per Share.

*(Source: M&A Securities)*

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 JUNE 2014 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**



**REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014**

Date: 6 January 2015

The Board of Directors  
Insas Berhad  
No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

**SJ Grant Thornton** (AF:0737)

Level 11 Sheraton Imperial Court  
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Dear Sirs,

**INSAS BERHAD  
AND ITS SUBSIDIARY COMPANIES  
REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Insas Berhad (“Insas” or “the Company”) and its subsidiary companies (“Insas Group” or “the Group”) as at 30 June 2014 together with the accompanying notes (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Company’s Abridged Prospectus after including the effects of the Renounceable Rights Issue of up to 138,666,727 new Redeemable Preference Shares of RM0.01 each in Insas (“RPS”) at an issue price of RM1.00 per RPS with up to 277,333,454 free detachable warrants (“Warrants”) on the basis of one (1) RPS with two (2) Warrants for every five (5) existing ordinary shares of RM1.00 each held in Insas on an entitlement date to be determined and announced later (“corporate exercise” or “Rights Issue of RPS with Free Warrants”).

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the above corporate exercise on the audited consolidated statement of financial position of the Group as at 30 June 2014 had the above corporate exercise been effected on that date. As part of this process, information about the Insas Group’s consolidated financial position has been extracted by the Directors of the Company from the audited financial statements of Insas Group for the financial year ended 30 June 2014, on which an audit report has been published.

**Directors’ responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position (“Applicable Criteria”).



### **Our responsibility**

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact as if the events had occurred or transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of the Company in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Opinion


In our opinion:

- (a) the Pro Forma Consolidated Statements of Financial Position, which have been compiled by the Directors of the Company, have been properly compiled on the basis of the Applicable Criteria using financial statements prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group; and
- (b) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

## Other matters

This letter is issued for the sole purpose of the Abridged Prospectus. Our work had been carried out in accordance with International Standard on Assurance Engagements issued by Malaysian Institute of Accountants and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the above corporate exercise. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the above corporate exercise.

Yours faithfully,



**SJ GRANT THORNTON**  
NO. AF: 0737  
CHARTERED ACCOUNTANTS

**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**1. BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited consolidated financial statements of Insas for the financial year ended 30 June 2014.

The Pro Forma Consolidated Statements of Financial Position of Insas have been prepared for illustrative purposes and on the assumptions that the Consolidated Statement of Financial Position were effected on that date by the Corporate Exercise as per Note 2 to the Pro Forma Consolidated Statements of Financial Position assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position had taken place on 30 June 2014.

**2. CORPORATE EXERCISE**

**(i) Pro Forma I: Rights Issue of RPS with Free Warrants**

Renounceable Rights Issue of 138,666,727 new RPS at an issue price of RM1.00 per RPS on the basis of one (1) RPS for every five (5) ordinary shares of RM1.00 in Insas held by the entitled shareholders together with 277,333,454 Warrants on the basis of two (2) Warrants for every one (1) RPS subscribed.

A dividend rate per annum of 4 sen on the issue price per RPS is to be paid on the RPS.

Prior to the implementation of the Rights Issue of RPS with Free Warrants, there were 29,127,291 outstanding treasury shares as at 30 June 2014 and Insas had increased the total outstanding treasury shares to 29,827,291 with a total cost of RM14,071,414 as at 6 January 2015. For illustrative purposes, the entire outstanding 29,827,291 treasury shares are assumed to be resold in the open market at RM0.775 per treasury share and the proceeds from the reselling of treasury shares are utilised for working capital purposes.

The proceeds from Rights Issue of RPS with Free Warrants are expected to be utilised in the following manner:

| <b>Purpose</b>                                                                                        | <b>RM'000</b> | <b>Timeframe for utilisation</b>              |
|-------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------|
| Capital injection into M&A Securities Sdn. Bhd., a wholly-owned subsidiary company of Insas           | 60,000        | } Within 6 months from the listing of the RPS |
| Capital injection into Insas Pacific Rent-A-Car Sdn. Bhd., a wholly-owned subsidiary company of Insas | 5,000         |                                               |
| Repayment of bank borrowings                                                                          | 20,000        |                                               |
| Subscription of the rights issue of an associate company                                              | 30,000        |                                               |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**2. CORPORATE EXERCISE (CONT'D)**

**(i) Pro Forma I: Rights Issue of RPS with Free Warrants (cont'd)**

The proceeds from Rights Issue of RPS with Free Warrants are expected to be utilised in the following manner (cont'd):

| Purpose                                                         | RM'000         | Timeframe for utilisation                    |
|-----------------------------------------------------------------|----------------|----------------------------------------------|
| Working capital and general business purposes                   | 22,267         | Within 12 months from the listing of the RPS |
| To defray estimated expenses relating to the corporate exercise | 1,400          | Within 1 month from the listing of the RPS   |
| Total                                                           | <u>138,667</u> |                                              |

**(ii) Pro Forma II: Full Exercise of Warrants**

Pro Forma II incorporates the effects in Pro Forma I and the following:

Full Exercise of 277,333,454 Warrants at RM1.00 each.

The proceeds from Full Exercise of Warrants of RM277,333,454 are utilised for working capital purposes.

**(iii) Pro Forma III: Redemption of RPS**

Pro Forma III incorporates the effects in Pro Forma I to II and Redemption of 138,666,727 RPS at RM1.00 each.

The new ordinary shares of Insas to be issued pursuant to the Full Exercise of Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of Insas, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares.

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014**

The Pro Forma Consolidated Statements of Financial Position of the Insas Group as at 30 June 2014 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 June 2014:

|                                                         | Audited as at<br>30 June 2014<br>RM'000 | Pro Forma<br>I<br>RM'000 | Pro Forma<br>II<br>RM'000 | Pro Forma<br>III<br>RM'000 |
|---------------------------------------------------------|-----------------------------------------|--------------------------|---------------------------|----------------------------|
| <b>ASSETS</b>                                           |                                         |                          |                           |                            |
| <b>Non-current assets</b>                               |                                         |                          |                           |                            |
| Property, plant and equipment                           | 79,824                                  | 79,824                   | 79,824                    | 79,824                     |
| Investment properties                                   | 159,716                                 | 159,716                  | 159,716                   | 159,716                    |
| Available for sales investments                         | 106,241                                 | 106,241                  | 106,241                   | 106,241                    |
| Held to maturity investments                            | 29,990                                  | 29,990                   | 29,990                    | 29,990                     |
| Associate companies                                     | 3.1 141,731                             | 171,731                  | 171,731                   | 171,731                    |
| Intangible assets                                       | 26,051                                  | 26,051                   | 26,051                    | 26,051                     |
| Deferred tax assets                                     | 1,733                                   | 1,733                    | 1,733                     | 1,733                      |
| <b>Total non-current assets</b>                         | <b>545,286</b>                          | <b>575,286</b>           | <b>575,286</b>            | <b>575,286</b>             |
| <b>Current assets</b>                                   |                                         |                          |                           |                            |
| Property development costs                              | 9,567                                   | 9,567                    | 9,567                     | 9,567                      |
| Inventories                                             | 13,609                                  | 13,609                   | 13,609                    | 13,609                     |
| Trade receivables                                       | 341,068                                 | 341,068                  | 341,068                   | 341,068                    |
| Amount due from associate companies                     | 19,145                                  | 19,145                   | 19,145                    | 19,145                     |
| Other receivables, deposits and prepayments             | 21,276                                  | 21,276                   | 21,276                    | 21,276                     |
| Tax recoverable                                         | 1,929                                   | 1,929                    | 1,929                     | 1,929                      |
| Held to maturity investments                            | 6,175                                   | 6,175                    | 6,175                     | 6,175                      |
| Financial assets at fair value through profit or loss   | 288,174                                 | 288,174                  | 288,174                   | 288,174                    |
| Deposits with licensed banks and financial institutions | 319,585                                 | 319,585                  | 319,585                   | 319,585                    |
| Cash and bank balances                                  | 3.2 41,238                              | 151,072                  | 428,405                   | 262,005                    |
| <b>Total current assets</b>                             | <b>1,061,766</b>                        | <b>1,171,600</b>         | <b>1,448,933</b>          | <b>1,282,533</b>           |
| <b>TOTAL ASSETS</b>                                     | <b>1,607,052</b>                        | <b>1,746,886</b>         | <b>2,024,219</b>          | <b>1,857,819</b>           |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of the Insas Group as at 30 June 2014 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 June 2014 (cont'd):

|                                                     |      | Audited as at<br>30 June 2014<br>RM'000 | Pro Forma<br>I<br>RM'000 | Pro Forma<br>II<br>RM'000 | Pro Forma<br>III<br>RM'000 |
|-----------------------------------------------------|------|-----------------------------------------|--------------------------|---------------------------|----------------------------|
| <b>EQUITY</b>                                       |      |                                         |                          |                           |                            |
| <b>Equity attributable to owners of the Company</b> |      |                                         |                          |                           |                            |
| Share capital                                       | 3.3  | 693,334                                 | 693,334                  | 970,667                   | 970,667                    |
| Share premium                                       | 3.4  | 47,751                                  | 56,796                   | 56,796                    | 56,796                     |
| Available for sale investments fair value reserve   |      | 52,820                                  | 52,820                   | 52,820                    | 52,820                     |
| Capital redemption reserve                          | 3.5  | -                                       | -                        | -                         | 1,387                      |
| Warrants reserve                                    | 3.6  | -                                       | 47,697                   | -                         | -                          |
| Other reserves                                      |      | 3,394                                   | 3,394                    | 3,394                     | 3,394                      |
| Exchange translation reserve                        |      | 5,335                                   | 5,335                    | 5,335                     | 5,335                      |
| Treasury shares                                     | 3.7  | (13,522)                                | -                        | -                         | -                          |
| Retained earnings                                   | 3.8  | 406,569                                 | 377,436                  | 377,436                   | 376,049                    |
|                                                     |      | 1,195,681                               | 1,236,812                | 1,466,448                 | 1,466,448                  |
| Non-controlling interests                           |      | 7,137                                   | 7,137                    | 7,137                     | 7,137                      |
| <b>TOTAL EQUITY</b>                                 |      | <b>1,202,818</b>                        | <b>1,243,949</b>         | <b>1,473,585</b>          | <b>1,473,585</b>           |
| <b>LIABILITIES</b>                                  |      |                                         |                          |                           |                            |
| <b>Non-current liabilities</b>                      |      |                                         |                          |                           |                            |
| Loans and borrowings                                |      | 16,278                                  | 16,278                   | 16,278                    | 16,278                     |
| Hire purchase payables                              |      | 26,854                                  | 26,854                   | 26,854                    | 26,854                     |
| Deferred tax liabilities                            | 3.9  | 3,801                                   | 18,863                   | 3,801                     | 3,801                      |
| RPS                                                 | 3.10 | -                                       | 103,641                  | 166,400                   | -                          |
| Total non-current liabilities                       |      | 46,933                                  | 165,636                  | 213,333                   | 46,933                     |
| <b>Current liabilities</b>                          |      |                                         |                          |                           |                            |
| Derivative financial liabilities                    |      | 3,873                                   | 3,873                    | 3,873                     | 3,873                      |
| Trade payables                                      |      | 69,618                                  | 69,618                   | 69,618                    | 69,618                     |
| Other payables and accruals                         |      | 54,923                                  | 54,923                   | 54,923                    | 54,923                     |
| Loans and borrowings                                | 3.11 | 228,875                                 | 208,875                  | 208,875                   | 208,875                    |
| Tax payable                                         |      | 12                                      | 12                       | 12                        | 12                         |
| Total current liabilities                           |      | 357,301                                 | 337,301                  | 337,301                   | 337,301                    |
| <b>TOTAL LIABILITIES</b>                            |      | <b>404,234</b>                          | <b>502,937</b>           | <b>550,634</b>            | <b>384,234</b>             |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <b>1,607,052</b>                        | <b>1,746,886</b>         | <b>2,024,219</b>          | <b>1,857,819</b>           |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of the Insas Group as at 30 June 2014 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 June 2014 (cont'd):

|                                                        |     | Audited as at<br>30 June 2014 | Pro Forma<br>I     | Pro Forma<br>II    | Pro Forma<br>III   |
|--------------------------------------------------------|-----|-------------------------------|--------------------|--------------------|--------------------|
| Issued and paid up share capital of RM1.00 each (unit) | 3.3 | 693,333,633                   | 693,333,633        | 970,667,087        | 970,667,087        |
| Less: Treasury shares                                  | 3.7 | (29,127,291)                  | -                  | -                  | -                  |
|                                                        |     | <u>664,206,342</u>            | <u>693,333,633</u> | <u>970,667,087</u> | <u>970,667,087</u> |
| Net assets per share (RM)                              |     | <u>1.80</u>                   | <u>1.78</u>        | <u>1.51</u>        | <u>1.51</u>        |

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3.1 **ASSOCIATE COMPANIES**

The movements of the associate companies are as follows:-

|                                                                   | RM'000         |
|-------------------------------------------------------------------|----------------|
| As at 30 June 2014                                                | 141,731        |
| Arising from subscription of rights issue of an associate company | <u>30,000</u>  |
| As per Pro Forma I to III                                         | <u>171,731</u> |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.2 **CASH AND BANK BALANCES**

The movements of the cash and bank balances are as follows:-

|                                                                   | RM'000           |
|-------------------------------------------------------------------|------------------|
| As at 30 June 2014                                                | 41,238           |
| Arising from increase of treasury shares                          | (549)            |
| Arising from resale of all treasury shares                        | 23,116           |
| Arising from Rights Issue of RPS with Free Warrants               | 138,667          |
| Arising from corporate exercise expenses                          | (1,400)          |
| Arising from subscription of rights issue of an associate company | (30,000)         |
| Arising from repayment of bank borrowings                         | <u>(20,000)</u>  |
| <br>                                                              |                  |
| As per Pro Forma I                                                | 151,072          |
| Arising from Full Exercise of Warrants                            | <u>277,333</u>   |
| <br>                                                              |                  |
| As per Pro Forma II                                               | 428,405          |
| Arising from Redemption of RPS                                    | <u>(166,400)</u> |
| <br>                                                              |                  |
| As per Pro Forma III                                              | <u>262,005</u>   |

3.3 **SHARE CAPITAL**

The movements of issued and paid-up share capital are as follows:-

|                                        | <u>Number of<br/>Shares</u> | <u>Amount<br/>RM'000</u> |
|----------------------------------------|-----------------------------|--------------------------|
| As at 30 June 2014/ As per Pro Forma I | 693,333,633                 | 693,334                  |
| Arising from Full Exercise of Warrants | <u>277,333,454</u>          | <u>277,333</u>           |
| <br>                                   |                             |                          |
| As per Pro Forma II to III             | <u>970,667,087</u>          | <u>970,667</u>           |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.4 **SHARE PREMIUM**

The movements of the share premium are as follows:-

|                                            | RM'000        |
|--------------------------------------------|---------------|
| As at 30 June 2014                         | 47,751        |
| Arising from resale of all treasury shares | <u>9,045</u>  |
| As per Pro Forma I to III                  | <u>56,796</u> |

3.5 **CAPITAL REDEMPTION RESERVE**

The movements of the capital redemption reserve are as follows:-

|                                              | RM'000       |
|----------------------------------------------|--------------|
| As at 30 June 2014/ As per Pro Forma I to II | -            |
| Arising from Redemption of RPS               | <u>1,387</u> |
| As per Pro Forma III                         | <u>1,387</u> |

3.6 **WARRANTS RESERVE**

The movements of the warrants reserve are as follows:-

|                                                     | RM'000          |
|-----------------------------------------------------|-----------------|
| As at 30 June 2014                                  | -               |
| Arising from Rights Issue of RPS with Free Warrants | <u>47,697</u>   |
| As per Pro Forma I                                  | 47,697          |
| Arising from Full Exercise of Warrants              | <u>(47,697)</u> |
| As per Pro Forma II to III                          | <u>-</u>        |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3.7 TREASURY SHARES**

The movements of the treasury shares are as follows:-

|                                            | Number of<br><u>shares</u> | <u>Amount</u><br>RM'000 |
|--------------------------------------------|----------------------------|-------------------------|
| As at 30 June 2014                         | (29,127,291)               | (13,522)                |
| Arising from increase of treasury shares   | (700,000)                  | (549)                   |
| Arising from resale of all treasury shares | 29,827,291                 | 14,071                  |
|                                            | <hr/>                      | <hr/>                   |
| As per Pro Forma I to III                  | -                          | -                       |

**3.8 RETAINED EARNINGS**

The movements of the retained earnings are as follows:-

|                                          | RM'000   |
|------------------------------------------|----------|
| As at 30 June 2014                       | 406,569  |
| Arising from dividend on RPS             | (27,733) |
| Arising from corporate exercise expenses | (1,400)  |
|                                          | <hr/>    |
| As per Pro Forma I to II                 | 377,436  |
| Arising from Redemption of RPS           | (1,387)  |
|                                          | <hr/>    |
| As per Pro Forma III                     | 376,049  |

**3.9 DEFERRED TAX LIABILITIES**

The movements of the deferred tax liabilities are as follows:-

|                                                     | RM'000   |
|-----------------------------------------------------|----------|
| As at 30 June 2014                                  | 3,801    |
| Arising from Rights Issue of RPS with Free Warrants | 15,062   |
|                                                     | <hr/>    |
| As per Pro Forma I                                  | 18,863   |
| Arising from Full Exercise of Warrants              | (15,062) |
|                                                     | <hr/>    |
| As per Pro Forma II to III                          | 3,801    |

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**INSAS BERHAD**  
**(Company No.: 4081-M)**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

3. **PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.10 **RPS**

The movements of the RPS are as follows:-

|                                                     | RM'000           |
|-----------------------------------------------------|------------------|
| As at 30 June 2014                                  | -                |
| Arising from Rights Issue of RPS with Free Warrants | 138,667          |
| Arising from dividend on RPS                        | 27,733           |
| Arising from fair value adjustment for Warrants     | <u>(62,759)</u>  |
| As per Pro Forma I                                  | 103,641          |
| Arising from Full Exercise of Warrants              | <u>62,759</u>    |
| As per Pro Forma II                                 | 166,400          |
| Arising from Redemption of RPS                      | <u>(166,400)</u> |
| As per Pro Forma III                                | <u>-</u>         |

3.11 **LOAN AND BORROWINGS**

The movements of the loan and borrowings are as follows:-

|                                           | RM'000          |
|-------------------------------------------|-----------------|
| As at 30 June 2014                        | 228,875         |
| Arising from repayment of bank borrowings | <u>(20,000)</u> |
| As per Pro Forma I to III                 | <u>208,875</u>  |


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**06 JAN 2015**

SJ Grant Thornton

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30  
JUNE 2014**

CERTIFIED TRUE COPY  
SJ GRANT THORNTON



DESMOND TAN  
PARTNER

**INSAS BERHAD  
(Incorporated in Malaysia)  
REPORTS AND FINANCIAL STATEMENTS  
30 JUNE 2014**

**SJ GRANT THORNTON  
CHARTERED ACCOUNTANTS  
Member Firm of Grant Thornton International Ltd**

**INSAS BERHAD**  
**(Incorporated in Malaysia)**  
**REPORTS AND FINANCIAL STATEMENTS**  
**30 JUNE 2014**

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**INSAS BERHAD**  
**(Incorporated in Malaysia)**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**Chairperson**

\*Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,  
DK(II), SIMP

**Executive Deputy Chairman / Chief Executive Officer**

Dato' Sri Thong Kok Khee

**Executive Director**

Dr. Tan Seng Chuan

**Non-Executive Directors**

Dato' Wong Gian Kui

Ms. Soon Li Yen

\*Mr. Oh Seong Lye

**AUDIT COMMITTEE**

\*Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,  
DK(II), SIMP

Ms. Soon Li Yen

\*Mr. Oh Seong Lye

**NOMINATION COMMITTEE**

\*Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah,  
DK(II), SIMP

Ms. Soon Li Yen

\*Mr. Oh Seong Lye

**COMPANY SECRETARIES**

Ms. Chow Yuet Kuen

Ms. Lau Fong Siew

**REGISTERED OFFICE**

No. 45-5, The Boulevard, Mid Valley City  
Lingkar Syed Putra, 59200 Kuala Lumpur  
Tel: 03-22848311 Fax: 03-22824688

**PRINCIPAL PLACE OF BUSINESS**

Suite 23.02, Level 23  
The Gardens South Tower  
Mid Valley City  
Lingkar Syed Putra, 59200 Kuala Lumpur  
Tel: 03-22829311 Fax: 03-22848500

(\*) - Independent Non-Executive Directors



**INSAS BERHAD**  
**(Incorporated in Malaysia)**

**CORPORATE INFORMATION (CONT'D)**

**AUDITORS**

SJ Grant Thornton (*AF 0737*)  
(Member Firm of Grant Thornton International Ltd)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

**PRINCIPAL BANKERS**

Affin Investment Bank Berhad  
Credit Suisse AG  
Citibank N.A.  
Goldman Sachs (Asia) L.L.C  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad

**SOLICITORS**

Raslan Loong  
Shearn Delamore & Co.  
Tan Pheck San & Co.  
James Monteiro

**SHARE REGISTRARS**

Megapolitan Management Services Sdn. Bhd.  
No. 45-5, The Boulevard, Mid Valley City  
Lingkaran Syed Putra, 59200 Kuala Lumpur  
Tel: 03-22848311 Fax: 03-22824688

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad

**SECTOR**

Finance

**STOCK CODE**

3379

**INSAS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and joint ventures are disclosed in Note 51 to 53 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

**FINANCIAL RESULTS**

|                               | <b>Group</b><br>RM'000 | <b>Company</b><br>RM'000 |
|-------------------------------|------------------------|--------------------------|
| Profit for the financial year | <u>160,684</u>         | <u>4,317</u>             |
| Attributable to:-             |                        |                          |
| Owners of the Company         | 160,404                | 4,317                    |
| Non-controlling interests     | <u>280</u>             | <u>-</u>                 |
|                               | <u>160,684</u>         | <u>4,317</u>             |

**DIVIDENDS**

The Company had on 24 February 2014 paid an interim single-tier dividend of 1.0 sen per ordinary share of RM1.00 each, amounting to RM6,642,063 in respect of financial year ended 30 June 2014.

The Directors do not recommend any final dividend for the financial year ended 30 June 2014.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the financial statements.

**SHARE CAPITAL AND DEBENTURES**

There were no issuance of new shares or debentures during the financial year.

## TREASURY SHARES

During the financial year, the Company repurchased 5,971,100 ordinary shares of RM1.00 each of its issued and fully paid up share capital from the open market. The average price paid for the shares repurchase was RM0.5655 per share. The consideration paid for the shares repurchase including transaction cost amounted to RM3,376,752. The repurchased transactions were financed by internal generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Of the total 693,333,633 issued and fully paid up ordinary shares in the Company, 29,127,291 shares are being held as treasury shares by the Company for the financial year ended 30 June 2014. Further relevant details are disclosed in Note 24 to the financial statements.

## INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than those disclosed in the Notes to the financial statements.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year are disclosed in Note 54 to the financial statements.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Significant events after the reporting period are disclosed in Note 55 to the financial statements.

## **OTHER STATUTORY INFORMATION**

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion:-

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the Notes to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## **DIRECTORS**

The Directors in office since the date of the last report are:-

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah  
bte Sultan Haji Ahmad Shah, DK(II), SIMP  
Dato' Sri Thong Kok Khee  
Dato' Wong Gian Kui  
Dr. Tan Seng Chuan  
Ms. Soon Li Yen  
Mr. Oh Seong Lye

In accordance with Article 96 of the Company's Articles of Association, Dato' Wong Gian Kui and Dr. Tan Seng Chuan retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**DIRECTORS (CONT'D)**

The shareholdings in the Company and in its related corporations of those who were Directors at the end of the financial year are as follows:-

| Interest in the Company                                                                                     | <u>Number of ordinary shares of RM1 each</u> |               |             |                               |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------|-------------|-------------------------------|
|                                                                                                             | <u>At</u><br><u>1.7.2013</u>                 | <u>Bought</u> | <u>Sold</u> | <u>At</u><br><u>30.6.2014</u> |
| <u>Direct interest</u>                                                                                      |                                              |               |             |                               |
| Y.A.M. Tengku Puteri Seri Kemala<br>Pahang Tengku Hajjah Aishah bte<br>Sultan Haji Ahmad Shah, DK(II), SIMP | 121,992                                      | -             | -           | 121,992                       |
| Dato' Sri Thong Kok Khee                                                                                    | 2,384,678                                    | -             | -           | 2,384,678                     |
| Dato' Wong Gian Kui                                                                                         | 395,678                                      | -             | -           | 395,678                       |
| <u>Deemed interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Sri Thong Kok Khee                                                                                    | 160,210,284                                  | -             | -           | 160,210,284                   |
| Dato' Wong Gian Kui                                                                                         | 1,052,312                                    | -             | (10,000)    | 1,042,312                     |
| <u>Number of ordinary shares of RM1 each</u>                                                                |                                              |               |             |                               |
| Interest in subsidiary companies                                                                            | <u>At</u><br><u>1.7.2013</u>                 | <u>Bought</u> | <u>Sold</u> | <u>At</u><br><u>30.6.2014</u> |
| <b>Insas Properties Sdn. Bhd.</b>                                                                           |                                              |               |             |                               |
| <u>Direct interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Wong Gian Kui                                                                                         | 80,000                                       | -             | -           | 80,000                        |
| <b>Segar Raya Development Sdn. Bhd.</b>                                                                     |                                              |               |             |                               |
| <u>Direct interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Wong Gian Kui                                                                                         | 129,999                                      | -             | -           | 129,999                       |
| <u>Deemed interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Wong Gian Kui                                                                                         | 80,000                                       | -             | -           | 80,000                        |
| <b>Premium Yield Sdn. Bhd.</b>                                                                              |                                              |               |             |                               |
| <u>Deemed interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Wong Gian Kui                                                                                         | 49,999                                       | -             | -           | 49,999                        |
| <b>Dellmax Worldwide Sdn. Bhd.</b>                                                                          |                                              |               |             |                               |
| <u>Deemed interest</u>                                                                                      |                                              |               |             |                               |
| Dato' Wong Gian Kui                                                                                         | 35,000                                       | -             | -           | 35,000                        |

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of the Company, he is also deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, options and debentures of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

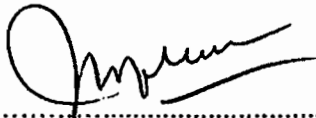
During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits as disclosed in the Notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## AUDITORS

The Auditors, Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 October 2014.



.....  
Y.A.M. TENGKU PUTERI SERI KEMALA PAHANG  
TENGKU HAJJAH AISHAH BTE SULTAN HAJI  
AHMAD SHAH, DK(II), SIMP  
Director



.....  
DATO' SRI THONG KOK KHEE  
Director

Kuala Lumpur

**INSAS BERHAD**  
**(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS**

We, Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Sri Thong Kok Khee, being two of the Directors of Insas Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014, the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 125 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 28 October 2014.

.....  
Y.A.M. TENGKU PUTERI SERI KEMALA  
PAHANG TENGKU HAJJAH AISHAH  
BTE SULTAN HAJI AHMAD SHAH,  
DK(II), SIMP

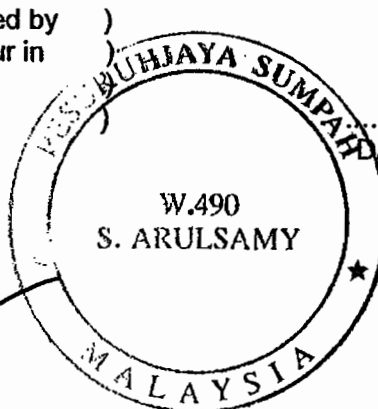
.....  
DATO' SRI THONG KOK KHEE

Kuala Lumpur

**STATUTORY DECLARATION**

I, Dato' Sri Thong Kok Khee, being the Director primarily responsible for the financial management of Insas Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and the supplementary information are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Kuala Lumpur in  
the Federal Territory this day of  
28 October 2014



.....  
DATO' SRI THONG KOK KHEE

Before me:

Commissioner for Oaths

16 - Tingkat Bawah Jalan Pudu,  
55100 Kuala Lumpur.



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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### INSAS BERHAD

(Incorporated in Malaysia)

**SJ Grant Thornton** (AF:0737)

Level 11 Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

T +603 2692 4022

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### Report on the Financial Statements

We have audited the financial statements of Insas Berhad, which comprise statements of financial position as at 30 June 2014 of the Group and of the Company, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 124.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





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## **Report on the Financial Statements (cont'd)**

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Malaysian subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 51 to the Financial Statements.
- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



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### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton', written over a horizontal line.

**SJ GRANT THORNTON**  
(NO. AF: 0737)  
**CHARTERED ACCOUNTANTS**

Kuala Lumpur  
28 October 2014

A handwritten signature in black ink, appearing to read 'Dato N.K. Dasani', written over a horizontal line.

**DATO N.K. DASANI**  
**CHARTERED ACCOUNTANT**  
(NO: 708/03/16(J/PH))  
**PARTNER**

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

|                                                         | Note  | Group            |                  | Company        |                |
|---------------------------------------------------------|-------|------------------|------------------|----------------|----------------|
|                                                         |       | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>ASSETS</b>                                           |       |                  |                  |                |                |
| <b>Non-current assets</b>                               |       |                  |                  |                |                |
| Property, plant and equipment                           | 6     | 79,824           | 59,721           | 307            | 407            |
| Investment properties                                   | 7     | 159,716          | 151,432          | -              | -              |
| Available for sale investments                          | 8     | 106,241          | 96,022           | 940            | 655            |
| Held to maturity investments                            | 9     | 29,990           | 23,997           | -              | -              |
| Subsidiary companies                                    | 10(a) | -                | -                | 166,953        | 165,333        |
| Associate companies                                     | 11(a) | 141,731          | 90,196           | 48             | 984            |
| Joint ventures                                          | 12    | -                | -                | -              | -              |
| Intangible assets                                       | 13    | 26,051           | 26,184           | -              | -              |
| Deferred tax assets                                     | 14    | 1,733            | 4,125            | -              | -              |
| <b>Total non-current assets</b>                         |       | <b>545,286</b>   | <b>451,677</b>   | <b>168,248</b> | <b>167,379</b> |
| <b>Current assets</b>                                   |       |                  |                  |                |                |
| Property development costs                              | 15    | 9,567            | 9,350            | -              | -              |
| Inventories                                             | 16    | 13,609           | 15,831           | -              | -              |
| Trade receivables                                       | 17    | 341,068          | 330,375          | -              | -              |
| Amount due from subsidiary companies                    | 10(b) | -                | -                | 694,156        | 683,387        |
| Amount due from associate companies                     | 11(b) | 19,145           | -                | 363            | 362            |
| Other receivables, deposits and prepayments             | 18    | 21,276           | 14,904           | 890            | 758            |
| Tax recoverable                                         |       | 1,929            | 2,227            | 1,060          | 1,175          |
| Held to maturity investments                            | 9     | 6,175            | 8,598            | -              | -              |
| Financial assets at fair value through profit or loss   | 19    | 288,174          | 149,254          | -              | -              |
| Deposits with licensed banks and financial institutions | 20    | 319,585          | 322,403          | 1,073          | 1,046          |
| Cash and bank balances                                  | 21    | 41,238           | 52,992           | 1,277          | 1,165          |
| <b>Total current assets</b>                             |       | <b>1,061,766</b> | <b>905,934</b>   | <b>698,819</b> | <b>687,893</b> |
| Non-current assets classified as held for sale          | 22    | -                | 1,700            | -              | -              |
|                                                         |       | <b>1,061,766</b> | <b>907,634</b>   | <b>698,819</b> | <b>687,893</b> |
| <b>TOTAL ASSETS</b>                                     |       | <b>1,607,052</b> | <b>1,359,311</b> | <b>867,067</b> | <b>855,272</b> |
| <b>EQUITY AND LIABILITIES</b>                           |       |                  |                  |                |                |
| <b>EQUITY</b>                                           |       |                  |                  |                |                |
| <b>Equity attributable to owners of the Company</b>     |       |                  |                  |                |                |
| Share capital                                           | 23    | 693,334          | 693,334          | 693,334        | 693,334        |
| Treasury shares                                         | 24    | (13,522)         | (10,146)         | (13,522)       | (10,146)       |
| Reserves                                                | 25    | 109,300          | 94,739           | 47,751         | 47,751         |
| Retained earnings                                       |       | 406,569          | 252,365          | 25,830         | 28,155         |
|                                                         |       | <b>1,195,681</b> | <b>1,030,292</b> | <b>753,393</b> | <b>759,094</b> |
| Non-controlling interests                               |       | 7,137            | 2,922            | -              | -              |
| <b>TOTAL EQUITY</b>                                     |       | <b>1,202,818</b> | <b>1,033,214</b> | <b>753,393</b> | <b>759,094</b> |

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014 (CONT'D)**

|                                        | Note  | Group            |                  | Company        |                |
|----------------------------------------|-------|------------------|------------------|----------------|----------------|
|                                        |       | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>EQUITY AND LIABILITIES (CONT'D)</b> |       |                  |                  |                |                |
| <b>LIABILITIES</b>                     |       |                  |                  |                |                |
| <b>Non-current liabilities</b>         |       |                  |                  |                |                |
| Loans and borrowings                   | 26    | 16,278           | 7,178            | -              | -              |
| Hire purchase payables                 | 27    | 26,854           | 16,911           | 74             | 100            |
| Deferred tax liabilities               | 14    | 3,801            | 1,049            | 40             | 104            |
| <b>Total non-current liabilities</b>   |       | <b>46,933</b>    | <b>25,138</b>    | <b>114</b>     | <b>204</b>     |
| <b>Current liabilities</b>             |       |                  |                  |                |                |
| Derivative financial liabilities       | 28    | 3,873            | 20,091           | -              | -              |
| Trade payables                         | 29    | 69,618           | 40,125           | -              | -              |
| Amount due to subsidiary companies     | 10(b) | -                | -                | 61,789         | 61,627         |
| Amount due to associate companies      | 11(b) | -                | 45,060           | -              | -              |
| Other payables and accruals            | 30    | 54,923           | 56,278           | 471            | 647            |
| Loans and borrowings                   | 26    | 228,875          | 138,487          | 51,300         | 33,700         |
| Tax payable                            |       | 12               | 918              | -              | -              |
| <b>Total current liabilities</b>       |       | <b>357,301</b>   | <b>300,959</b>   | <b>113,560</b> | <b>95,974</b>  |
| <b>TOTAL LIABILITIES</b>               |       | <b>404,234</b>   | <b>326,097</b>   | <b>113,674</b> | <b>96,178</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>    |       | <b>1,607,052</b> | <b>1,359,311</b> | <b>867,067</b> | <b>855,272</b> |

The accompanying notes form an integral part of the financial statements.

**INSAS BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

|                                                        | Note | Group            |                  | Company        |                |
|--------------------------------------------------------|------|------------------|------------------|----------------|----------------|
|                                                        |      | 2014<br>RM'000   | 2013<br>RM'000   | 2014<br>RM'000 | 2013<br>RM'000 |
| Revenue                                                | 31   | 276,520          | 297,324          | 3,472          | 13,915         |
| Cost of sales                                          | 32   | <u>(193,033)</u> | <u>(234,106)</u> | -              | -              |
| Gross profit                                           |      | 83,487           | 63,218           | 3,472          | 13,915         |
| Other income                                           | 33   | 126,719          | 60,155           | 10,293         | 4,926          |
| Administration expenses                                | 34   | (18,561)         | (13,528)         | (6,340)        | (5,878)        |
| Other operating expenses                               | 35   | (56,501)         | (59,081)         | (1,422)        | (7,778)        |
| Finance costs                                          | 36   | (9,080)          | (10,896)         | (1,604)        | (1,091)        |
| Exceptional item                                       | 37   | (145)            | 909              | -              | -              |
| Share of profits less losses of<br>associate companies |      | 45,232           | 25,850           | -              | -              |
| Share of profits less losses of joint ventures         |      | -                | (4,027)          | -              | -              |
| Profit before taxation                                 |      | 171,151          | 62,600           | 4,399          | 4,094          |
| Taxation                                               | 38   | <u>(10,467)</u>  | 1,868            | <u>(82)</u>    | <u>(2,932)</u> |
| Profit for the financial year                          |      | <u>160,684</u>   | <u>64,468</u>    | <u>4,317</u>   | <u>1,162</u>   |
| Attributable to:-                                      |      |                  |                  |                |                |
| Owners of the Company                                  |      | 160,404          | 62,041           | 4,317          | 1,162          |
| Non-controlling interests                              |      | <u>280</u>       | <u>2,427</u>     | -              | -              |
|                                                        |      | <u>160,684</u>   | <u>64,468</u>    | <u>4,317</u>   | <u>1,162</u>   |
| Earnings per share (sen)                               |      |                  |                  |                |                |
| - Basic                                                | 39   | <u>24.10</u>     | <u>9.14</u>      |                |                |

The accompanying notes form an integral part of the financial statements.

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

|                                                                                                                       | Group                 |                      | Company             |                     |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|---------------------|---------------------|
|                                                                                                                       | 2014<br>RM'000        | 2013<br>RM'000       | 2014<br>RM'000      | 2013<br>RM'000      |
| Profit for the financial year                                                                                         | 160,684               | 64,468               | 4,317               | 1,162               |
| <u>Other comprehensive income to be reclassified to profit or loss in subsequent year:-</u>                           |                       |                      |                     |                     |
| Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax | (24,550)              | (3,800)              | -                   | -                   |
| Unrealised gain on fair value changes on available for sale investments, net of tax                                   | 38,318                | 15,276               | -                   | -                   |
| Share of other comprehensive income of investments accounted for using equity method, net of tax                      | (1,077)               | (49)                 | -                   | -                   |
| Foreign currency translation, net of tax                                                                              | 781                   | 3,153                | -                   | -                   |
| Total other comprehensive income for the financial year, net of tax                                                   | <u>13,472</u>         | <u>14,580</u>        | <u>-</u>            | <u>-</u>            |
| Total comprehensive income for the financial year, net of tax                                                         | <u><u>174,156</u></u> | <u><u>79,048</u></u> | <u><u>4,317</u></u> | <u><u>1,162</u></u> |
| Attributable to:-                                                                                                     |                       |                      |                     |                     |
| Owners of the Company                                                                                                 | 173,842               | 76,627               | 4,317               | 1,162               |
| Non-controlling interests                                                                                             | <u>314</u>            | <u>2,421</u>         | <u>-</u>            | <u>-</u>            |
|                                                                                                                       | <u><u>174,156</u></u> | <u><u>79,048</u></u> | <u><u>4,317</u></u> | <u><u>1,162</u></u> |

The accompanying notes form an integral part of the financial statements.

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

| Group                                                                                                                 | Attributable to owners of the Company |                         |                                                                |                        |                          |                                            |                           |                             |                 |                                     |                        |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------|----------------------------------------------------------------|------------------------|--------------------------|--------------------------------------------|---------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
|                                                                                                                       | Non-Distributable                     |                         |                                                                |                        |                          | Distributable                              |                           |                             |                 |                                     |                        |
|                                                                                                                       | Share capital<br>RM'000               | Share premium<br>RM'000 | Available for sale investments<br>fair value reserve<br>RM'000 | Reserve fund<br>RM'000 | Other reserves<br>RM'000 | Exchange translation<br>reserves<br>RM'000 | Treasury shares<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
| Balance at 1 July 2012                                                                                                | 693,334                               | 47,751                  | 27,576                                                         | 1,200                  | -                        | 1,797                                      | (881)                     | 196,882                     | 967,659         | 3,755                               | 971,414                |
| <b>Total comprehensive income/(loss) for the financial year</b>                                                       |                                       |                         |                                                                |                        |                          |                                            |                           |                             |                 |                                     |                        |
| Profit for the financial year                                                                                         | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | 62,041                      | 62,041          | 2,427                               | 64,468                 |
| Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax | -                                     | -                       | (3,800)                                                        | -                      | -                        | -                                          | -                         | -                           | (3,800)         | -                                   | (3,800)                |
| Unrealised gain on fair value changes on available for sale investments, net of tax                                   | -                                     | -                       | 15,276                                                         | -                      | -                        | -                                          | -                         | -                           | 15,276          | -                                   | 15,276                 |
| Share of other comprehensive income of investments accounted for using equity method, net of tax                      | -                                     | -                       | -                                                              | -                      | -                        | (48)                                       | -                         | -                           | (49)            | -                                   | (49)                   |
| Foreign currency translation, net of tax                                                                              | -                                     | -                       | -                                                              | -                      | -                        | 3,159                                      | -                         | -                           | 3,159           | (6)                                 | 3,153                  |
| <b>Total comprehensive income for the financial year</b>                                                              | -                                     | -                       | 11,476                                                         | -                      | -                        | 3,110                                      | -                         | 62,041                      | 76,627          | 2,421                               | 79,048                 |
| <b>Transactions with owners:-</b>                                                                                     |                                       |                         |                                                                |                        |                          |                                            |                           |                             |                 |                                     |                        |
| Repurchase of shares                                                                                                  | -                                     | -                       | -                                                              | -                      | -                        | -                                          | (9,265)                   | -                           | (9,265)         | -                                   | (9,265)                |
| Issuance of shares in an associate company                                                                            | -                                     | -                       | -                                                              | -                      | 1,829                    | -                                          | -                         | -                           | 1,829           | -                                   | 1,829                  |
| Deconsolidation of a subsidiary company (Note 44(b))                                                                  | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | -                           | -               | (1,129)                             | (1,129)                |
| Dilution of equity interests by non-controlling interests in a subsidiary company (Note 45)                           | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | -                           | -               | (2,125)                             | (2,125)                |
| Cash dividends paid to owners of the Company (Note 42)                                                                | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | (6,558)                     | (6,558)         | -                                   | (6,558)                |
| <b>Total transactions with owners</b>                                                                                 | -                                     | -                       | -                                                              | -                      | 1,829                    | -                                          | (9,265)                   | (6,558)                     | (13,994)        | (3,254)                             | (17,248)               |
| Balance at 30 June 2013                                                                                               | 693,334                               | 47,751                  | 39,052                                                         | 1,200                  | 1,829                    | 4,907                                      | (10,146)                  | 252,365                     | 1,030,292       | 2,922                               | 1,033,214              |
| <b>Total comprehensive income/(loss) for the financial year</b>                                                       |                                       |                         |                                                                |                        |                          |                                            |                           |                             |                 |                                     |                        |
| Profit for the financial year                                                                                         | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | 180,404                     | 180,404         | 280                                 | 180,684                |
| Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax | -                                     | -                       | (24,550)                                                       | -                      | -                        | -                                          | -                         | -                           | (24,550)        | -                                   | (24,550)               |
| Unrealised gain on fair value changes on available for sale investments, net of tax                                   | -                                     | -                       | 38,318                                                         | -                      | -                        | -                                          | -                         | -                           | 38,318          | -                                   | 38,318                 |
| Reserve fund transfer to retained earnings                                                                            | -                                     | -                       | -                                                              | (1,200)                | -                        | -                                          | -                         | 1,200                       | -               | -                                   | -                      |
| Share of other comprehensive income of investments accounted for using equity method, net of tax                      | -                                     | -                       | -                                                              | -                      | -                        | (319)                                      | -                         | (758)                       | (1,077)         | -                                   | (1,077)                |
| Foreign currency translation, net of tax                                                                              | -                                     | -                       | -                                                              | -                      | -                        | 747                                        | -                         | -                           | 747             | 34                                  | 781                    |
| <b>Total comprehensive income/(loss) for the financial year</b>                                                       | -                                     | -                       | 13,768                                                         | (1,200)                | -                        | 428                                        | -                         | 180,846                     | 173,842         | 314                                 | 174,156                |
| <b>Transactions with owners:-</b>                                                                                     |                                       |                         |                                                                |                        |                          |                                            |                           |                             |                 |                                     |                        |
| Repurchase of shares                                                                                                  | -                                     | -                       | -                                                              | -                      | -                        | -                                          | (3,376)                   | -                           | (3,376)         | -                                   | (3,376)                |
| Share-based compensation by an associate company pursuant to ESOS granted                                             | -                                     | -                       | -                                                              | -                      | 1,565                    | -                                          | -                         | -                           | 1,565           | -                                   | 1,565                  |
| Acquisition of equity interests in subsidiary companies (Note 43(d))                                                  | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | -                           | -               | 3,901                               | 3,901                  |
| Cash dividends paid to owners of the Company (Note 42)                                                                | -                                     | -                       | -                                                              | -                      | -                        | -                                          | -                         | (6,642)                     | (6,642)         | -                                   | (6,642)                |
| <b>Total transactions with owners</b>                                                                                 | -                                     | -                       | -                                                              | -                      | 1,565                    | -                                          | (3,376)                   | (6,642)                     | (8,453)         | 3,901                               | (4,552)                |
| Balance at 30 June 2014                                                                                               | 693,334                               | 47,751                  | 52,820                                                         | -                      | 3,394                    | 5,335                                      | (13,522)                  | 408,569                     | 1,195,681       | 7,137                               | 1,202,818              |

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)**

| Company                                                | < ----- Attributable to owners of the Company ----- > |                            |                              |                                |                 |
|--------------------------------------------------------|-------------------------------------------------------|----------------------------|------------------------------|--------------------------------|-----------------|
|                                                        | Non-<br><-distributable->                             |                            | <-----Distributable----->    |                                |                 |
|                                                        | Share<br>capital<br>RM'000                            | Share<br>premium<br>RM'000 | Treasury<br>shares<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 |
| Balance at 1 July 2012                                 | 693,334                                               | 47,751                     | (881)                        | 33,551                         | 773,755         |
| Total comprehensive Income for the financial year      | -                                                     | -                          | -                            | 1,162                          | 1,162           |
| <u>Transactions with owners:-</u>                      |                                                       |                            |                              |                                |                 |
| Repurchase of shares                                   | -                                                     | -                          | (9,265)                      | -                              | (9,265)         |
| Cash dividends paid to owners of the Company (Note 42) | -                                                     | -                          | -                            | (6,558)                        | (6,558)         |
| Total transaction with owners                          | -                                                     | -                          | (9,265)                      | (6,558)                        | (15,823)        |
| <b>Balance at 30 June 2013</b>                         | <b>693,334</b>                                        | <b>47,751</b>              | <b>(10,146)</b>              | <b>28,155</b>                  | <b>759,094</b>  |
| Total comprehensive income for the financial year      | -                                                     | -                          | -                            | 4,317                          | 4,317           |
| <u>Transactions with owners:-</u>                      |                                                       |                            |                              |                                |                 |
| Repurchase of shares                                   | -                                                     | -                          | (3,376)                      | -                              | (3,376)         |
| Cash dividends paid to owners of the Company (Note 42) | -                                                     | -                          | -                            | (6,642)                        | (6,642)         |
| Total transactions with owners                         | -                                                     | -                          | (3,376)                      | (6,642)                        | (10,018)        |
| <b>Balance at 30 June 2014</b>                         | <b>693,334</b>                                        | <b>47,751</b>              | <b>(13,522)</b>              | <b>25,830</b>                  | <b>753,393</b>  |

The accompanying notes form an integral part of the financial statements.



**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

|                                                                                                         | Group          |                | Company        |                |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                                         | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                             |                |                |                |                |
| Profit before taxation                                                                                  | 171,151        | 62,600         | 4,399          | 4,094          |
| <b>Adjustments for:-</b>                                                                                |                |                |                |                |
| Accretion of discount on held to maturity investments                                                   | (152)          | (64)           | -              | -              |
| Writeback of impairment of financial assets at fair value through profit or loss                        | (41,312)       | (16,354)       | -              | -              |
| Impairment of available for sale investments                                                            | 27             | 1,500          | 27             | -              |
| Impairment of held to maturity investments                                                              | -              | 27             | -              | -              |
| Allowance for doubtful debts                                                                            | 3,321          | 214            | -              | 1,504          |
| Allowance for doubtful debts no longer required                                                         | (661)          | -              | (562)          | -              |
| Allowance for obsolete inventories                                                                      | 392            | 416            | -              | -              |
| Allowance for diminution in value of inventories                                                        | 86             | -              | -              | -              |
| Amortisation of intangible assets                                                                       | 1              | 132            | -              | -              |
| Amortisation of premium on held to maturity investments                                                 | 4              | 3              | -              | -              |
| Bad debts written off                                                                                   | 961            | 58             | -              | 14             |
| Depreciation of property, plant and equipment                                                           | 10,730         | 9,399          | 103            | 111            |
| Gain on disposal of available for sale investments                                                      | (15,150)       | -              | -              | -              |
| Gain on disposal of intangible assets                                                                   | (264)          | -              | -              | -              |
| Gain on disposal of investment properties                                                               | -              | (500)          | -              | -              |
| Gain on disposal of non-current assets classified as held for sale                                      | (1,060)        | (4,015)        | -              | -              |
| Gain on capital repayment by an associate company                                                       | -              | -              | (178)          | -              |
| Loss on redemption of held to maturity investments                                                      | -              | 40             | -              | -              |
| Fair value (gain)/loss on derivatives                                                                   | (16,304)       | 9,092          | -              | -              |
| Fair value gain on investment properties                                                                | (3,225)        | (7,505)        | -              | -              |
| Inventories written off                                                                                 | 5              | 5              | -              | -              |
| Loss on disposal of subsidiary companies (Note 44(b))                                                   | -              | 12             | -              | -              |
| Gain on disposal of property, plant and equipment                                                       | (1,308)        | (1,630)        | -              | -              |
| Excess of fair value over investment cost on acquisition of additional interest in subsidiary companies | (194)          | (197)          | -              | -              |
| Excess of fair value over investment cost on acquisition of associate companies                         | -              | (161)          | -              | -              |
| Property, plant and equipment written back                                                              | -              | (28)           | -              | -              |
| Property, plant and equipment written off                                                               | 45             | 27             | -              | -              |
| Share of profits less losses of associate companies                                                     | (45,232)       | (25,850)       | -              | -              |
| Share of profits less losses of joint ventures                                                          | -              | 4,027          | -              | -              |
| Unrealised foreign exchange (gain)/loss                                                                 | (5,980)        | 108            | (1,360)        | 5,826          |
| Writeback of impairment of held to maturity investments                                                 | (241)          | (18)           | -              | -              |
| Writeback of allowance for diminution in value of inventories                                           | (6)            | (20)           | -              | -              |
| Dividend income                                                                                         | (8,377)        | (6,655)        | -              | -              |
| Interest expenses                                                                                       | 9,080          | 10,896         | 1,604          | 1,091          |
| Interest income                                                                                         | (7,472)        | (7,523)        | (5,193)        | (4,926)        |
| Loss/(Gain) on dilution of equity interest in associate companies                                       | 145            | (909)          | -              | -              |
| Provision for impairment loss on investment in subsidiary companies                                     | -              | -              | 1,380          | 236            |
| Provision for impairment loss on investment in an associate company                                     | 14             | 200            | 14             | 200            |
| Writeback of provision for impairment loss on investment in a subsidiary company                        | -              | -              | (3,000)        | -              |
| Operating profit/(loss) before working capital changes                                                  | 49,024         | 27,327         | (2,766)        | 8,150          |
| <b>Changes in working capital:-</b>                                                                     |                |                |                |                |
| Property development costs                                                                              | (217)          | (91)           | -              | -              |
| Inventories                                                                                             | 3,336          | 468            | -              | -              |
| Financial assets at fair value through profit or loss                                                   | (96,643)       | 49,597         | -              | -              |

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)**

|                                                                                                            | Group            |                 | Company        |                 |
|------------------------------------------------------------------------------------------------------------|------------------|-----------------|----------------|-----------------|
|                                                                                                            | 2014<br>RM'000   | 2013<br>RM'000  | 2014<br>RM'000 | 2013<br>RM'000  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>                                                       |                  |                 |                |                 |
| Changes in working capital (cont'd):-                                                                      |                  |                 |                |                 |
| Receivables                                                                                                | (9,943)          | (22,466)        | (132)          | 358             |
| Payables                                                                                                   | 23,728           | (699)           | (177)          | 294             |
| Associate companies                                                                                        | (64,205)         | 52,832          | (1)            | (326)           |
| Subsidiary companies                                                                                       | -                | -               | (3,671)        | 21,595          |
| Net cash (used in)/generated from operations                                                               | <u>(94,920)</u>  | <u>106,968</u>  | <u>(6,747)</u> | <u>30,071</u>   |
| Interest received                                                                                          | 7,584            | 7,523           | 179            | 396             |
| Interest paid                                                                                              | (9,931)          | (10,896)        | (1,604)        | (1,091)         |
| Tax paid                                                                                                   | (5,311)          | (2,466)         | (31)           | (100)           |
| Net cash (used in)/generated from operating activities                                                     | <u>(102,578)</u> | <u>101,129</u>  | <u>(8,203)</u> | <u>29,276</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                |                  |                 |                |                 |
| Purchase of property, plant and equipment (Note A)                                                         | (6,657)          | (2,895)         | (3)            | (18)            |
| Proceeds from disposal of property, plant and equipment                                                    | 2,394            | 3,250           | -              | -               |
| Subscription of shares and investment in associate companies                                               | (19,855)         | (17,455)        | -              | -               |
| Capital repayment by an associate company                                                                  | 1,100            | -               | 1,100          | -               |
| Distribution received from joint ventures                                                                  | -                | 52,249          | -              | -               |
| Acquisition of additional equity interest in a subsidiary company from non-controlling interests (Note 45) | -                | (1,928)         | -              | (1,928)         |
| Purchase of investment properties                                                                          | (5,799)          | (9,631)         | -              | -               |
| Purchase of available for sale investments                                                                 | (3,430)          | (11,491)        | (312)          | (310)           |
| Purchase of held to maturity investments                                                                   | (13,196)         | (3,218)         | -              | -               |
| Payment made on non-current assets classified as held for sale                                             | -                | (1,125)         | -              | -               |
| Proceeds from redemption and disposal of held to maturity investments                                      | 10,162           | 10,607          | -              | -               |
| Payment for intangible assets                                                                              | -                | (265)           | -              | -               |
| Dividends received                                                                                         | 17,719           | 12,209          | -              | -               |
| Proceeds from disposal of intangible assets                                                                | 396              | -               | -              | -               |
| Proceeds from disposal of investment properties                                                            | -                | 1,350           | -              | -               |
| Proceeds from redemption and disposal of available for sale investment                                     | 21,750           | -               | -              | -               |
| Proceeds from disposal of non-current assets classified as held for sale                                   | 2,760            | 13,186          | -              | -               |
| Net cash outflow on acquisition of equity interest in subsidiary companies (Note 43(d))                    | (110)            | -               | -              | -               |
| Net cash outflow on disposal of equity interest in subsidiary companies (Note 44(b))                       | -                | (1,141)         | -              | -               |
| Net cash generated from/(used in) Investing activities                                                     | <u>7,234</u>     | <u>43,702</u>   | <u>785</u>     | <u>(2,256)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                |                  |                 |                |                 |
| (Increase)/Decrease in fixed deposits pledged                                                              | (59,066)         | 51,482          | (27)           | 473             |
| Decrease/(Increase) in cash and bank balances pledged                                                      | 10,620           | (18,209)        | -              | -               |
| Net cash used in share buyback                                                                             | (3,376)          | (9,265)         | (3,376)        | (9,265)         |
| Drawdown of loans and borrowings                                                                           | 440,388          | 100,778         | 60,000         | -               |
| Repayment of loans and borrowings                                                                          | (371,351)        | (169,821)       | (42,400)       | (11,300)        |
| Cash dividends paid to owners of the Company                                                               | (6,642)          | (6,558)         | (6,642)        | (6,558)         |
| Repayment of hire purchase payables                                                                        | (8,901)          | (6,948)         | (25)           | (10)            |
| Net cash generated from/(used in) financing activities                                                     | <u>1,672</u>     | <u>(58,541)</u> | <u>7,530</u>   | <u>(26,660)</u> |

**INSAS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONT'D)**

|                                  | Group                 |                       | Company               |                       |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                  | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| <b>CASH AND CASH EQUIVALENTS</b> |                       |                       |                       |                       |
| Net changes                      | (93,672)              | 86,290                | 112                   | 360                   |
| Brought forward                  | 204,286               | 117,995               | 1,165                 | 806                   |
| Exchange differences             | 393                   | 1                     | -                     | (1)                   |
| Carried forward (Note B)         | <u>111,007</u>        | <u>204,286</u>        | <u>1,277</u>          | <u>1,165</u>          |

**NOTES TO STATEMENTS OF CASH FLOWS**

**A. PROPERTY, PLANT AND EQUIPMENT**

**Group**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of **RM28,463,000** (2013: RM16,221,000) of which **RM21,806,000** (2013: RM13,326,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to **RM6,657,000** (2013: RM2,895,000).

**Company**

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of **RM3,000** (2013: RM153,000) of which **Nil** (2013: RM135,000) was acquired by means of hire purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted **RM3,000** (2013: RM18,000).

**B. CASH AND CASH EQUIVALENTS COMPRISE OF:-**

|                                                         | Group                 |                       | Company               |                       |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                         | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Bank overdrafts                                         | (51,061)              | (20,800)              | -                     | -                     |
| Cash and bank balances                                  | 41,238                | 52,992                | 1,277                 | 1,165                 |
| Deposits with licensed banks and financial institutions | <u>319,585</u>        | <u>322,403</u>        | <u>1,073</u>          | <u>1,046</u>          |
|                                                         | <b>309,762</b>        | <b>354,595</b>        | <b>2,350</b>          | <b>2,211</b>          |
| Less:                                                   |                       |                       |                       |                       |
| Cash and bank balances pledged                          | (8,701)               | (19,321)              | -                     | -                     |
| Fixed deposits pledged                                  | <u>(190,054)</u>      | <u>(130,988)</u>      | <u>(1,073)</u>        | <u>(1,046)</u>        |
|                                                         | <u>111,007</u>        | <u>204,286</u>        | <u>1,277</u>          | <u>1,165</u>          |

The accompanying notes form an integral part of the financial statements.

**INSAS BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014**

**1. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretations") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 1965 in Malaysia.

**(b) Basis of measurement**

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**1. BASIS OF PREPARATION (CONT'D)****(b) Basis of measurement (cont'd)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

**(c) Functional and presentation currencies**

The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency. All financial information presented is in Ringgit Malaysia and all values are rounded to the nearest thousand except when otherwise stated.

**(d) The use of estimates and judgements**

The preparation of financial statements in conformity with MFRSs and IC Interpretations require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires the management and Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the management's and Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**1. BASIS OF PREPARATION (CONT'D)****(d) The use of estimates and judgements (cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

**(i) Useful lives of depreciable assets**

The management reviews annually the estimated useful lives of depreciable assets based on factors such as business plans and strategies, expected level of usage and future technological developments. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned.

The management does not expect any material difference that would arise on the estimation of useful lives of depreciable assets and the current evaluation of the useful lives of depreciable assets represents a fair estimation of the useful lives of the Group's and of the Company's depreciable assets.

**(ii) Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administration purposes. If the property is not to be sold separately, the property is an investment property only if an insignificant portion is held for administrative purpose.

**(iii) Impairment of assets****(a) Non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of the impairment loss. For the purpose of impairment testing of non-financial assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

**1. BASIS OF PREPARATION (CONT'D)****(d) The use of estimates and judgements (cont'd)****(iii) Impairment of assets (cont'd)****(a) Non-financial assets (cont'd)**

A non-financial asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(b) Financial assets****(i) Loans and receivables and other financial assets carried at amortised cost**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine if a financial asset is impaired, the Group and the Company consider factors such as probability of insolvency or significant or prolonged financial difficulties of the debtor and default and significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

**(ii) Available for sale investments**

The Group and the Company review their available for sale investments at each reporting date to assess whether they are impaired. The Group and the Company also record impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of 'significant' or 'prolonged' requires judgement. The Group and the Company evaluate, amongst other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

**1. BASIS OF PREPARATION (CONT'D)****(d) The use of estimates and judgements (cont'd)****(iv) Income taxes**

Significant estimation is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(v) Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**(vi) Fair value of financial instruments**

The management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, the management makes maximum use of market inputs, and uses estimates and assumptions that, as far as possible, consist of observable data that market participants would use in pricing the instrument. Where applicable data is not observable, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in a negotiated transaction at the reporting date.



## 1. BASIS OF PREPARATION (CONT'D)

### (d) The use of estimates and judgements (cont'd)

#### (vii) Classification of financial instruments

##### Held to maturity investments

The Group classifies financial assets as held to maturity investments when it has a positive intention and ability to hold the investments to maturity.

##### Financial assets at fair value through profit or loss

The Group classifies portfolio quoted investments which was managed and principally held for short term profit making as financial assets at fair value through profit or loss.

##### Loans and receivables

The Group and the Company classify non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables.

##### Available for sale investments

The Group and the Company classify non-derivative financial assets as available for sale investments when an instrument cannot be classified in any of the above categories.

#### (viii) Classification of leases

In applying the classification of leases in MFRS 117, the management considers its leases of motor vehicles as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and the management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

#### (ix) Fair value of derivatives financial instruments

The fair values of outstanding derivative transactions are based on fair values obtained from major financial institutions. Changes in the underlying assumptions could materially impact the income statements.

#### (x) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 16 to the financial statements.

## 1. BASIS OF PREPARATION (CONT'D)

### (d) The use of estimates and judgements (cont'd)

#### (xi) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statements. The Group engaged independent valuation specialists and make reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the property to assess fair value as at the end of reporting period.

The key assumptions used to determine the fair value of the properties are provided in Note 7 to the financial statements.

#### (xii) Classification of Chantrey House LLP and Eccleston Belgravia LLP as joint ventures

Chantrey House LLP and Eccleston Belgravia LLP are limited liability entities whose legal form confers separation between the parties to the joint arrangement and the entities themselves. Furthermore, the parties to the joint arrangement have joint control and rights to the net assets of the joint arrangement. Accordingly, Chantrey House LLP and Eccleston Belgravia LLP are classified as a joint ventures of the Group.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks are interest rate risk, credit risk, foreign currency exchange risk, liquidity risk and market risk. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management practices. The Board regularly reviews these risks and approves the treasury policies covering the management of these risks. It is not the Group's policy to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

### (a) Interest rate risk

The Group finances its operations through operating cash flows and borrowings. Interest rate exposures arise from the Group's borrowings and placement of deposits with licensed banks and financial institutions. It is the Group's policy to manage its interest costs by obtaining the most favourable interest rates on its borrowings. Surplus funds of the Group are placed with licensed banks and financial institutions on short term deposits to generate interest income.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

### (b) Credit risk

The Group seeks to invest cash assets safely and profitably. The Group controls credit risk by application of credit evaluations and approvals, credit limits and monitoring procedures. Trade and loan receivables are monitored on an ongoing basis via management reporting procedures and where necessary, loan receivables are required to deposit sufficient assets as collateral and adhere to credit limits within the fair values of assets placed as collateral. The Group does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instruments.

### (c) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of its normal operating and investing activities whereby purchases and sales are transacted in currencies other than the functional currencies of the entities within the Group. The Group maintains a natural hedge, whenever possible, by matching local currency income against local currency expenditure to minimise foreign exchange exposure. Where necessary, the Group enters into forward foreign currency exchange contracts to hedge the risk exposure on the receivables and payables. The Group also maintains gross profit margin levels that is sufficient to absorb the cost of purchases denominated in foreign currencies.

### (d) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all financing and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. Certain subsidiary companies within the Group maintain reasonable amount of committed credit and banking facilities to meet their operating needs.

### (e) Market risk

The Group faces exposure to the risk from changes in the debt and equity prices, in particular the Group's exposure from changes in market price on its quoted securities and other long term quoted investments. The risk of loss in value of the Group's quoted securities and investments are minimised through thorough analysis before making investments and continuous monitoring of the performance of the investments.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies as disclosed in Note 51 to the financial statements made up to the end of the financial year. The subsidiary companies are consolidated using acquisition method except for M & A Securities Sdn. Bhd., which is consolidated using the merger method of accounting.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (cont'd)

Under the merger method of accounting, the results of the subsidiary companies are accounted on a full year basis irrespective of the date of merger. The difference between the nominal value of shares issued as consideration for merger and nominal value of share capital of the subsidiary companies is taken to merger reserve, which in turn is transferred to the income statements.

Following the adoption of MFRS 3, Business Combinations, the Group will comply with the required criteria stipulated in the said standard to consolidate the financial statements using acquisition method for future acquisition of subsidiary companies.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and reflected in the Group's financial statements. The excess of the fair value of purchase consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired represents goodwill arising on consolidation. The goodwill on consolidation is accounted for in accordance with the accounting policy for goodwill stated in Note 3(i) to the financial statements.

The excess of fair value of the underlying net assets of the subsidiary companies acquired over the purchase consideration paid for the shares in the subsidiary companies represents excess of fair value over investment costs and it is recognised immediately in the income statements.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in the income statements.

If the Group retains any interest in the subsidiary company, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

All inter-company transactions, balances and the resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

Uniform accounting policies are adopted by the subsidiary companies for transactions and events in similar circumstances. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

The total assets and liabilities of subsidiary companies are included in the consolidated statement of financial position and the interest of non-controlling interests in the net assets is stated separately.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Property, plant and equipment

##### (i) Recognition, measurement and derecognition

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Cost of properties under construction includes attributable borrowing cost incurred to finance these assets up to the date when these properties are completed and ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statements.

##### (ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:-

|                                                 |                                      |
|-------------------------------------------------|--------------------------------------|
| Freehold buildings                              | 2%                                   |
| Plant, machinery, motor vehicles and renovation | 10 – 33%                             |
| Office furniture, fittings and equipment        | 10 – 50%                             |
| Leasehold land and buildings                    | over the period of<br>45 to 99 years |

The depreciable amount is determined after deducting the residual value.

The residual value, depreciation method and useful lives are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

##### (iii) Changes in estimates

The MFRS 116: Property, plant and equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

(iii) Changes in estimates (cont'd)

During the financial year, a subsidiary company whose principal business is providing premium limousine services, has reviewed and revised the residual values of the motor vehicles so as to reflect the future economic benefits derived from their use. The revision has been accounted for prospectively as a change in accounting estimate and as a result, the depreciation charge for the Group decreased by RM1,148,068 for the current financial year.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by the Directors by reference to market evidence of transacted prices for similar properties and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in the income statements in the financial year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the income statements in the financial year in which they arise.

Investment properties under construction are measured at cost. These properties are measured at fair value upon them being brought into use.

Land held for development with no significant development activity is accounted for as an investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial assets

Financial assets are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are measured initially at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value. All financial assets except for those at fair value through profit or loss are subject to review of impairment loss at the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or when the financial assets and all subsequent risks and rewards are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that have been recognised in other comprehensive income is recognised in the income statements.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit and loss, loans and receivables, held to maturity investments and available for sale investments.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are financial assets acquired principally for the purpose of selling in the near future.

Financial assets held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in the income statements. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in the income statements as part of other losses or other income.

Financial assets at fair value through profit or loss that are held primarily for trading purposes are presented as current whereas financial assets that are not held for trading purposes are presented as non-current based on the settlement date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial assets (cont'd)

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. The Group's and the Company's loans and receivables comprise of receivables, deposits with licensed banks and financial institutions and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment loss. Discounting is omitted where the effect of discounting is immaterial. Gains and losses are recognised in the income statements when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (iii) Held to maturity investments

Financial assets that are non-derivative in nature with fixed and determinable payments and fixed maturity are classified as held to maturity investments when the Group and the Company have the intention and ability to hold the investments to maturity.

Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statements when the held to maturity investments are derecognised or impaired, and through the amortisation process.

Held to maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

##### (iv) Available for sale investments

Available for sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale investments comprise of investments in quoted and unquoted shares held for long term and club memberships.

Available for sale investments are measured at fair value subsequent to the initial recognition. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income and reported within the available for sale investments fair value reserve within equity, except for impairment losses, foreign exchange differences on monetary assets and interest calculated using the effective interest method which are recognised in the income statements. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statements and presented as a reclassification adjustment within other comprehensive income.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial assets (cont'd)

##### (iv) Available for sale investments (cont'd)

Interest income calculated using the effective interest method is recognised in the income statements. Dividends on an available for sale equity investment are recognised in income statements when the Group's and the Company's rights to receive payment are established.

Available for sale investments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale investments are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

#### (e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (f) Subsidiary companies

MFRS 10 Consolidated Financial Statements, which became effective at the beginning of the financial year, introduces a new control model that focuses on whether the investor has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

With the adoption of MFRS 10, the Group assesses subsidiary companies as entities, including structured entities that are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. Upon adoption of MFRS 10 at the beginning of the financial year, the Group had assessed the control conclusion for its investees and concluded there is no change in respect of the Group's investment in subsidiary companies recognised in the preceding financial year.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Subsidiary companies (cont'd)

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

On the disposal of investment in subsidiary companies, the difference between net disposal proceeds and their carrying amounts is recognised in the income statements.

#### (g) Associate companies and joint ventures

Associate companies are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary companies.

Investments in associate companies and joint ventures are accounted for in the statements of financial position using the equity method. Under the equity method, the investment in an associate company or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate company or joint venture since the acquisition date. Goodwill relating to the associate companies or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statements reflect the Group's share of the results of operations of the associate companies and joint ventures. Any change in statements of comprehensive income of these investees is presented as part of the Group's statements of comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate company or a joint venture, the Group recognises its share of such change, when applicable, in the statements of changes in equity. Unrealised gains or losses on transactions between the Group and its associate companies and joint ventures are eliminated to the extent of the Group's interest in the associate companies or joint ventures. When the Group's share of losses exceeds its interest in an associate company or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate company or joint venture.

The most recent available financial statements of the associate companies and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Associate companies and joint ventures (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss on its investment in the associate company or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of these associate companies or joint ventures and its carrying value. Impairment loss is recognised in income statements.

The Group continues to use the equity method when an investment in an associate company becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate company. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group's interest in an associate company decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in income statements. Any gains or losses previously recognised in statements of comprehensive income are also reclassified proportionately to the income statements if that gain or loss would be required to be reclassified to income statements on the disposal of the related assets or liabilities.

Upon loss of significant influence or joint control over the associate company or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company or joint venture upon loss of significant influence or joint control and the fair value of the retained investment against proceeds from disposal is recognised in income statements.

In the Company's separate statements of financial position, investments in associate companies and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to income statement.

#### (h) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date.

Intangible assets with infinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an infinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Intangible assets (cont'd)

##### (i) Intangible assets – Stock broking dealer's license

The stock broking dealer's license was acquired by M & A Securities Sdn. Bhd., a wholly-owned subsidiary company of the Company, to operate as a "1+1 Broker" and the acquisition cost is recognised as an intangible asset in the statements of financial position.

The useful life of the stock broking dealer's license is assessed to be infinite and therefore is not amortised. The useful life of the intangible asset is reviewed annually to determine whether the infinite useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

The intangible asset is stated at cost less accumulated impairment losses. The intangible asset is tested for impairment annually, or more frequently if the event and circumstances indicates that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

##### (ii) Intangible assets – Development expenditure

Intangible asset arising from development or from the development phase of an internal project is recognised if all of the following have been demonstrated:-

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical feasibility, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for expenditure incurred on development activities is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure incurred on development activities that do not meet these criteria are expensed to the income statements when incurred.

The expenditure on development activities are stated at cost less accumulated amortisation and impairment losses. The expenditure is to be amortised on a straight line basis over the expected useful lives of between 2 to 3 years.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Intangible assets (cont'd)

##### (iii) Intangible assets – Trademarks

The initial cost incurred on the search, application for registration and certification for the rights to use a trademark is capitalised, and is stated at cost less accumulated amortisation and impairment losses. The trademark is assessed to have a finite useful life and is amortised on a straight-line basis over 10 years, being the validity period the certificate of registration of the trademark granted.

The policy for measurement and recognition of impairment losses is in accordance with Note 3(j)(ii) to the financial statements.

#### (i) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the consolidated statement of financial position while goodwill arising on the acquisition of associate companies and joint ventures is included in the carrying amount of the investment in associate company and joint ventures.

Goodwill on consolidation is stated at cost less impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statements when the carrying amount of the cash generating unit including goodwill exceeds the recoverable amount of the cash generating unit. Recoverable amount of the cash generating unit is the higher of the cash generating unit's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash generating unit and then to the other assets of the cash generating unit proportionately on the basis of the carrying amount of each asset in the cash generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of assets

##### (i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio over the average credit period and the observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statements.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statements.

##### (ii) Available for sale investments

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that available for sale investments are impaired.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Impairment of assets (cont'd)

##### (i) Impairment of financial assets (cont'd)

##### (ii) Available for sale investments (cont'd)

If an available for sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in income statements, is transferred from equity to the income statements.

Impairment losses on available for sale equity investments are not reversed to the income statements in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available for sale debt investments, impairment losses are subsequently reversed in the income statements if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the income statements. However, any subsequent recovery in the fair value of an impaired available for sale investment is recognised in other comprehensive income.

##### (ii) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for a non-financial asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the non-financial asset is less than its carrying amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset.

An impairment loss is recognised in the income statements.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for a non-financial asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the non-financial asset recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(ii) Impairment of non-financial assets (cont'd)

All reversals of impairment losses are recognised as income in the income statements. After such a reversal, the depreciation and amortisation of non-financial assets charges are adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful lives.

(k) Non-current assets classified as held for sale and discontinued operations

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view for resale.

Disposal groups or non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual or customary.

Immediately before the initial recognition of the disposal group or the asset classified as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. Upon classification as held for sale, the disposal group and non-current assets is measured at the lower of carrying amount and fair value less costs to sell and is not depreciated. Any differences are recognised in the income statements.

(l) Property development costs

When property is under development, the Directors have to consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property.

When a contract is judged to be for the construction of property whereby the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser and when the financial outcome of a development activity can be reliably estimated, property development revenue and expenditure are recognised using the percentage of completion method as construction progresses. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. In applying this method, only those costs that reflect actual development work performed are included as property development costs incurred. Where the financial outcome of a development activity cannot be reliably estimated, development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Property development costs (cont'd)

When the contract is judged to be for the sale of a completed property, property development revenue and expenditure are recognised when significant risks and rewards of ownership of the real estate have been transferred to the purchaser.

Property development expenditure comprise cost of land and all related costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defect liability period is recognised as an expense immediately.

(m) Inventories

Inventories comprising raw materials, work in progress, finished goods, goods purchased for resale and completed development properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined using first in first out method, weighted average cost method or by specific identification. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprise cost of raw materials, direct labor, other direct costs and appropriate proportions of production overheads based on normal operating capacity. The cost of completed development properties held for sale under inventories comprises cost associated with the acquisition of land and construction costs, other direct costs and appropriate proportion of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs incurred in marketing, selling and distribution.

(n) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances, bank overdrafts and deposits placed with licensed banks and financial institutions that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

The Group has excluded remisiers' deposits and clients' monies held in trust by the stock broking subsidiary company and cash and fixed deposits pledge to licensed banks and financial institutions from its cash and cash equivalents.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accruals, hire purchase payables, loans and borrowings and amount due to subsidiary and associate companies.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group and the Company have unconditional rights to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains or losses are recognised in income statements when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the income statements immediately.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in income statements when the changes arise.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(q) Equity

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction cost of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from share premium, net of tax, from the proceeds.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

(r) Non-controlling interests

Non-controlling interests in the consolidated statements of financial position consist of their share of the fair values of identifiable assets and liabilities of the acquiree and advances received from the non-controlling interests.

Non-controlling interests are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented on the face of the consolidated income statements as an allocation of the total profit or loss for the period between the non-controlling interests and the owners of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Non-controlling interests (cont'd)

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if it results in the non-controlling interests carrying a deficit balance.

(s) Hire purchase payables

The cost of property, plant and equipment acquired under hire purchase arrangements are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligation due under the hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase arrangements are allocated to income statements over the period of the respective agreements.

(t) Provision for liabilities

Provision for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(v) Financial guarantee contracts

Financial guarantee contracts are recognised in the statements of financial position, initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as expenses in the income statements over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(w) Income tax and deferred tax**

Income tax on the income statements for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the income statements except to the extent that the tax relates to items recognised outside the income statements, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

**(x) Revenue recognition****(i) Sale of goods and trading activities**

Revenue from sale of goods and trading activities is measured at the fair value of the consideration receivable and is recognised upon delivery of product and customer acceptance, if any, net of discount and sales returns. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(ii) Sale of securities**

Revenue from sale of securities are recognised based on the contracted value.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Revenue recognition (cont'd)

(iii) Revenue from broking activities

Revenue from broking activities are recognised upon execution of contract. Brokerage income is accounted for before dealer's representatives' commissions and incentives.

(iv) Rental income

Rental income from investment properties are recognised in income statements on a straight-line basis over the specific tenure of the respective leases. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment has been established and no significant uncertainty existed with regard to its receipt.

(vi) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

Interest income from investments in bonds, loan stocks and other income generating investments are recognised on a time proportion basis that takes into account the effective yield of the assets.

(vii) Revenue from services and fee income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and service tax, where applicable.

Fee from advisory and corporate finance activities, revenue on fee income from sale of customised goods and services and contract maintenance are recognised upon completion of each stage of the engagement.

(viii) All other revenues are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(y) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(y) Foreign currencies (cont'd)****(ii) Foreign currency transactions and balances**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the income statements for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(iii) Foreign operations**

For the purposes of consolidation, net assets of the foreign subsidiary companies are translated into Ringgit Malaysia at the exchange rate ruling at the reporting date. Income and expenses of the foreign subsidiary companies are translated at average exchange rates for the financial year, which is taken as a close approximation of the exchange rates applicable at the date of the transactions. All resulting exchange differences arising from these translations are recognised in other comprehensive income and accumulated under exchange translation reserves in equity. The exchange translation reserve is reclassified from equity to the consolidated income statement of the Group on disposal of the foreign operation.

**(z) Operating leases**

Leases of assets where substantially all the risks and rewards of ownership of the assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in the income statements on a straight-line basis over the term of the relevant leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the income statements immediately. The aggregate benefit of incentives provided by the lessor, if any, is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (aa) Borrowing costs

All borrowing costs are expensed to the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as part of the cost of a qualifying asset if the cost is directly attributable to the acquisition, construction or production of the qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

#### (bb) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, allowances, bonuses, incentives and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contribution is recognised as an expense in the income statements as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries statutory pension schemes.

#### (cc) Segmental reporting

The Group prepares segmental reporting wherein the operating segments are identified on the basis of internal reports on the operating segments of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In identifying the operating segments, the management generally follows the Group's classification of operating segments, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these segments requires different technologies and resources. All inter segment transfers are carried out on negotiated basis.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (dd) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:-

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entities controlled or jointly-controlled by a person identified in the preceding paragraph above; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

### 4. MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year and in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board ("MASB").

#### (a) Adoption of new and revised standards that are effective

At the beginning of the current financial year, the Group and the Company adopted MFRSs and amendments to MFRSs which are mandatory for the financial year beginning on or after 1 July 2013.

Initial application of the standards and amendments to the standards did not have material impact to the financial statements except for the following changes which require additional disclosures and affect the presentation of the financial statements.

The nature and the impact of these new standards and amendments are described below:-

#### (i) MFRS 10 Consolidated Financial Statements

As a result of MFRS 10, the Group and the Company have changed their accounting policy for determining whether they have control over an entity and consequently whether they consolidate the investee. MFRS 10 introduces a new control model that focuses on whether the Group and the Company have power over an investee, exposure or rights to variable returns from their involvement with the investee and ability to use their power to affect those returns.

#### 4. MFRSs (CONT'D)

##### (a) Adoption of new and revised standards that are effective (cont'd)

The nature and the impact of these new standards and amendments are described below (cont'd):-

##### (i) MFRS 10 Consolidated Financial Statements (cont'd)

Upon initial adoption, the Group and the Company reassessed the control conclusions for their investees at 1 July 2013 and no impact to the financial statements was noted.

##### (ii) MFRS 11 Joint Arrangements

The Group and the Company have changed their accounting policy for their interests in joint arrangements in the current financial year as a result of the adoption of MFRS 11. Under MFRS 11, the Group and the Company are required to classify their interest in joint arrangement as either joint operations (if the Group and the Company have rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group and the Company have rights only to the net assets of an arrangement). When making this assessment, the Group and the Company considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

Upon adoption of MFRS 11 on 1 July 2013, the Group and the Company have re-evaluated their involvement in the joint arrangements and no impact to the financial statements was noted.

##### (iii) MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiary companies, joint arrangements, associate companies and/or unconsolidated structured entities. The application of MFRS 12 requires more extensive disclosures in the consolidated financial statements. Other than the additional disclosures, the application of MFRS 12 has not had any material impact on the amounts recognised in the consolidated financial statements. MFRS 12 disclosures are provided in Note 10 to Note 12 to the financial statements.

##### (iv) MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current financial year. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transactions that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

**4. MFRSs (CONT'D)****(a) Adoption of new and revised standards that are effective (cont'd)**

The nature and the impact of these new standards and amendments are described below (cont'd):-

**(iv) MFRS 13 Fair Value Measurement (cont'd)**

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 July 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in MFRS 13 in comparative information provided for periods before the initial application of MFRS 13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by MFRS 13 for the comparative year. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements. The additional disclosures are provided in the individual notes relative to the assets and liabilities whose fair values were determined.

**(v) Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities**

The Group and the Company have applied the amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current financial year. The amendments to MFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting arrangements or similar arrangement.

The amendments have been applied retrospectively. As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the financial statements.

#### 4. MFRSs (CONT'D)

##### (a) Adoption of new and revised standards that are effective (cont'd)

The nature and the impact of these new standards and amendments are described below (cont'd):-

##### (vi) Amendments to MFRS 101 Presentation of Financial Statements (As part of the Annual Improvements to MFRSs 2009 – 2011 Cycle) issued in July 2012

The Annual Improvements to MFRSs 2009 – 2011 have made a number of amendments to MFRSs. The amendments that are relevant to the Group and the Company are the amendments to MFRS 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and the retrospective application, restatement or reclassification has a material effect on the information in the third statements of financial position. The amendments specify that related notes are not required to accompany the third statements of financial position.

In the current year, the Group and the Company have applied a number of new MFRSs and amendments to MFRSs, which has not resulted in material effects on the information in the statements of financial position as at 1 July 2012 as such there is no third statements of financial position presented.

##### (b) New and revised standards that are issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the MASB but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncement will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

The initial application of these standards and amendments are not expected to have any material financial impacts to the financial statements of the Group and of the Company, except for:-

##### (i) MFRS 9 Financial Instruments

MFRS 9, published in July 2014, replaces the existing guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

#### 4. **MFRSs (CONT'D)**

##### (b) New and revised standards that are issued but not yet effective (cont'd)

The initial application of these standards and amendments are not expected to have any material financial impacts to the financial statements of the Group and of the Company, except for (cont'd):-

##### (i) MFRS 9 Financial Instruments (cont'd)

MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company are assessing the potential impact on its consolidated financial statements resulting from the application of MFRS 9.

##### (ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including MFRS 118 Revenue, MFRS 111 Construction Contracts and IC Int. 13 Customer Loyalty Programmes.

MFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of MFRS 15.

#### 5. **PRINCIPAL ACTIVITIES AND GENERAL INFORMATION**

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies, associate companies and joint ventures are disclosed in Note 51 to 53 to the financial statements. There were no significant changes in the Group's and the Company's activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at Suite 23.02, Level 23, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 October 2014.

## 6. PROPERTY, PLANT AND EQUIPMENT

| Group                                             |                       |                           |                   |              |                                         | Office        | Total |
|---------------------------------------------------|-----------------------|---------------------------|-------------------|--------------|-----------------------------------------|---------------|-------|
|                                                   | Land and<br>buildings | Plant<br>and<br>machinery | Motor<br>vehicles | Renovation   | furniture,<br>fittings and<br>equipment | RM'000        |       |
| 2014<br>Cost                                      | RM'000                | RM'000                    | RM'000            | RM'000       | RM'000                                  | RM'000        |       |
| At beginning of financial year                    | 22,242                | 378                       | 54,039            | 6,921        | 8,970                                   | 92,550        |       |
| Additions                                         | -                     | 41                        | 26,924            | 694          | 804                                     | 28,463        |       |
| Transfer from investment<br>properties            | 1,850                 | -                         | -                 | -            | -                                       | 1,850         |       |
| Transfer to investment<br>properties              | (55)                  | -                         | -                 | -            | -                                       | (55)          |       |
| Disposals                                         | -                     | (31)                      | (5,535)           | (91)         | -                                       | (5,657)       |       |
| Exchange differences                              | 73                    | 2                         | 326               | 10           | 17                                      | 428           |       |
| Acquisition of subsidiary<br>companies            | -                     | -                         | 131               | 139          | 7,079                                   | 7,349         |       |
| Written off                                       | -                     | -                         | -                 | (179)        | (1,933)                                 | (2,112)       |       |
| At end of financial year                          | 24,110                | 390                       | 75,885            | 7,494        | 14,937                                  | 122,816       |       |
| <b>Accumulated depreciation</b>                   |                       |                           |                   |              |                                         |               |       |
| At beginning of financial year                    | 1,182                 | 351                       | 21,729            | 2,435        | 7,132                                   | 32,829        |       |
| Charge for the financial year                     | 328                   | 21                        | 8,871             | 643          | 867                                     | 10,730        |       |
| Transfer to investment<br>properties              | (14)                  | -                         | -                 | -            | -                                       | (14)          |       |
| Disposals                                         | -                     | (3)                       | (4,547)           | (21)         | -                                       | (4,571)       |       |
| Exchange differences                              | 1                     | 1                         | 97                | 1            | (1)                                     | 99            |       |
| Acquisition of subsidiary<br>companies            | -                     | -                         | 82                | 138          | 5,766                                   | 5,986         |       |
| Written off                                       | -                     | -                         | -                 | (161)        | (1,906)                                 | (2,067)       |       |
| At end of financial year                          | 1,497                 | 370                       | 26,232            | 3,035        | 11,858                                  | 42,992        |       |
| <b>Net carrying amount<br/>as at 30 June 2014</b> | <b>22,613</b>         | <b>20</b>                 | <b>49,653</b>     | <b>4,459</b> | <b>3,079</b>                            | <b>79,824</b> |       |

## Analysis of land and buildings:-

| 2014<br>Cost                                      | Freehold<br>land and buildings | Short term<br>leasehold<br>land and building | Long term<br>leasehold<br>land and buildings | Total         |
|---------------------------------------------------|--------------------------------|----------------------------------------------|----------------------------------------------|---------------|
|                                                   | RM'000                         | RM'000                                       | RM'000                                       | RM'000        |
| At beginning of financial year                    | 3,098                          | 2,888                                        | 16,256                                       | 22,242        |
| Transfer from investment<br>properties            | 1,850                          | -                                            | -                                            | 1,850         |
| Transfer to investment properties                 | (55)                           | -                                            | -                                            | (55)          |
| Exchange differences                              | -                              | 73                                           | -                                            | 73            |
| At end of financial year                          | 4,893                          | 2,961                                        | 16,256                                       | 24,110        |
| <b>Accumulated depreciation</b>                   |                                |                                              |                                              |               |
| At beginning of financial year                    | 770                            | 70                                           | 342                                          | 1,182         |
| Charge for the financial year                     | 76                             | 67                                           | 185                                          | 328           |
| Transfer to investment properties                 | (14)                           | -                                            | -                                            | (14)          |
| Exchange differences                              | -                              | 1                                            | -                                            | 1             |
| At end of financial year                          | 832                            | 138                                          | 527                                          | 1,497         |
| <b>Net carrying amount<br/>as at 30 June 2014</b> | <b>4,061</b>                   | <b>2,823</b>                                 | <b>15,729</b>                                | <b>22,613</b> |

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## Group (cont'd)

| 2013<br>Cost                                      | Land and<br>buildings<br>RM'000 | Plant<br>and<br>machinery<br>RM'000 | Motor<br>vehicles<br>RM'000 | Renovation<br>RM'000 | Office<br>furniture,<br>fittings and<br>equipment<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------|---------------------------------|-------------------------------------|-----------------------------|----------------------|-------------------------------------------------------------|-----------------|
| At beginning of financial year                    | 31,709                          | 351                                 | 48,494                      | 6,486                | 11,807                                                      | 98,847          |
| Additions                                         | -                               | 28                                  | 15,225                      | 503                  | 465                                                         | 16,221          |
| Transfer from investment<br>properties            | 1,434                           | -                                   | -                           | -                    | -                                                           | 1,434           |
| Transfer to investment properties                 | (10,722)                        | -                                   | -                           | -                    | -                                                           | (10,722)        |
| Disposals                                         | (190)                           | -                                   | (9,752)                     | (2)                  | (15)                                                        | (9,959)         |
| Exchange differences                              | 11                              | (1)                                 | 44                          | (48)                 | (6)                                                         | -               |
| Reclassification                                  | -                               | -                                   | -                           | (3)                  | 3                                                           | -               |
| Written back                                      | -                               | -                                   | 28                          | -                    | -                                                           | 28              |
| Written off                                       | -                               | -                                   | -                           | (15)                 | (3,284)                                                     | (3,299)         |
| At end of financial year                          | 22,242                          | 378                                 | 54,039                      | 6,921                | 8,970                                                       | 92,550          |
| <b>Accumulated depreciation</b>                   |                                 |                                     |                             |                      |                                                             |                 |
| At beginning of financial year                    | 3,368                           | 289                                 | 22,458                      | 1,848                | 9,731                                                       | 37,694          |
| Charge for the financial year                     | 440                             | 62                                  | 7,576                       | 638                  | 683                                                         | 9,399           |
| Transfer to investment<br>properties              | (2,619)                         | -                                   | -                           | -                    | -                                                           | (2,619)         |
| Disposals                                         | (7)                             | -                                   | (8,324)                     | (1)                  | (7)                                                         | (8,339)         |
| Exchange differences                              | -                               | -                                   | 19                          | (49)                 | (4)                                                         | (34)            |
| Written off                                       | -                               | -                                   | -                           | (1)                  | (3,271)                                                     | (3,272)         |
| At end of financial year                          | 1,182                           | 351                                 | 21,729                      | 2,435                | 7,132                                                       | 32,829          |
| <b>Net carrying amount<br/>as at 30 June 2013</b> | <b>21,060</b>                   | <b>27</b>                           | <b>32,310</b>               | <b>4,486</b>         | <b>1,838</b>                                                | <b>59,721</b>   |

## Analysis of land and buildings:-

| 2013<br>Cost                                      | Freehold<br>land and buildings<br>RM'000 | Short term<br>leasehold<br>land and building<br>RM'000 | Long term<br>leasehold<br>land and buildings<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------|------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------|
| At beginning of financial year                    | 14,010                                   | 2,877                                                  | 14,822                                                 | 31,709          |
| Transfer from investment<br>properties            | -                                        | -                                                      | 1,434                                                  | 1,434           |
| Transfer to investment properties                 | (10,722)                                 | -                                                      | -                                                      | (10,722)        |
| Disposal                                          | (190)                                    | -                                                      | -                                                      | (190)           |
| Exchange differences                              | -                                        | 11                                                     | -                                                      | 11              |
| At end of financial year                          | 3,098                                    | 2,888                                                  | 16,256                                                 | 22,242          |
| <b>Accumulated depreciation</b>                   |                                          |                                                        |                                                        |                 |
| At beginning of financial year                    | 3,196                                    | 7                                                      | 165                                                    | 3,368           |
| Charge for the financial year                     | 200                                      | 63                                                     | 177                                                    | 440             |
| Transfer to investment properties                 | (2,619)                                  | -                                                      | -                                                      | (2,619)         |
| Disposal                                          | (7)                                      | -                                                      | -                                                      | (7)             |
| At end of financial year                          | 770                                      | 70                                                     | 342                                                    | 1,182           |
| <b>Net carrying amount<br/>as at 30 June 2013</b> | <b>2,328</b>                             | <b>2,818</b>                                           | <b>15,914</b>                                          | <b>21,060</b>   |

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## Company

|                                                   | Motor<br>vehicle<br>RM'000 | Renovation<br>RM'000 | Furniture<br>and<br>fittings<br>RM'000 | Computer<br>equipment<br>RM'000 | Office<br>equipment<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------|----------------------------|----------------------|----------------------------------------|---------------------------------|-------------------------------|-----------------|
| <b>2014</b>                                       |                            |                      |                                        |                                 |                               |                 |
| <b>Cost</b>                                       |                            |                      |                                        |                                 |                               |                 |
| At beginning of financial year                    | 332                        | 108                  | 534                                    | 103                             | 190                           | 1,267           |
| Additions                                         | -                          | -                    | -                                      | 3                               | -                             | 3               |
| At end of financial year                          | 332                        | 108                  | 534                                    | 106                             | 190                           | 1,270           |
| <b>Accumulated depreciation</b>                   |                            |                      |                                        |                                 |                               |                 |
| At beginning of financial year                    | 198                        | 87                   | 335                                    | 88                              | 152                           | 860             |
| Charge for the financial year                     | 29                         | 21                   | 33                                     | 9                               | 11                            | 103             |
| At end of financial year                          | 227                        | 108                  | 368                                    | 97                              | 163                           | 963             |
| <b>Net carrying amount<br/>as at 30 June 2014</b> | <b>105</b>                 | <b>-</b>             | <b>166</b>                             | <b>9</b>                        | <b>27</b>                     | <b>307</b>      |
| <b>2013</b>                                       |                            |                      |                                        |                                 |                               |                 |
| <b>Cost</b>                                       |                            |                      |                                        |                                 |                               |                 |
| At beginning of financial year                    | 185                        | 108                  | 534                                    | 97                              | 190                           | 1,114           |
| Additions                                         | 147                        | -                    | -                                      | 6                               | -                             | 153             |
| At end of financial year                          | 332                        | 108                  | 534                                    | 103                             | 190                           | 1,267           |
| <b>Accumulated depreciation</b>                   |                            |                      |                                        |                                 |                               |                 |
| At beginning of financial year                    | 185                        | 65                   | 283                                    | 77                              | 139                           | 749             |
| Charge for the financial year                     | 13                         | 22                   | 52                                     | 11                              | 13                            | 111             |
| At end of financial year                          | 198                        | 87                   | 335                                    | 88                              | 152                           | 860             |
| <b>Net carrying amount<br/>as at 30 June 2013</b> | <b>134</b>                 | <b>21</b>            | <b>199</b>                             | <b>15</b>                       | <b>38</b>                     | <b>407</b>      |

(a) The net carrying amount of property, plant and equipment pledged to licensed banks for banking facilities granted to the Group are as follows:-

|                                        | Group          |                |
|----------------------------------------|----------------|----------------|
|                                        | 2014<br>RM'000 | 2013<br>RM'000 |
| Freehold land and buildings            | 4,061          | 2,328          |
| Short term leasehold land and building | 2,823          | 2,818          |
| Long term leasehold land and buildings | 15,729         | 15,914         |
|                                        | <u>22,613</u>  | <u>21,060</u>  |



## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The net carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:-

|                | Group          |                | Company        |                |
|----------------|----------------|----------------|----------------|----------------|
|                | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Motor vehicles | 45,813         | 30,319         | 105            | 134            |

## 7. INVESTMENT PROPERTIES

| Group                                                      | Freehold<br>land<br>RM'000 | Freehold<br>land and<br>buildings<br>RM'000 | Long<br>term<br>leasehold<br>land and<br>buildings<br>RM'000 | Freehold<br>land and<br>buildings<br>under<br>construction<br>RM'000 | Leasehold<br>land and<br>buildings<br>under<br>construction<br>RM'000 | Land<br>held for<br>development<br>RM'000 | Total<br>RM'000 |
|------------------------------------------------------------|----------------------------|---------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|-----------------|
| <b>2014</b>                                                |                            |                                             |                                                              |                                                                      |                                                                       |                                           |                 |
| At beginning of financial year                             | 12,920                     | 54,898                                      | 36,508                                                       | 9,106                                                                | -                                                                     | 38,000                                    | 151,432         |
| Additions                                                  | -                          | -                                           | 88                                                           | 5,711                                                                | -                                                                     | -                                         | 5,799           |
| Transfer from property, plant and equipment                | -                          | 41                                          | -                                                            | -                                                                    | -                                                                     | -                                         | 41              |
| Transfer to property, plant and equipment                  | -                          | (1,850)                                     | -                                                            | -                                                                    | -                                                                     | -                                         | (1,850)         |
| Fair value (loss)/gain                                     | -                          | (1,052)                                     | 4,277                                                        | -                                                                    | -                                                                     | -                                         | 3,225           |
| Exchange differences                                       | -                          | 905                                         | 164                                                          | -                                                                    | -                                                                     | -                                         | 1,069           |
| <b>Net carrying amount as at 30 June 2014</b>              | <b>12,920</b>              | <b>52,942</b>                               | <b>41,037</b>                                                | <b>14,817</b>                                                        | <b>-</b>                                                              | <b>38,000</b>                             | <b>159,716</b>  |
| <b>2013</b>                                                |                            |                                             |                                                              |                                                                      |                                                                       |                                           |                 |
| At beginning of financial year                             | 12,190                     | 44,136                                      | 34,084                                                       | -                                                                    | 2,025                                                                 | 37,576                                    | 130,011         |
| Additions                                                  | -                          | -                                           | -                                                            | 9,106                                                                | 525                                                                   | -                                         | 9,631           |
| Transfer from property, plant and equipment                | -                          | 8,103                                       | -                                                            | -                                                                    | -                                                                     | -                                         | 8,103           |
| Transfer to property, plant and equipment                  | -                          | -                                           | (1,434)                                                      | -                                                                    | -                                                                     | -                                         | (1,434)         |
| Disposal                                                   | -                          | -                                           | -                                                            | -                                                                    | (850)                                                                 | -                                         | (850)           |
| Fair value gain                                            | 730                        | 2,516                                       | 3,835                                                        | -                                                                    | -                                                                     | 424                                       | 7,505           |
| Exchange differences                                       | -                          | 143                                         | 23                                                           | -                                                                    | -                                                                     | -                                         | 166             |
| Transfer to non-current assets classified as held for sale | -                          | -                                           | -                                                            | -                                                                    | (1,700)                                                               | -                                         | (1,700)         |
| <b>Net carrying amount as at 30 June 2013</b>              | <b>12,920</b>              | <b>54,898</b>                               | <b>36,508</b>                                                | <b>9,106</b>                                                         | <b>-</b>                                                              | <b>38,000</b>                             | <b>151,432</b>  |

(a) The rental income and associated direct operating expenses of the investment properties are disclosed in Note 31, Note 32 and Note 35 to the financial statements.

## 7. INVESTMENT PROPERTIES (CONT'D)

- (b) The carrying amount of investment properties pledged to licensed banks for banking facilities granted to the Group are as follows:-

|                                        | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|----------------------------------------|-----------------------|-----------------------|
| Freehold land and buildings            | 65,412                | 67,418                |
| Long term leasehold land and buildings | 40,949                | 36,508                |
|                                        | <u>106,361</u>        | <u>103,926</u>        |

- (c) Investment properties are stated at fair value. The following table provides an analysis of the fair value hierarchy of investment properties that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable:-

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                        | <u>Level 1</u><br>RM'000 | <u>Level 2</u><br>RM'000 | <u>Level 3</u><br>RM'000 | <u>Total</u><br>RM'000 |
|----------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <b>Group</b>                           |                          |                          |                          |                        |
| <b>2014</b>                            |                          |                          |                          |                        |
| <u>Investment properties</u>           |                          |                          |                          |                        |
| Freehold land                          | -                        | 12,920                   | -                        | 12,920                 |
| Freehold land and buildings            | -                        | 52,942                   | -                        | 52,942                 |
| Long term leasehold land and buildings | -                        | 41,037                   | -                        | 41,037                 |
| Land held for development              | -                        | 38,000                   | -                        | 38,000                 |
|                                        | -                        | <u>144,899</u>           | -                        | <u>144,899</u>         |
| <b>2013</b>                            |                          |                          |                          |                        |
| <u>Investment properties</u>           |                          |                          |                          |                        |
| Freehold land                          | -                        | 12,920                   | -                        | 12,920                 |
| Freehold land and buildings            | -                        | 54,898                   | -                        | 54,898                 |
| Long term leasehold land and buildings | -                        | 36,508                   | -                        | 36,508                 |
| Land held for development              | -                        | 38,000                   | -                        | 38,000                 |
|                                        | -                        | <u>142,326</u>           | -                        | <u>142,326</u>         |

## 7. INVESTMENT PROPERTIES (CONT'D)

- (c) Investment properties are stated at fair value. The following table provides an analysis of the fair value hierarchy of investment properties that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable (cont'd):-

The Level 2 fair value measurements are derived from the following valuation methods adopted to determine the fair value of the investment properties:-

- (i) Sales comparison method entails analysing the recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made to differences in location, visibility, size and tenure etc.
- (ii) Investment method entails determining the net annual income by deducting annual outgoings from gross annual income and capitalising the net income by suitable rate of return consistent with the type and investment to arrive at the market value of the investment properties.
- (iii) Reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the investment properties.

## 8. AVAILABLE FOR SALE INVESTMENTS

|                                               | Group          |                | Company        |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Unquoted investment outside Malaysia, at cost | 14,422         | 11,181         | -              | -              |
| Unquoted investment in Malaysia, at cost      | 5,000          | 13,575         | -              | -              |
| Quoted securities in Malaysia, at valuation   | 84,598         | 70,830         | -              | -              |
| Other investments in Malaysia, at cost        | 751            | 751            | 345            | 345            |
| Other investment outside Malaysia, at cost    | 1,697          | 1,385          | 622            | 310            |
|                                               | <u>106,468</u> | <u>97,722</u>  | <u>967</u>     | <u>655</u>     |
| Less:                                         |                |                |                |                |
| Accumulated amortisation                      | (200)          | (200)          | -              | -              |
| Accumulated impairment                        | (27)           | (1,500)        | (27)           | -              |
|                                               | <u>106,241</u> | <u>96,022</u>  | <u>940</u>     | <u>655</u>     |
| Market value of quoted securities in Malaysia | <u>84,598</u>  | <u>70,830</u>  | -              | -              |

Quoted securities in Malaysia with market value of RM58,960,000 (2013: RM54,780,000) and unquoted investment outside Malaysia with cost of RM11,304,000 (2013: Nil) have been charged to licensed financial institutions for credit facility granted to the Company and its subsidiary company.

## 9. HELD TO MATURITY INVESTMENTS

|                                                       | Group       |             |
|-------------------------------------------------------|-------------|-------------|
|                                                       | <u>2014</u> | <u>2013</u> |
|                                                       | RM'000      | RM'000      |
| <u>Non-current (maturity later than 1 year)</u>       |             |             |
| Unquoted corporate bonds, at cost                     |             |             |
| - in Malaysia                                         | -           | 1,000       |
| - outside Malaysia                                    | 30,084      | 23,239      |
|                                                       | <hr/>       | <hr/>       |
|                                                       | 30,084      | 24,239      |
| (Less)/Add:-                                          |             |             |
| Accretion of discounts                                | (94)        | (245)       |
| Amortisation of premiums                              | -           | 3           |
|                                                       | <hr/>       | <hr/>       |
| Unquoted corporate bonds                              |             |             |
| - in Malaysia                                         | -           | 1,001       |
| - outside Malaysia                                    | 29,990      | 22,996      |
|                                                       | <hr/>       | <hr/>       |
|                                                       | 29,990      | 23,997      |
|                                                       | <hr/>       | <hr/>       |
| <u>Current (maturity within 1 year)</u>               |             |             |
| Unquoted corporate bonds<br>outside Malaysia, at cost | 6,008       | 8,819       |
| Add/(Less):-                                          |             |             |
| Accretion of discounts                                | -           | (1)         |
| Amortisation of premiums                              | -           | 1           |
| Exchange differences                                  | 196         | 49          |
| Diminution in value                                   | (29)        | (270)       |
|                                                       | <hr/>       | <hr/>       |
| Unquoted corporate bonds<br>outside Malaysia          | 6,175       | 8,598       |
|                                                       | <hr/>       | <hr/>       |
|                                                       | 36,165      | 32,595      |
|                                                       | <hr/>       | <hr/>       |

The Group's investments in unquoted corporate bonds outside Malaysia amounting to RM36,165,000 (2013: RM31,594,000) have been charged to certain licensed financial institutions for credit facilities granted to the Group.

The effective interest rate per annum for held to maturity investments are 3.10% to 10.25% (2013: 3.10% to 10.25%).

10. **SUBSIDIARY COMPANIES**

|                                     | <b>Company</b>        |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| (a) Unquoted shares, at cost        | 201,949               | 201,949               |
| Less: Accumulated impairment losses | (34,996)              | (36,616)              |
|                                     | <u>166,953</u>        | <u>165,333</u>        |

The Group's and the Company's equity interest in subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 51 to the financial statements. The Company does not have any subsidiary companies which are controlled with less than a majority of voting rights and the Group does not have any material non-controlling interests.

## (b) Amount due from/(to) subsidiary companies

|                                      | <b>Company</b>        |                       |
|--------------------------------------|-----------------------|-----------------------|
|                                      | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Amount due from subsidiary companies | 702,931               | 692,724               |
| Less: Allowance for impairment       | (8,775)               | (9,337)               |
|                                      | <u>694,156</u>        | <u>683,387</u>        |

The amount due from subsidiary companies are interest bearing (except for certain advances which are interest free) and are repayable on demand.

The amount due to subsidiary companies are interest free and are repayable on demand.

11. **ASSOCIATE COMPANIES**

|                                                       | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                       | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| (a) Quoted shares, at cost                            | 44,141                | 28,156                | -                     | -                     |
| Unquoted shares, at cost                              | 19,203                | 18,415                | 262                   | 1,184                 |
| Group's share of post acquisition profits less losses | 75,513                | 41,983                | -                     | -                     |
| Group's share of exchange translation reserve         | (306)                 | 13                    | -                     | -                     |
| Group's share of other reserve                        | 3,394                 | 1,829                 | -                     | -                     |
|                                                       | <u>141,945</u>        | <u>90,396</u>         | <u>262</u>            | <u>1,184</u>          |
| Less:                                                 |                       |                       |                       |                       |
| Accumulated impairment loss                           | (214)                 | (200)                 | (214)                 | (200)                 |
|                                                       | <u>141,731</u>        | <u>90,196</u>         | <u>48</u>             | <u>984</u>            |
| Represented by:-                                      |                       |                       |                       |                       |
| Share of net assets                                   | 130,616               | 87,710                |                       |                       |
| Goodwill on acquisition                               | 11,115                | 2,486                 |                       |                       |
|                                                       | <u>141,731</u>        | <u>90,196</u>         |                       |                       |
| Market value of quoted securities in Malaysia         | <u>517,492</u>        | <u>107,530</u>        |                       |                       |

## 11. ASSOCIATE COMPANIES (CONT'D)

## (a) (Cont'd)

The Group's and the Company's equity interest in the associate companies, their respective principal activities and countries of incorporation are shown in Note 52 to the financial statements.

- (b) The amount due from associate companies are unsecured, interest free (except for certain advances which are interest bearing) and are repayable on demand.

The amount due to associate companies are interest free and are repayable on demand.

- (c) The summarised financial information of the Group's major associate companies are as follows:-

| Financial positions<br>as at 30 June 2014                                         | <u>Inari<br/>Amertron<br/>Berhad<br/>Group</u><br>RM'000 | <u>Melium<br/>Holdings<br/>Sdn. Bhd.<br/>Group</u><br>RM'000 | <u>Winfields<br/>Development<br/>Sdn. Bhd.<br/>Group</u><br>RM'000 | <u>Other<br/>associate<br/>companies</u><br>RM'000 | <u>Total</u><br>RM'000 |
|-----------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|------------------------|
| <b><u>Assets and liabilities</u></b>                                              |                                                          |                                                              |                                                                    |                                                    |                        |
| Non-current assets                                                                | 145,319                                                  | 27,687                                                       | 73,061                                                             | 5,382                                              | 251,449                |
| Current assets                                                                    | 351,856                                                  | 86,430                                                       | 346,124                                                            | 79,087                                             | 863,497                |
| Non-current liabilities                                                           | (69,104)                                                 | (15,514)                                                     | (9,561)                                                            | (20,315)                                           | (114,494)              |
| Current liabilities                                                               | (169,899)                                                | (48,305)                                                     | (371,531)                                                          | (52,393)                                           | (642,128)              |
| Net assets                                                                        | <u>258,172</u>                                           | <u>50,298</u>                                                | <u>38,093</u>                                                      | <u>11,761</u>                                      | <u>358,324</u>         |
| Carrying amount of the<br>proportion of the Group's<br>ownership                  | <u>85,440</u>                                            | <u>21,804</u>                                                | <u>15,237</u>                                                      | <u>8,135</u>                                       | <u>130,616</u>         |
| <b><u>Financial performance<br/>for financial year ended<br/>30 June 2014</u></b> |                                                          |                                                              |                                                                    |                                                    |                        |
| <b><u>Results</u></b>                                                             |                                                          |                                                              |                                                                    |                                                    |                        |
| Revenue                                                                           | <u>793,655</u>                                           | <u>168,377</u>                                               | <u>5,996</u>                                                       | <u>32,928</u>                                      | <u>1,000,956</u>       |
| Attributable to owners of<br>the investee:                                        |                                                          |                                                              |                                                                    |                                                    |                        |
| Profit/(Loss) for the<br>financial year                                           | 99,220                                                   | 2,040                                                        | 31,154                                                             | (2,686)                                            | 129,728                |
| Other comprehensive loss                                                          | (3,383)                                                  | -                                                            | (57)                                                               | (117)                                              | (3,557)                |
| Total comprehensive<br>income/(loss)                                              | <u>95,837</u>                                            | <u>2,040</u>                                                 | <u>31,097</u>                                                      | <u>(2,803)</u>                                     | <u>126,171</u>         |
| <b><u>Group's share of:-</u></b>                                                  |                                                          |                                                              |                                                                    |                                                    |                        |
| Profit/(Loss) for the<br>financial year                                           | 32,793                                                   | 885                                                          | 12,462                                                             | (908)                                              | 45,232                 |
| Other comprehensive loss                                                          | (1,019)                                                  | -                                                            | (23)                                                               | (35)                                               | (1,077)                |
| Total comprehensive<br>income/(loss)                                              | <u>31,774</u>                                            | <u>885</u>                                                   | <u>12,439</u>                                                      | <u>(943)</u>                                       | <u>44,155</u>          |
| Dividend received                                                                 | <u>9,913</u>                                             | <u>-</u>                                                     | <u>-</u>                                                           | <u>-</u>                                           | <u>9,913</u>           |

## 11. ASSOCIATE COMPANIES (CONT'D)

- (c) The summarised financial information of the Group's major associate companies are as follows (cont'd):-

| Financial positions<br>as at 30 June 2013                                  | <u>Inari<br/>Amertron<br/>Berhad<br/>Group</u><br>RM'000 | <u>Melium<br/>Holdings<br/>Sdn. Bhd.<br/>Group</u><br>RM'000 | <u>Winfields<br/>Development<br/>Sdn. Bhd.<br/>Group</u><br>RM'000 | <u>Other<br/>associate<br/>companies</u><br>RM'000 | <u>Total</u><br>RM'000 |
|----------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|------------------------|
| <b>Assets and liabilities</b>                                              |                                                          |                                                              |                                                                    |                                                    |                        |
| Non-current assets                                                         | 123,029                                                  | 24,411                                                       | 64,477                                                             | 3,901                                              | 215,818                |
| Current assets                                                             | 249,376                                                  | 62,219                                                       | 295,642                                                            | 67,562                                             | 674,799                |
| Non-current liabilities                                                    | (61,264)                                                 | (3,994)                                                      | (9,506)                                                            | (18,809)                                           | (93,573)               |
| Current liabilities                                                        | (153,073)                                                | (34,378)                                                     | (343,617)                                                          | (25,461)                                           | (556,529)              |
| Net assets                                                                 | <u>158,068</u>                                           | <u>48,258</u>                                                | <u>6,996</u>                                                       | <u>27,193</u>                                      | <u>240,515</u>         |
| Carrying amount of the<br>proportion of the Group's<br>ownership           | <u>53,662</u>                                            | <u>20,920</u>                                                | <u>2,798</u>                                                       | <u>10,330</u>                                      | <u>87,710</u>          |
| <b>Financial performance<br/>for financial year ended<br/>30 June 2013</b> |                                                          |                                                              |                                                                    |                                                    |                        |
| <b>Results</b>                                                             |                                                          |                                                              |                                                                    |                                                    |                        |
| Revenue                                                                    | <u>241,140</u>                                           | <u>146,897</u>                                               | <u>9,395</u>                                                       | <u>31,443</u>                                      | <u>428,875</u>         |
| Attributable to owners of<br>the investee:                                 |                                                          |                                                              |                                                                    |                                                    |                        |
| Profit/(Loss) for the<br>financial year                                    | 42,014                                                   | 13,068                                                       | 16,446                                                             | (207)                                              | 71,321                 |
| Other comprehensive loss                                                   | (32)                                                     | -                                                            | (91)                                                               | -                                                  | (123)                  |
| Total comprehensive<br>income/(loss)                                       | <u>41,982</u>                                            | <u>13,068</u>                                                | <u>16,355</u>                                                      | <u>(207)</u>                                       | <u>71,198</u>          |
| <b>Group's share of:-</b>                                                  |                                                          |                                                              |                                                                    |                                                    |                        |
| Profit/(Loss) for the<br>financial year                                    | 14,308                                                   | 5,665                                                        | 6,578                                                              | (701)                                              | 25,850                 |
| Other comprehensive loss                                                   | (12)                                                     | -                                                            | (37)                                                               | -                                                  | (49)                   |
| Total comprehensive<br>income/(loss)                                       | <u>14,296</u>                                            | <u>5,665</u>                                                 | <u>6,541</u>                                                       | <u>(701)</u>                                       | <u>25,801</u>          |
| Dividend received                                                          | <u>5,033</u>                                             | <u>-</u>                                                     | <u>-</u>                                                           | <u>1,190</u>                                       | <u>6,223</u>           |

## 12. JOINT VENTURES

|                                                           | Group          |                |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | 2014<br>RM'000 | 2013<br>RM'000 |
| (a) Unquoted shares, at cost                              | -*             | -*             |
| Group's share of post acquisition<br>profits and reserves | -              | -              |
|                                                           | <u>-</u>       | <u>-</u>       |

\* represents RM1

## 12. JOINT VENTURES (CONT'D)

## (a) (cont'd)

During the previous financial year, one of the joint venture entities disposed of its investment property held in the United Kingdom. Subsequent to the disposal of the investment property in the previous financial year, the joint ventures made a capital cum surplus distribution to their members.

The Group's equity interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 53 to the financial statements.

- (b) The summarised financial information of the joint ventures not adjusted for the proportion of ownership interest held by the Group were as follows:-

|                                      | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|--------------------------------------|-----------------------|-----------------------|
| <b><u>Assets and liabilities</u></b> |                       |                       |
| Current assets                       | 1,251                 | 1,841                 |
| Current liabilities                  | (124)                 | (178)                 |
|                                      | <hr/>                 | <hr/>                 |
| Net assets                           | 1,127                 | 1,663                 |
|                                      | <hr/>                 | <hr/>                 |
| <b><u>Results</u></b>                |                       |                       |
| Revenue                              | -                     | 2,659                 |
| (Loss)/Profit for the financial year | (353)                 | 3,845                 |
|                                      | <hr/>                 | <hr/>                 |

The Group has accounted for the equity interest in the joint ventures up to the period the joint ventures has accounted for the disposal of its investment property and made the capital cum surplus distribution in the previous financial year. The Group's equity interest in the joint ventures' net assets subsequent to the disposal of the investment property will be accounted for by the Group upon receiving future distribution, if any, from the joint ventures.

- (c) The joint ventures did not have any contingent liabilities as at 30 June 2014 and 30 June 2013.

## 13. INTANGIBLE ASSETS

## Group

| 2014                                              | Stock<br>broking<br>dealer's<br>license<br>RM'000 | Development<br>expenditure<br>capitalised<br>RM'000 | Trademarks<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------|-----------------|
| <b>Cost</b>                                       |                                                   |                                                     |                      |                 |
| At beginning of financial year                    | 45,500                                            | 430                                                 | 17                   | 45,947          |
| Disposal                                          | -                                                 | (265)                                               | -                    | (265)           |
|                                                   | <hr/>                                             | <hr/>                                               | <hr/>                | <hr/>           |
| At end of financial year                          | 45,500                                            | 165                                                 | 17                   | 45,682          |
| <b>Accumulated amortisation</b>                   |                                                   |                                                     |                      |                 |
| At beginning of financial year                    | 7,053                                             | 297                                                 | 13                   | 7,363           |
| Charge for the financial year                     | -                                                 | 1                                                   | -                    | 1               |
| Disposal                                          | -                                                 | (133)                                               | -                    | (133)           |
|                                                   | <hr/>                                             | <hr/>                                               | <hr/>                | <hr/>           |
| At end of financial year                          | 7,053                                             | 165                                                 | 13                   | 7,231           |
| <b>Accumulated impairment losses</b>              |                                                   |                                                     |                      |                 |
| At beginning and end of financial year            | 12,400                                            | -                                                   | -                    | 12,400          |
|                                                   | <hr/>                                             | <hr/>                                               | <hr/>                | <hr/>           |
| <b>Net carrying amount<br/>as at 30 June 2014</b> | 26,047                                            | -                                                   | 4                    | 26,051          |
|                                                   | <hr/>                                             | <hr/>                                               | <hr/>                | <hr/>           |



## 13. INTANGIBLE ASSETS (CONT'D)

## Group (cont'd)

| 2013                                              | Stock<br>broking<br>dealer's<br>license<br>RM'000 | Development<br>expenditure<br>capitalised<br>RM'000 | Trademarks<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------|-----------------|
| <b>Cost</b>                                       |                                                   |                                                     |                      |                 |
| At beginning of financial year                    | 45,500                                            | 165                                                 | 17                   | 45,682          |
| Additions                                         | -                                                 | 265                                                 | -                    | 265             |
| At end of financial year                          | 45,500                                            | 430                                                 | 17                   | 45,947          |
| <b>Accumulated amortisation</b>                   |                                                   |                                                     |                      |                 |
| At beginning of financial year                    | 7,053                                             | 165                                                 | 12                   | 7,230           |
| Charge for the financial year                     | -                                                 | 131                                                 | 1                    | 132             |
| Exchange differences                              | -                                                 | 1                                                   | -                    | 1               |
| At end of financial year                          | 7,053                                             | 297                                                 | 13                   | 7,363           |
| <b>Accumulated impairment losses</b>              |                                                   |                                                     |                      |                 |
| At beginning and end of financial year            | 12,400                                            | -                                                   | -                    | 12,400          |
| <b>Net carrying amount<br/>as at 30 June 2013</b> | <b>26,047</b>                                     | <b>133</b>                                          | <b>4</b>             | <b>26,184</b>   |

**Impairment testing of stock broking dealer's license**

The stock broking dealer's license had been allocated to the stock broking subsidiary company's stock broking business as a cash generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 9% (2013: 10%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 9% (2013: 9%). The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license.

**Key assumptions used in value in use calculation of CGU**

The key assumptions on which the management of the stock broking subsidiary company has based its cash flow projections to undertake impairment testing of the stock broking dealer's license are set out below:-

**(a) Budgeted gross brokerage rate and gross margin rate**

This is determined based on the CGU's past performance and the management of the stock broking subsidiary company's expectation of the performance of the local stock market index and market development.

**(b) Operational costs**

Other operational costs are expected to increase in line with expected inflation or expansion of the stock broking business.

## 14. DEFERRED TAX ASSETS/(LIABILITIES)

|                                               | Group          |                | Company        |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| At beginning of financial year                | 3,076          | (2,907)        | (104)          | (104)          |
| Recognised in the income statements (Note 38) | (5,137)        | 5,984          | 64             | -              |
| Exchange differences                          | (7)            | (1)            | -              | -              |
| At end of financial year                      | <u>(2,068)</u> | <u>3,076</u>   | <u>(40)</u>    | <u>(104)</u>   |
| Presented as follows:-                        |                |                |                |                |
| Deferred tax assets                           | 1,733          | 4,125          | -              | -              |
| Deferred tax liabilities                      | (3,801)        | (1,049)        | (40)           | (104)          |
|                                               | <u>(2,068)</u> | <u>3,076</u>   | <u>(40)</u>    | <u>(104)</u>   |

The components of deferred tax assets and liabilities during the financial year are as follows:-

**Deferred tax assets**

| Group                                  | Unutilised<br>tax losses<br>RM'000 | Unabsorbed<br>capital<br>allowances<br>RM'000 | Temporary<br>differences between<br>depreciation and<br>capital allowances<br>RM'000 | Total<br>RM'000 |
|----------------------------------------|------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------|-----------------|
| <b>2014</b>                            |                                    |                                               |                                                                                      |                 |
| At beginning of financial year         | 2,923                              | 1,018                                         | 184                                                                                  | 4,125           |
| Recognised in the income<br>statements | (2,098)                            | (799)                                         | 505                                                                                  | (2,392)         |
| At end of financial year               | <u>825</u>                         | <u>219</u>                                    | <u>689</u>                                                                           | <u>1,733</u>    |
| <b>2013</b>                            |                                    |                                               |                                                                                      |                 |
| At beginning of financial year         | 2,984                              | 1,019                                         | 184                                                                                  | 4,187           |
| Recognised in the income<br>statements | (62)                               | -                                             | -                                                                                    | (62)            |
| Exchange differences                   | 1                                  | (1)                                           | -                                                                                    | -               |
| At end of financial year               | <u>2,923</u>                       | <u>1,018</u>                                  | <u>184</u>                                                                           | <u>4,125</u>    |

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. The utilisation of the deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

## 14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

## Deferred tax liabilities

| Group                               | Real Property<br>Gains Tax on<br>fair value<br>adjustment of<br>investment<br>properties<br>RM'000 | Temporary<br>differences<br>between<br>depreciation and<br>capital allowances<br>RM'000 | Total<br>RM'000 |
|-------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------|
| <b>2014</b>                         |                                                                                                    |                                                                                         |                 |
| At beginning of financial year      | 5                                                                                                  | 1,044                                                                                   | 1,049           |
| Recognised in the income statements | 2,470                                                                                              | 275                                                                                     | 2,745           |
| Exchange differences                | -                                                                                                  | 7                                                                                       | 7               |
| At end of financial year            | <u>2,475</u>                                                                                       | <u>1,326</u>                                                                            | <u>3,801</u>    |
| <b>2013</b>                         |                                                                                                    |                                                                                         |                 |
| At beginning of financial year      | 6,083                                                                                              | 1,011                                                                                   | 7,094           |
| Recognised in the income statements | (6,078)                                                                                            | 32                                                                                      | (6,046)         |
| Exchange differences                | -                                                                                                  | 1                                                                                       | 1               |
| At end of financial year            | <u>5</u>                                                                                           | <u>1,044</u>                                                                            | <u>1,049</u>    |

| Company                                | Temporary<br>differences between<br>depreciation and<br>capital allowances<br>RM'000 | Total<br>RM'000 |
|----------------------------------------|--------------------------------------------------------------------------------------|-----------------|
| <b>2014</b>                            |                                                                                      |                 |
| At beginning of financial year         | 104                                                                                  | 104             |
| Recognised in the income statements    | (64)                                                                                 | (64)            |
| At end of financial year               | <u>40</u>                                                                            | <u>40</u>       |
| <b>2013</b>                            |                                                                                      |                 |
| At beginning and end of financial year | <u>104</u>                                                                           | <u>104</u>      |

As at reporting date, the Group has deferred tax assets not recognised in the financial statements as follows:-

|                                                                   | Group           |                 |
|-------------------------------------------------------------------|-----------------|-----------------|
|                                                                   | 2014<br>RM'000  | 2013<br>RM'000  |
| Temporary differences between depreciation and capital allowances | 40              | 28              |
| Provision for expenses                                            | (12)            | (23)            |
| Unutilised tax losses                                             | (15,473)        | (16,449)        |
| Unabsorbed capital allowances                                     | (1,688)         | (1,688)         |
|                                                                   | <u>(17,133)</u> | <u>(18,132)</u> |

The above unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. Deferred tax assets in respect of these items have not been recognised as it was not certain that future taxable profit will be available against which the Group can utilise the benefits.

**15. PROPERTY DEVELOPMENT COSTS**

|                                    | <b>Group</b>          |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| <u>Development cost:-</u>          |                       |                       |
| At beginning of financial year     | 9,350                 | 5,222                 |
| Addition during the financial year | 217                   | 4,128                 |
|                                    | <hr/>                 | <hr/>                 |
| At end of financial year           | <u>9,567</u>          | <u>9,350</u>          |

**16. INVENTORIES**

|                                                                            | <b>Group</b>          |                       |
|----------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                            | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Unsold units of apartments and houses                                      | 8,342                 | 10,439                |
| Electronic, multimedia and computer devices,<br>components and peripherals | 1,408                 | 1,230                 |
| Wines                                                                      | 3,818                 | 4,114                 |
| Others                                                                     | 41                    | 48                    |
|                                                                            | <hr/>                 | <hr/>                 |
|                                                                            | <u>13,609</u>         | <u>15,831</u>         |

**17. TRADE RECEIVABLES**

|                                | <b>Group</b>          |                       |
|--------------------------------|-----------------------|-----------------------|
|                                | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Trade receivables              | 415,651               | 404,611               |
| Less: Allowance for impairment | (74,583)              | (74,236)              |
|                                | <hr/>                 | <hr/>                 |
|                                | <u>341,068</u>        | <u>330,375</u>        |

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

**17. TRADE RECEIVABLES (CONT'D)**

The ageing analysis of the Group's trade receivables is as follows:-

|                                          | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|------------------------------------------|-----------------------|-----------------------|
| Neither past due nor impaired            | 286,837               | 234,700               |
| 1 to 30 days past due not impaired       | 1,750                 | 751                   |
| 31 to 60 days past due not impaired      | 2,641                 | 808                   |
| 61 to 90 days past due not impaired      | 951                   | 1,399                 |
| 91 to 120 days past due not impaired     | 228                   | 113                   |
| More than 121 days past due not impaired | 48,661                | 92,604                |
| Impaired                                 | 74,583                | 74,236                |
|                                          | <u>415,651</u>        | <u>404,611</u>        |

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM251,630,000 (2013: RM208,414,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM49,047,000 (2013: RM92,855,000) are secured in nature. The remaining balance of trade receivables of RM5,184,000 (2013: RM2,820,000) that are past due but not impaired are unsecured in nature and the management is of the view these debts are recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM74,583,000 (2013: RM74,236,000) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

The carrying amount of the collateral represents an approximation of fair value of the assets at the reporting date.

The movement of the allowance account used to record the impairment is as follows:-

|                                       | <b>Group</b>          |                       |
|---------------------------------------|-----------------------|-----------------------|
|                                       | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| At beginning of financial year        | 74,236                | 74,424                |
| Charge for the financial year         | 3,300                 | 90                    |
| Acquisition of a subsidiary company   | 168                   | -                     |
| Written off against trade receivables | (2,485)               | (284)                 |
| Writeback during the financial year   | (661)                 | -                     |
| Exchange differences                  | 25                    | 6                     |
| At end of financial year              | <u>74,583</u>         | <u>74,236</u>         |

**18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Sundry receivables             | 11,420         | 10,198         | 137            | 6              |
| Deposits paid                  | 8,342          | 3,841          | 718            | 718            |
| Prepayments                    | 2,501          | 1,786          | 35             | 34             |
|                                | <u>22,263</u>  | <u>15,825</u>  | <u>890</u>     | <u>758</u>     |
| Less: Allowance for impairment | (987)          | (921)          | -              | -              |
|                                | <u>21,276</u>  | <u>14,904</u>  | <u>890</u>     | <u>758</u>     |

The Group's and Company's sundry receivables are creditworthy debtors with insignificant losses noted and are repayable on demand. The Group's and the Company's deposits paid are not impaired.

The movement of the allowance account used to record the impairment is as follows:-

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2014<br>RM'000 | 2013<br>RM'000 |
| At beginning of financial year | 921            | 768            |
| Charge for the financial year  | 21             | 124            |
| Exchange differences           | 45             | 29             |
| At end of financial year       | <u>987</u>     | <u>921</u>     |

**19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                    | Group          |                |
|------------------------------------|----------------|----------------|
|                                    | 2014<br>RM'000 | 2013<br>RM'000 |
| Quoted securities, at market value |                |                |
| - in Malaysia                      | 153,642        | 60,769         |
| - outside Malaysia                 | 134,532        | 88,485         |
|                                    | <u>288,174</u> | <u>149,254</u> |

The Group's financial assets at fair value through profit or loss amounting to RM133,659,000 (2013: RM86,983,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

**20. DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS**

|                                   | Group                 |                       | Company               |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                   | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Deposits placed with:-            |                       |                       |                       |                       |
| - licensed banks                  | 162,428               | 205,949               | 1,073                 | 1,046                 |
| - licensed financial institutions | 157,157               | 116,454               | -                     | -                     |
|                                   | <u>319,585</u>        | <u>322,403</u>        | <u>1,073</u>          | <u>1,046</u>          |

Included under deposits placed with licensed banks and financial institutions of the Group are fixed deposits of RM190,054,000 (2013: RM130,988,000) which have been pledged to licensed banks and financial institutions as security for banking and credit facilities granted to the Group.

Deposits placed with licensed banks of the Company amounting to RM1,073,000 (2013: RM1,046,000) have been pledged as security for banking and credit facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM90,242,000 (2013: RM62,990,000) are excluded from deposits with licensed banks and financial institutions of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

The effective interest rate per annum for deposits with licensed banks and financial institutions of the Group and of the Company are 0.001% to 3.16% (2013: 0.01% to 4.65%) and 2.20% to 2.85% (2013: 2.55% to 2.60%) respectively.

**21. CASH AND BANK BALANCES**

Included in the cash and bank balances of the Group are:-

- (a) an amount of RM1,115,000 (2013: RM1,093,000) maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations. The withdrawal of funds from the housing development accounts are restricted to property development costs incurred in respect of the development projects.
- (b) an amount of RM8,701,000 (2013: RM19,321,000) pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

Dealer's representatives' deposits and clients' trust monies received of RM3,900,000 (2013: RM4,211,000) are excluded from cash and bank balances of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

**22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

The non-current assets classified as held for sale are as follows:-

| <b>Group</b>                                  | <b>Leasehold land and buildings under construction</b> |                     |
|-----------------------------------------------|--------------------------------------------------------|---------------------|
|                                               | <b>RM'000</b>                                          | <b>Total RM'000</b> |
| <b>2014</b>                                   |                                                        |                     |
| <b>Cost</b>                                   |                                                        |                     |
| At beginning of financial year                | 1,700                                                  | 1,700               |
| Disposal                                      | (1,700)                                                | (1,700)             |
| <b>Net carrying amount as at 30 June 2014</b> | <b>-</b>                                               | <b>-</b>            |
| <b>2013</b>                                   |                                                        |                     |
| <b>Cost</b>                                   |                                                        |                     |
| At beginning of financial year                | 8,046                                                  | 8,046               |
| Addition                                      | 1,125                                                  | 1,125               |
| Transfer from investment properties (Note 7)  | 1,700                                                  | 1,700               |
| Disposal                                      | (9,171)                                                | (9,171)             |
| <b>Net carrying amount as at 30 June 2013</b> | <b>1,700</b>                                           | <b>1,700</b>        |

In the previous financial year, certain investment properties of a wholly-owned subsidiary company was reclassified to non-current assets classified as held for sale due to several Sale and Purchase Agreements were entered into with third parties for the disposal of the leasehold land and buildings owned by the wholly-owned subsidiary company.

**23. SHARE CAPITAL**

|                                        | <b>Group and Company</b> |                  |                  |                  |
|----------------------------------------|--------------------------|------------------|------------------|------------------|
|                                        | <b>Number of shares</b>  |                  | <b>Amount</b>    |                  |
|                                        | <b>2014</b>              | <b>2013</b>      | <b>2014</b>      | <b>2013</b>      |
|                                        | <b>'000</b>              | <b>'000</b>      | <b>RM'000</b>    | <b>RM'000</b>    |
| Authorised:-                           |                          |                  |                  |                  |
| Ordinary shares of RM1 each            |                          |                  |                  |                  |
| At beginning and end of financial year | <u>1,500,000</u>         | <u>1,500,000</u> | <u>1,500,000</u> | <u>1,500,000</u> |
| Issued and fully paid up:-             |                          |                  |                  |                  |
| Ordinary shares of RM1 each            |                          |                  |                  |                  |
| At beginning and end of financial year | <u>693,334</u>           | <u>693,334</u>   | <u>693,334</u>   | <u>693,334</u>   |

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.



## 24. TREASURY SHARES

|                                                  | Group and Company |              |                |                |
|--------------------------------------------------|-------------------|--------------|----------------|----------------|
|                                                  | Number of shares  |              | Amount         |                |
|                                                  | 2014<br>'000      | 2013<br>'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| At beginning of financial year                   | 23,156            | 1,966        | 10,146         | 881            |
| Shares repurchased classified as treasury shares | 5,971             | 21,190       | 3,376          | 9,265          |
| At end of financial year                         | 29,127            | 23,156       | 13,522         | 10,146         |

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 19 December 2013, approved the Company's plan to purchase its own shares up to a maximum of 69,333,363 ordinary shares of RM1 each representing approximately 10% of the total issued and fully paid up share capital of the Company.

The Directors of the Company are of the opinion that the share buy-back is in the best interests of the Company and its shareholders.

During the current and preceding financial year, the Company bought back its issued ordinary shares from the open market as follows:-

|                                               | No. of<br>shares | Total<br>cost<br>RM | Purchase price per share |              |               |
|-----------------------------------------------|------------------|---------------------|--------------------------|--------------|---------------|
|                                               |                  |                     | Highest<br>RM            | Lowest<br>RM | Average<br>RM |
| Balance at 1 July 2012                        | 1,965,691        | 881,120             | 0.86                     | 0.24         | 0.45          |
| Purchases during the preceding financial year |                  |                     |                          |              |               |
| - September 2012                              | 1,454,300        | 579,300             | 0.40                     | 0.39         | 0.40          |
| - October 2012                                | 373,000          | 150,987             | 0.41                     | 0.40         | 0.40          |
| - November 2012                               | 2,546,400        | 1,013,469           | 0.41                     | 0.39         | 0.40          |
| - December 2012                               | 13,043,000       | 5,849,637           | 0.47                     | 0.41         | 0.45          |
| - January 2013                                | 1,524,400        | 684,301             | 0.46                     | 0.42         | 0.45          |
| - February 2013                               | 725,400          | 304,030             | 0.43                     | 0.41         | 0.42          |
| - March 2013                                  | 632,100          | 268,584             | 0.43                     | 0.42         | 0.42          |
| - April 2013                                  | 411,000          | 181,029             | 0.44                     | 0.44         | 0.44          |
| - May 2013                                    | 480,900          | 233,387             | 0.51                     | 0.42         | 0.49          |
| Balance at 30 June 2013                       | 23,156,191       | 10,145,844          | 0.86                     | 0.24         | 0.44          |
| Purchases during the financial year           |                  |                     |                          |              |               |
| - September 2013                              | 600,500          | 322,029             | 0.54                     | 0.51         | 0.54          |
| - October 2013                                | 5,370,600        | 3,054,723           | 0.61                     | 0.55         | 0.57          |
| Balance at 30 June 2014                       | 29,127,291       | 13,522,596          | 0.86                     | 0.24         | 0.46          |

The share buy-back transactions were financed by internal generated funds of the Company. The shares bought back are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

## 25. RESERVES

|                                                      | Group          |                | Company        |                |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                      | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Non-distributable:-                                  |                |                |                |                |
| Share premium                                        | 47,751         | 47,751         | 47,751         | 47,751         |
| Available for sale investments<br>fair value reserve | 52,820         | 39,052         | -              | -              |
| Reserve fund                                         | -              | 1,200          | -              | -              |
| Other reserves                                       | 3,394          | 1,829          | -              | -              |
| Exchange translation reserve                         | 5,335          | 4,907          | -              | -              |
|                                                      | <u>109,300</u> | <u>94,739</u>  | <u>47,751</u>  | <u>47,751</u>  |

The Rules of Bursa Malaysia Securities Berhad governing Participating Organisations to set aside a certain minimum percentage of its audited profit after tax to a non-distributable reserve fund was amended and the reserve fund is transferred to retained earnings.

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. It is not to be distributed by way of cash dividends and its utilisation shall be in the manner as set out in Section 60(3) of the Companies Act, 1965.

The available for sale investments fair value reserve represents the cumulative fair value changes of available for sale equity investments until they are disposed of or impaired.

Other reserves refer to the Group's equity share of certain associate companies' capital and other reserves.

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the Group's equity share of certain associate companies' exchange translation reserves.

## 26. LOANS AND BORROWINGS

|                             | Group          |                | Company        |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <b><u>Current</u></b>       |                |                |                |                |
| <b><u>Unsecured</u></b>     |                |                |                |                |
| Term loan                   | 83             | -              | -              | -              |
| <b><u>Secured</u></b>       |                |                |                |                |
| Bank overdrafts             | 51,061         | 20,800         | -              | -              |
| Term loans                  | 120,831        | 74,987         | -              | -              |
| Revolving credit facilities | 56,900         | 42,700         | 51,300         | 33,700         |
|                             | <u>228,875</u> | <u>138,487</u> | <u>51,300</u>  | <u>33,700</u>  |
| <b><u>Non-current</u></b>   |                |                |                |                |
| <b><u>Unsecured</u></b>     |                |                |                |                |
| Term loan                   | 128            | -              | -              | -              |
| <b><u>Secured</u></b>       |                |                |                |                |
| Term loans                  | 16,150         | 7,178          | -              | -              |
|                             | <u>16,278</u>  | <u>7,178</u>   | <u>-</u>       | <u>-</u>       |
|                             | <u>245,153</u> | <u>145,665</u> | <u>51,300</u>  | <u>33,700</u>  |

**26. LOANS AND BORROWINGS (CONT'D)**

The maturities of the loans and borrowings as at the reporting date are as follows:-

|                                         | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                         | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| On demand or within 1 year              | 228,875               | 138,487               | 51,300                | 33,700                |
| More than 1 year and less than 2 years  | 3,888                 | 498                   | -                     | -                     |
| More than 2 years and less than 5 years | 6,453                 | 1,255                 | -                     | -                     |
| More than 5 years                       | 5,937                 | 5,425                 | -                     | -                     |
|                                         | <u>245,153</u>        | <u>145,665</u>        | <u>51,300</u>         | <u>33,700</u>         |

The loans and borrowings of the Group are secured against the followings:-

- (i) fixed charge over certain landed properties of the Group;
- (ii) certain quoted and unquoted securities, fixed deposits and bank balances of the Group;
- (iii) corporate guarantee of the Company;
- (iv) deeds of assignment over the rights, titles and interests of certain landed properties of the Group;
- (v) assignment of rental proceeds of certain landed properties of the Group; and
- (vi) power of attorney in favor of the financial institutions over the properties.

The loans and borrowings of the Company are secured against the followings:-

- (i) fixed charge over certain landed properties held by certain subsidiary companies;
- (ii) certain quoted securities held by certain subsidiary companies;
- (iii) fixed deposit and certain bank balances of the Company;
- (iv) a deed of assignment over certain landed properties held by a subsidiary company; and
- (v) assignment of rental proceeds from certain landed properties held by certain subsidiary companies.

The unsecured term loan is guaranteed by a personal guarantee extended by one of the directors of a subsidiary company.

The effective interest rates per annum on the loans and borrowings as at the reporting date were as follows:-

|                             | <b>Group</b>         |                      | <b>Company</b>       |                      |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
|                             | <u>2014</u>          | <u>2013</u>          | <u>2014</u>          | <u>2013</u>          |
| Bank overdrafts             | 7.85% - 9.10%        | 7.85% - 9.10%        | -                    | -                    |
| Term loans                  | 0.35% - 7.10%        | 0.19% - 7.10%        | -                    | -                    |
| Revolving credit facilities | <u>4.89% - 5.98%</u> | <u>4.71% - 5.94%</u> | <u>4.89% - 5.98%</u> | <u>4.78% - 5.94%</u> |

## 27. HIRE PURCHASE PAYABLES

|                                                 | Group          |                | Company        |                |
|-------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                 | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Payable within 1 year                           | 11,850         | 8,367          | 30             | 30             |
| Payable after 1 year but not later than 5 years | 28,431         | 17,963         | 78             | 109            |
| Payable after 5 years                           | 470            | 204            | -              | -              |
|                                                 | <u>40,751</u>  | <u>26,534</u>  | <u>108</u>     | <u>139</u>     |
| Less: Interest in suspense                      | <u>(3,565)</u> | <u>(2,283)</u> | <u>(8)</u>     | <u>(14)</u>    |
| Present value of hire purchase payables         | <u>37,186</u>  | <u>24,251</u>  | <u>100</u>     | <u>125</u>     |
| Present value of hire purchase payables         |                |                |                |                |
| - within 1 year (Note 30)                       | 10,332         | 7,340          | 26             | 25             |
| - after 1 year but not later than 5 years       | 26,394         | 16,711         | 74             | 100            |
| - after 5 years                                 | 460            | 200            | -              | -              |
| Present value of hire purchase payables         | <u>37,186</u>  | <u>24,251</u>  | <u>100</u>     | <u>125</u>     |

The hire purchase payables within 1 financial year have been included under other payables and accruals.

The effective interest rate per annum for hire purchase payables were as follows:-

|                        | Group                |                      | Company      |              |
|------------------------|----------------------|----------------------|--------------|--------------|
|                        | 2014                 | 2013                 | 2014         | 2013         |
| Hire purchase payables | <u>2.41% - 9.50%</u> | <u>2.42% - 5.34%</u> | <u>2.42%</u> | <u>2.42%</u> |

## 28. DERIVATIVE FINANCIAL LIABILITIES

|                                         | Group          |                |
|-----------------------------------------|----------------|----------------|
|                                         | 2014<br>RM'000 | 2013<br>RM'000 |
| Negative fair value on:-                |                |                |
| Currency forwards contracts and options | 963            | 7,198          |
| Other equity related contracts          | <u>2,910</u>   | <u>12,893</u>  |
|                                         | <u>3,873</u>   | <u>20,091</u>  |

As at the reporting date, the contracted underlying principal amount of the Group's currencies forwards contracts and options and the equity related contracts are RM93,425,000 (2013: RM82,028,000).

**29. TRADE PAYABLES**

Margin creditors, clients' trust monies and dealer's representatives' security deposits amounting to RM94,142,000 (2013: RM67,201,000) are excluded from trade payables of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18.

**30. OTHER PAYABLES AND ACCRUALS**

Other payables and accruals consist of the followings:-

|                                  | <b>Group</b>          |                       | <b>Company</b>        |                       |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                  | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Hire purchase payables (Note 27) | 10,332                | 7,340                 | 26                    | 25                    |
| Accrued expenses                 | 13,747                | 8,676                 | 418                   | 583                   |
| Deposits received                | 3,055                 | 6,363                 | -                     | -                     |
| Accrued interest expenses        | 73                    | 924                   | -                     | -                     |
| Other payables                   | 27,716                | 32,975                | 27                    | 39                    |
|                                  | <u>54,923</u>         | <u>56,278</u>         | <u>471</u>            | <u>647</u>            |

**31. REVENUE**

Significant categories of revenue recognised during the financial year are as follows:-

|                                                                                     | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                                     | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Sale of financial assets at fair value through profit or loss and other instruments | 177,700               | 227,421               | -                     | -                     |
| Interest income                                                                     | 25,206                | 21,873                | -                     | -                     |
| Brokerage commissions                                                               | 23,279                | 12,717                | -                     | -                     |
| Car rental                                                                          | 22,666                | 18,992                | -                     | -                     |
| Management, advisory and consultancy fees                                           | 9,259                 | 6,170                 | 492                   | 492                   |
| Sale of goods and services                                                          | 5,550                 | 2,710                 | -                     | -                     |
| Sale of properties and car parks                                                    | 4,160                 | 32                    | -                     | -                     |
| Rental income from letting of properties                                            | 3,718                 | 3,755                 | -                     | -                     |
| Dividend income                                                                     | 653                   | 860                   | 2,980                 | 13,423                |
| Others                                                                              | 4,329                 | 2,794                 | -                     | -                     |
|                                                                                     | <u>276,520</u>        | <u>297,324</u>        | <u>3,472</u>          | <u>13,915</u>         |

**32. COST OF SALES**

Included in cost of sales are, amongst other items, the followings:-

|                                                               | <b>Group</b>          |                       | <b>Company</b>        |                       |
|---------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                               | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Allowance for obsolete inventories                            | 392                   | 416                   | -                     | -                     |
| Depreciation of property, plant and equipment                 | 8,665                 | 7,338                 | -                     | -                     |
| Direct operating expenses arising from investment property:-  |                       |                       |                       |                       |
| - rental generating property                                  | 6                     | 3                     | -                     | -                     |
| Allowance for diminution in value of inventories              | 86                    | -                     | -                     | -                     |
| Rental of motor vehicles                                      | 3                     | 122                   | -                     | -                     |
| Writeback of allowance for diminution in value of inventories | (6)                   | (20)                  | -                     | -                     |

**33. OTHER INCOME**

Included in other income are, amongst other items, the followings:-

|                                                                              | <b>Group</b>          |                       | <b>Company</b>        |                       |
|------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                              | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Accretion of discount on held to maturity investments                        | 152                   | 64                    | -                     | -                     |
| Allowance for doubtful debts no longer required                              | 661                   | -                     | 562                   | -                     |
| Bad debts recovered                                                          | 3,600                 | 8                     | -                     | -                     |
| Fair value gain on investment properties                                     | 3,225                 | 7,505                 | -                     | -                     |
| Fair value gain on derivatives                                               | 16,304                | -                     | -                     | -                     |
| Gain on disposal of intangible asset                                         | 264                   | -                     | -                     | -                     |
| Gain on capital repayment from an associate company                          | -                     | -                     | 178                   | -                     |
| Gain on disposal of available for sale investments                           | 15,150                | -                     | -                     | -                     |
| Gain on disposal of property, plant and equipment                            | 1,308                 | 1,630                 | -                     | -                     |
| Gain on disposal of investment properties                                    | -                     | 500                   | -                     | -                     |
| Gain on disposal of non-current assets classified as held for sale           | 1,060                 | 4,015                 | -                     | -                     |
| Gross dividends from financial assets at fair value through profit or loss:- |                       |                       |                       |                       |
| - quoted in Malaysia                                                         | 1,433                 | 1,787                 | -                     | -                     |
| - quoted outside Malaysia                                                    | 4,487                 | 2,935                 | -                     | -                     |
| Gross dividends from available for sale investments:-                        |                       |                       |                       |                       |
| - quoted in Malaysia                                                         | 1,655                 | 1,655                 | -                     | -                     |
| - unquoted in Malaysia                                                       | -                     | 234                   | -                     | -                     |
| - unquoted outside Malaysia                                                  | 802                   | 44                    | -                     | -                     |
| Interest income from:-                                                       |                       |                       |                       |                       |
| - fixed deposits                                                             | 5,199                 | 5,026                 | 179                   | 396                   |
| - associate companies                                                        | 32                    | 71                    | -                     | -                     |
| - subsidiary companies                                                       | -                     | -                     | 5,014                 | 4,530                 |
| - loans and receivables                                                      | 425                   | 211                   | -                     | -                     |
| - held to maturity investments                                               | 1,787                 | 2,151                 | -                     | -                     |
| - others                                                                     | 29                    | 64                    | -                     | -                     |

**33. OTHER INCOME (CONT'D)**

Included in other income are, amongst other items, the followings (cont'd):-

|                                                                                                         | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------------------------------------------------------------------------------------|--------------|-------------|----------------|-------------|
|                                                                                                         | <u>2014</u>  | <u>2013</u> | <u>2014</u>    | <u>2013</u> |
|                                                                                                         | RM'000       | RM'000      | RM'000         | RM'000      |
| Excess of fair value over investment cost on acquisition of additional interest in subsidiary companies | 194          | 197         | -              | -           |
| Excess of fair value over investment cost on acquisition of associate companies                         | -            | 161         | -              | -           |
| Property, plant and equipment written back                                                              | -            | 28          | -              | -           |
| Rental income                                                                                           | 52           | 42          | -              | -           |
| Realised foreign exchange gains                                                                         | 2,136        | -           | -              | -           |
| Unrealised foreign exchange gains                                                                       | 5,980        | -           | 1,360          | -           |
| Writeback of provision for impairment loss on investment in a subsidiary company                        | -            | -           | 3,000          | -           |
| Writeback of impairment of held to maturity investments                                                 | 241          | 18          | -              | -           |
| Writeback of impairment of financial assets at fair value through profit or loss                        | 41,312       | 16,354      | -              | -           |

**34. ADMINISTRATION EXPENSES**

Included in administration expenses are, amongst other items, the followings:-

|                                               | <b>Group</b> |             | <b>Company</b> |             |
|-----------------------------------------------|--------------|-------------|----------------|-------------|
|                                               | <u>2014</u>  | <u>2013</u> | <u>2014</u>    | <u>2013</u> |
|                                               | RM'000       | RM'000      | RM'000         | RM'000      |
| <b>Auditors' remuneration:-</b>               |              |             |                |             |
| <b>SJ Grant Thornton</b>                      |              |             |                |             |
| Statutory audit fees                          |              |             |                |             |
| - current financial year                      | 192          | 176         | 32             | 28          |
| - underprovision in previous financial year   | 11           | 14          | 4              | 2           |
| <b>Other external auditors</b>                |              |             |                |             |
| Statutory audit fees                          |              |             |                |             |
| - current financial year                      | 86           | 66          | -              | -           |
| - overprovision in previous financial year    | (2)          | (1)         | -              | -           |
| Depreciation of property, plant and equipment | 307          | 178         | 103            | 111         |
| Lease rental payable to a subsidiary company  | -            | -           | -              | 20          |
| Rental of premises                            | 1,142        | 889         | 372            | 372         |

## 35. OTHER OPERATING EXPENSES

Included in other operating expenses are, amongst other items, the followings:-

|                                                                     | Group          |                | Company        |                |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                     | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Impairment of available for sale investments                        | 27             | 1,500          | 27             | -              |
| Impairment of held to maturity investments                          | -              | 27             | -              | -              |
| Allowance for doubtful debts                                        | 3,321          | 214            | -              | 1,504          |
| Amortisation of intangible assets                                   | 1              | 132            | -              | -              |
| Amortisation of premium on held to maturity investments             | 4              | 3              | -              | -              |
| Auditors' remuneration:-                                            |                |                |                |                |
| <b>SJ Grant Thornton</b>                                            |                |                |                |                |
| Statutory audit fees                                                |                |                |                |                |
| - current financial year                                            | 71             | 64             | -              | -              |
| <b>Other external auditors</b>                                      |                |                |                |                |
| Statutory audit fees                                                |                |                |                |                |
| - current financial year                                            | 6              | 10             | -              | -              |
| - underprovision in previous financial year                         | 6              | -              | -              | -              |
| Bad debts written off                                               | 961            | 58             | -              | 14             |
| Depreciation of property, plant and equipment                       | 1,758          | 1,883          | -              | -              |
| Direct operating expenses arising from investment properties:-      |                |                |                |                |
| - rental generating properties                                      | 845            | 840            | -              | -              |
| - non-rental generating properties                                  | 72             | 123            | -              | -              |
| Fair value loss on derivatives                                      | -              | 9,092          | -              | -              |
| Hire of equipment                                                   | 393            | 465            | -              | -              |
| Inventories written off                                             | 5              | 5              | -              | -              |
| Loss on disposal of a subsidiary company                            | -              | 12             | -              | -              |
| Realised foreign exchange loss                                      | -              | 3,050          | -              | -              |
| Unrealised foreign exchange loss                                    | -              | 108            | -              | 5,826          |
| Loss on redemption of held to maturity investments                  | -              | 40             | -              | -              |
| Property, plant and equipment written off                           | 45             | 27             | -              | -              |
| Provision for impairment loss on investment in subsidiary companies | -              | -              | 1,380          | 236            |
| Provision for impairment loss on investment in an associate company | 14             | 200            | 14             | 200            |
| Rental of motor vehicle                                             | 1              | 1              | -              | -              |
| Rental of premises                                                  | 548            | 468            | -              | -              |



**36. FINANCE COSTS**

Finance costs comprise of the following expenses:-

|                               | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                               | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Interest expenses:-           |                       |                       |                       |                       |
| - term loans                  | 4,498                 | 8,040                 | -                     | -                     |
| - bank overdrafts             | 1,167                 | 435                   | -                     | -                     |
| - revolving credit facilities | 1,990                 | 1,322                 | 1,599                 | 1,088                 |
| - hire purchase payables      | 1,425                 | 1,099                 | 5                     | 3                     |
|                               | <u>9,080</u>          | <u>10,896</u>         | <u>1,604</u>          | <u>1,091</u>          |

**37. EXCEPTIONAL ITEM**

|                                                                   | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                   | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| (Loss)/Gain on dilution of equity interest in associate companies | <u>(145)</u>          | <u>909</u>            | <u>-</u>              | <u>-</u>              |

**38. TAXATION**

|                                                  | <b>Group</b>          |                       | <b>Company</b>        |                       |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                  | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| <u>Income tax:-</u>                              |                       |                       |                       |                       |
| Provision for current financial year             |                       |                       |                       |                       |
| - Malaysia income tax                            | 5,161                 | 2,010                 | 115                   | 2,873                 |
| - Overseas income tax                            | 152                   | 1,245                 | -                     | -                     |
| Underprovision in previous financial year        | 17                    | 861                   | 31                    | 59                    |
| <u>Deferred tax (Note 14):-</u>                  |                       |                       |                       |                       |
| Transfer to deferred taxation                    | 2,419                 | 67                    | -                     | -                     |
| Under/(Over)provision in previous financial year | 212                   | (6,056)               | (64)                  | -                     |
| Effect of changes in tax rates                   | 36                    | -                     | -                     | -                     |
| Deferred Real Property Gains Tax                 | 2,470                 | 5                     | -                     | -                     |
|                                                  | <u>10,467</u>         | <u>(1,868)</u>        | <u>82</u>             | <u>2,932</u>          |

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Under the single tier system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of shareholders. All companies will be in the single tier income tax system on 1 January 2014. With effect from 1 January 2014, the Company has switched over to the single tier system.

## 38. TAXATION (CONT'D)

The reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

|                                                                                           | Group          |                | Company        |                |
|-------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                           | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Profit before taxation                                                                    | 171,151        | 62,600         | 4,399          | 4,094          |
| Income tax at the Malaysian statutory tax rate of 25% (2013: 25%)                         | 42,788         | 15,650         | 1,100          | 1,024          |
| Tax effect in respect of:-                                                                |                |                |                |                |
| Non-allowable expenses                                                                    | 5,606          | 4,213          | 642            | 1,764          |
| Income not subject to tax                                                                 | (39,452)       | (16,487)       | (1,627)        | -              |
| Deferred Real Property Gains Tax on fair value adjustment of investment properties        | 2,470          | 5              | -              | -              |
| Effect of different tax rates in other countries                                          | (721)          | 112            | -              | -              |
| Effect of changes in tax rates                                                            | 36             | -              | -              | -              |
| Overseas tax paid on dividend income                                                      | 510            | 1,239          | -              | -              |
| Utilisation of previously unrecognised deferred tax assets                                | (1,391)        | (2,123)        | -              | -              |
| Deferred taxation not recognised in the financial statements                              | 392            | 718            | -              | 85             |
| Tax expenses for current financial year                                                   | 10,238         | 3,327          | 115            | 2,873          |
| Under provision for taxation in previous financial year                                   | 17             | 861            | 31             | 59             |
| Under/(Over) provision for deferred taxation in previous financial year                   | 212            | (6,056)        | (64)           | -              |
| Tax expenses for the financial year                                                       | 10,467         | (1,868)        | 82             | 2,932          |
| Unutilised tax losses carried forward subject to agreement of the tax authorities         | 65,338         | 77,463         | -              | -              |
| Unabsorbed capital allowances carried forward subject to agreement of the tax authorities | 8,041          | 10,634         | -              | -              |

**39. EARNINGS PER SHARE**Basic earnings per share

Earnings per share for the financial year has been calculated based on the Group's profit for the financial year attributable to the owners of the Company of RM160,404,000 (2013: RM62,041,000) divided by the weighted average number of ordinary shares in issue during the financial year of 665,649,000 ordinary shares (2013: 679,113,000 ordinary shares), after taking into consideration the movement of shares bought back by the Company.

Diluted earnings per share

Diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

**40. DIRECTORS' REMUNERATION**

The aggregate remuneration paid and payable to the Directors of the Company for the financial year, categorised into the appropriate components are as follows:-

|                               | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                               | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Executive Directors:-         |                       |                       |                       |                       |
| Salaries and other emoluments | 5,327                 | 2,875                 | 240                   | 240                   |
| Defined contribution plan     | 124                   | 121                   | 72                    | 72                    |
| Benefits-in-kind              | 23                    | 35                    | 23                    | 35                    |
|                               | <u>5,474</u>          | <u>3,031</u>          | <u>335</u>            | <u>347</u>            |
| Non-Executive Directors:-     |                       |                       |                       |                       |
| Salaries and other emoluments | 2,221*                | 1,395                 | -                     | -                     |
| Defined contribution plan     | 71                    | 77                    | -                     | -                     |
| Fees                          | 64                    | 64                    | 64                    | 64                    |
| Benefits-in-kind              | 29                    | 29                    | 14                    | 14                    |
|                               | <u>2,385</u>          | <u>1,565</u>          | <u>78</u>             | <u>78</u>             |
|                               | <u>7,859</u>          | <u>4,596</u>          | <u>413</u>            | <u>425</u>            |

\* This includes the aggregate remuneration of Non-Executive Directors of the Company who are Executive Directors of certain subsidiary companies.

**41. STAFF COSTS**

|                                       | <b>Group</b>          |                       | <b>Company</b>        |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Salaries, bonus, wages and allowances | 32,289                | 27,450                | 3,520                 | 2,931                 |
| Social security cost                  | 127                   | 124                   | 19                    | 17                    |
| Defined contribution plan             | 2,788                 | 2,397                 | 446                   | 391                   |
| Other staff related expenses          | 52                    | 231                   | -                     | -                     |
|                                       | <u>35,256</u>         | <u>30,202</u>         | <u>3,985</u>          | <u>3,339</u>          |

Included in staff cost of the Group and of the Company are executive and non-executive directors' remuneration amounting to RM7,807,000 (2013: RM4,532,000) and RM376,000 (2013: RM376,000) respectively as disclosed in Note 40 to the financial statements.

**42. DIVIDENDS**

|                                                                                                | <b>Group and Company</b> |                       |
|------------------------------------------------------------------------------------------------|--------------------------|-----------------------|
|                                                                                                | <u>2014</u><br>RM'000    | <u>2013</u><br>RM'000 |
| Interim single-tier dividend of 1 sen per ordinary share paid on 24 February 2014              | 6,642                    | -                     |
| Interim dividend of 1.3 sen per ordinary share less income tax at 25% paid on 26 February 2013 | -                        | 6,558                 |
|                                                                                                | <u>6,642</u>             | <u>6,558</u>          |

**43. INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES**

- (a) Details of the subsidiary companies acquired by the Group during the financial year is as follows:-

The Company's wholly-owned subsidiary company, Insas Technology Berhad ("ITB") had on 15 April 2013 acquired 450,000 ordinary shares of RM1.00 each, representing 36% equity interest in the share capital in J&C Pacific Sdn. Bhd. ("J&C") for a cash consideration of RM2.0 million. On 6 May 2014, ITB acquired additional 187,500 ordinary shares of RM1.00 each, representing 15% equity interest in J&C for a cash consideration of RM1.0 million. Upon completion of the acquisition, J&C became a 51% owned subsidiary company of the Group.

J&C is a private limited company incorporated under the Companies Act 1965. The principal activities of J&C are provision of mobile telecommunication products and services and mobile airtime reload services.

43. **INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

- (b) Details of the subsidiary company acquired by the Group in the preceding financial year was as follows:-

The Company had on 19 March 2013 incorporated a wholly owned subsidiary company known as Montego Management Services Pte. Ltd. ("Montego") in Singapore under the Singapore Companies Act (Cap.50).

The principal activities of Montego are investment holding and provision of management services. The issued and paid up share capital of Montego is S\$1.00 comprising of 1 ordinary share.

- (c) The effect of the acquisition of J&C (2013: Acquisition of Montego) on the financial results of the Group during the financial year are as follows:-

|                           | <b>Group</b>          |                       |
|---------------------------|-----------------------|-----------------------|
|                           | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Revenue                   | 1,371                 | -                     |
| Cost of sales             | (1,098)               | -                     |
|                           | <hr/>                 | <hr/>                 |
| Gross profit              | 273                   | -                     |
| Other income              | 283                   | -                     |
| Administration expenses   | (586)                 | (5)                   |
| Other operating expenses  | (107)                 | -                     |
| Finance costs             | (1)                   | -                     |
|                           | <hr/>                 | <hr/>                 |
| Loss before taxation      | (138)                 | (5)                   |
| Taxation                  | -                     | -                     |
|                           | <hr/>                 | <hr/>                 |
| Loss after taxation       | (138)                 | (5)                   |
|                           | <hr/>                 | <hr/>                 |
| <u>Attributable to:-</u>  |                       |                       |
| Owners of the Company     | (70)                  | (5)                   |
| Non-controlling interests | (68)                  | -                     |
|                           | <hr/>                 | <hr/>                 |

If the acquisition had taken place at the beginning of the financial year, the Group's profit, net of tax and non-controlling interests, would have been RM160,763,000 (2013: RM62,036,000) and the Group's revenue would have been RM282,247,000 (2013: RM297,324,000).

43. **INFORMATION ON THE ACQUISITION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR AND SUMMARY EFFECT OF ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

- (d) The fair value of assets acquired and liabilities assumed from the acquisition of J&C (2013: Acquisition of Montego) are as follows:-

|                                                                            | Group                 |                       |
|----------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                            | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Net assets acquired:-                                                      |                       |                       |
| Property, plant and equipment                                              | 1,363                 | -                     |
| Inventories                                                                | 1,575                 | -                     |
| Trade receivables                                                          | 5,179                 | -                     |
| Other receivables, deposits and prepayments                                | 1,062                 | -                     |
| Tax recoverable                                                            | 54                    | -                     |
| Cash and bank balances                                                     | 890                   | -                     |
| Trade payables                                                             | (107)                 | -                     |
| Other payables and accruals                                                | (2,025)               | -                     |
| Hire purchase payables                                                     | (30)                  | -                     |
| Non-controlling interest                                                   | (3,901)               | -                     |
|                                                                            | <hr/>                 | <hr/>                 |
| Group's share of net assets at date of acquisition                         | 4,060                 | -                     |
| Negative goodwill on acquisition                                           | (194)                 | -                     |
| Cost of investment in J&C accounted for under equity accounting            | (2,000)               | -                     |
| Share of post acquisition profits of J&C on acquisition date               | (866)                 | -                     |
|                                                                            | <hr/>                 | <hr/>                 |
| Purchase consideration                                                     | 1,000                 | -*                    |
| Less: Cash and cash equivalents acquired                                   | (890)                 | -                     |
|                                                                            | <hr/>                 | <hr/>                 |
| Net cash outflow on acquisition of equity interest in subsidiary companies | 110                   | -*                    |
|                                                                            | <hr/>                 | <hr/>                 |

\* represents RM2

44. **INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES IN THE PRECEDING FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES**

- (a) (i) On 18 October 2012, Micromodule Pte. Ltd. ("MPL"), a 52.4% indirect subsidiary company of the Group was wound up under a members' voluntary liquidation pursuant to Section 290(1)(b) of the Singapore Companies Act (Cap.50).

MPL was incorporated in Singapore on 15 August 1995 and was principally engaged in the design, manufacture, distribution, sales, maintenance and other supporting activities related to the manufacture of equipment, sub assemblies and semi and finished products for all types of semiconductor products and equipment.

- (ii) On 28 June 2013, the Company announced that Jia Sdn. Bhd. ("Jia"), a wholly owned indirect subsidiary company of the Group, has been placed under a members' voluntary winding up.

Jia was incorporated in Malaysia on 29 January 1996. The principal activity of Jia was restaurant business and it has ceased operations since year 2010.

44. **INFORMATION ON THE DISPOSAL OF SUBSIDIARY COMPANIES IN THE PRECEDING FINANCIAL YEAR AND SUMMARY EFFECT OF DISPOSAL OF SUBSIDIARY COMPANIES (CONT'D)**

- (a) (iii) Pan Asian Assets Inc. ("Pan Asian"), a wholly owned indirect subsidiary company of the Group, was struck off during the preceding financial year.

Pan Asian was incorporated in the British Virgin Islands on 11 November 1992 and was principally engaged in investment holding and trading. It was a dormant company prior to the struck off.

- (b) The details of net assets disposed and cash flow as at the date of disposal of MPL, Jia and Pan Asian in the preceding financial year were as follows:-

|                                                                         | <b>Group<br/>2013<br/>RM'000</b> |
|-------------------------------------------------------------------------|----------------------------------|
| Cash and bank balances                                                  | 2,373                            |
| Non-controlling interests                                               | <u>(1,129)</u>                   |
| Group's share of net assets disposed                                    | 1,244                            |
| Loss on disposal of subsidiary companies                                | <u>(12)</u>                      |
| Disposal proceeds                                                       | 1,232                            |
| Less : Cash and cash equivalents disposed                               | <u>(2,373)</u>                   |
| Net cash outflow on disposal of equity interest in subsidiary companies | <u>(1,141)</u>                   |

45. **SUMMARY EFFECT ON ACQUISITION OF EQUITY INTEREST IN A SUBSIDIARY COMPANY FROM NON-CONTROLLING INTERESTS IN THE PRECEDING FINANCIAL YEAR**

On 27 June 2013, the Company acquired 4,000,000 ordinary shares of HK\$1.00 each, which represents the remaining 6.67% equity interest in M&A Securities (HK) Limited. ("MAHK") from the non-controlling interests for a cash consideration of RM1,928,000.

MAHK was incorporated in Hong Kong on 8 September 1992. The principal activity of M&A (HK) is stock broking.

46. **CONTINGENT LIABILITIES**

|                                                                                                  | <b>Company</b>        |                       |
|--------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                  | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Unsecured:-                                                                                      |                       |                       |
| Guarantees to secure banking and credit facilities granted to subsidiary and associate companies | <u>114,715</u>        | <u>83,643</u>         |

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring the Company to provide guarantee as a pre-condition for approving the credit facilities granted to the subsidiary and associate companies. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary and associate companies. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

**47. CAPITAL COMMITMENTS**

|                                                   | <b>Group</b>   |                |
|---------------------------------------------------|----------------|----------------|
|                                                   | <u>2014</u>    | <u>2013</u>    |
|                                                   | RM'000         | RM'000         |
| Authorised and contracted for:-                   |                |                |
| - Acquisition of investment properties            | 23,858         | 19,051         |
| - Acquisition of property, plant and equipment    | 9,883          | 1,266          |
| - Acquisition of derivative financial instruments | 93,425         | 82,028         |
|                                                   | <u>127,166</u> | <u>102,345</u> |

**48. OPERATING LEASE COMMITMENTS****(a) Operating lease commitments - as lessee**

Future lease payments in respect of non-cancellable operating leases as at the reporting date and payable:-

|                                              | <b>Group</b> |             |
|----------------------------------------------|--------------|-------------|
|                                              | <u>2014</u>  | <u>2013</u> |
|                                              | RM'000       | RM'000      |
| Not later than 1 year                        | 71           | 69          |
| Later than 1 year but not later than 5 years | 6            | 75          |
|                                              | <u>77</u>    | <u>144</u>  |

**(b) Operating lease commitments - as lessor**

The Group has entered into property leases on its investment properties. The non-cancellable leases are for lease terms of between 1 and 2 years. These leases include a market review clause to enable revision of the rental charge upon renewal of the lease based on prevailing market rates.

As at the reporting date, commitments in respect of non-cancellable operating leases of the Group's investment properties to third parties are as follows:-

|                                              | <b>Group</b> |             |
|----------------------------------------------|--------------|-------------|
|                                              | <u>2014</u>  | <u>2013</u> |
|                                              | RM'000       | RM'000      |
| Not later than 1 year                        | 365          | 499         |
| Later than 1 year but not later than 5 years | 36           | 191         |
|                                              | <u>401</u>   | <u>690</u>  |

**(c) Finance lease commitment**

The future minimum lease payments under finance leases are disclosed in Note 27 to the financial statements.



49. **SEGMENTAL INFORMATION**(a) **Operating Segments**

|                                                        | Financial<br>services and<br>credit &<br>leasing<br>RM'000 | Property<br>investment<br>and<br>development<br>RM'000 | Investment<br>holding<br>and<br>trading<br>RM'000 | Retail<br>trading and<br>car rental<br>RM'000 | Information<br>technology<br>related<br>services<br>RM'000 | Eliminations<br>RM'000 | Group<br>RM'000  |
|--------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------------------------------------|------------------------|------------------|
| <b>2014</b>                                            |                                                            |                                                        |                                                   |                                               |                                                            |                        |                  |
| <b>Revenue</b>                                         |                                                            |                                                        |                                                   |                                               |                                                            |                        |                  |
| External revenue                                       | 57,342                                                     | 5,553                                                  | 185,621                                           | 22,988                                        | 5,016                                                      | -                      | 276,520          |
| Inter-segment revenue                                  | 4,711                                                      | 700                                                    | 4,323                                             | 169                                           | 10,342                                                     | (20,245)               | -                |
| <b>Total segment revenue</b>                           | <b>62,053</b>                                              | <b>6,253</b>                                           | <b>189,944</b>                                    | <b>23,157</b>                                 | <b>15,358</b>                                              | <b>(20,245)</b>        | <b>276,520</b>   |
| <b>Results</b>                                         |                                                            |                                                        |                                                   |                                               |                                                            |                        |                  |
| Interest income                                        | 1,212                                                      | 286                                                    | 11,035                                            | 16                                            | 1,056                                                      | (6,133)                | 7,472            |
| Finance costs                                          | (10,318)                                                   | (767)                                                  | (5,514)                                           | (1,650)                                       | (789)                                                      | 9,958                  | (9,080)          |
| Depreciation and amortisation                          | (969)                                                      | (262)                                                  | (382)                                             | (8,794)                                       | (328)                                                      | -                      | (10,735)         |
| Share of profits less losses of associate<br>companies | -                                                          | (824)                                                  | 12,451                                            | 885                                           | 32,720                                                     | -                      | 45,232           |
| Taxation                                               | (6,658)                                                    | (778)                                                  | (2,679)                                           | (396)                                         | 44                                                         | -                      | (10,467)         |
| Other non-cash expenses (i)                            | (3,294)                                                    | (6)                                                    | (27)                                              | (86)                                          | (1,583)                                                    | -                      | (4,996)          |
| <b>Segment profit/(loss)</b>                           | <b>20,365</b>                                              | <b>(1,313)</b>                                         | <b>91,568</b>                                     | <b>1,804</b>                                  | <b>48,260</b>                                              | <b>-</b>               | <b>160,684</b>   |
| <b>Assets</b>                                          |                                                            |                                                        |                                                   |                                               |                                                            |                        |                  |
| Investments in associate companies                     | -                                                          | 2,930                                                  | 15,316                                            | 22,665                                        | 100,820                                                    | -                      | 141,731          |
| Additions to non-current assets (ii)                   | 937                                                        | 2,957                                                  | 19,470                                            | 27,022                                        | 20,357                                                     | -                      | 70,743           |
| <b>Segment assets</b>                                  | <b>384,289</b>                                             | <b>110,892</b>                                         | <b>863,685</b>                                    | <b>92,245</b>                                 | <b>155,941</b>                                             | <b>-</b>               | <b>1,607,052</b> |
| <b>Liabilities</b>                                     |                                                            |                                                        |                                                   |                                               |                                                            |                        |                  |
| Segment liabilities                                    | 104,217                                                    | 8,512                                                  | 222,253                                           | 46,295                                        | 22,957                                                     | -                      | 404,234          |

49. **SEGMENTAL INFORMATION (CONT'D)**(a) **Operating Segments (cont'd)**

| 2013                                                | Financial services and credit & leasing<br>RM'000 | Property investment and development<br>RM'000 | Investment holding and trading<br>RM'000 | Retail trading and car rental<br>RM'000 | Information technology related services<br>RM'000 | Eliminations<br>RM'000 | Group<br>RM'000  |
|-----------------------------------------------------|---------------------------------------------------|-----------------------------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------------|------------------------|------------------|
| <b>Revenue</b>                                      |                                                   |                                               |                                          |                                         |                                                   |                        |                  |
| External revenue                                    | 40,487                                            | 1,414                                         | 233,695                                  | 19,205                                  | 2,523                                             | -                      | 297,324          |
| Inter-segment revenue                               | 2,095                                             | 868                                           | 15,441                                   | 213                                     | 6,982                                             | (25,599)               | -                |
| <b>Total segment revenue</b>                        | <b>42,582</b>                                     | <b>2,282</b>                                  | <b>249,136</b>                           | <b>19,418</b>                           | <b>9,505</b>                                      | <b>(25,599)</b>        | <b>297,324</b>   |
| <b>Results</b>                                      |                                                   |                                               |                                          |                                         |                                                   |                        |                  |
| Interest income                                     | 652                                               | 440                                           | 16,094                                   | -                                       | 471                                               | (10,134)               | 7,523            |
| Finance costs                                       | (12,125)                                          | (280)                                         | (8,555)                                  | (1,296)                                 | (225)                                             | 11,585                 | (10,896)         |
| Depreciation and amortisation                       | (1,065)                                           | (267)                                         | (406)                                    | (7,514)                                 | (282)                                             | -                      | (9,534)          |
| Share of profits less losses of associate companies | -                                                 | (2,043)                                       | 6,558                                    | 5,665                                   | 15,670                                            | -                      | 25,850           |
| Share of profits less losses of joint ventures      | -                                                 | (4,027)                                       | -                                        | -                                       | -                                                 | -                      | (4,027)          |
| Taxation                                            | (2,340)                                           | 1,796                                         | 2,981                                    | (482)                                   | (87)                                              | -                      | 1,868            |
| Other non-cash (expenses)/income (i)                | (1,273)                                           | (5)                                           | (12,978)                                 | 2                                       | (495)                                             | -                      | (14,749)         |
| <b>Segment (loss)/profit</b>                        | <b>(8)</b>                                        | <b>(888)</b>                                  | <b>43,370</b>                            | <b>6,907</b>                            | <b>15,087</b>                                     | <b>-</b>               | <b>64,468</b>    |
| <b>Assets</b>                                       |                                                   |                                               |                                          |                                         |                                                   |                        |                  |
| Investments in associate companies                  | -                                                 | 3,755                                         | 4,005                                    | 21,779                                  | 60,657                                            | -                      | 90,196           |
| Additions to non-current assets (ii)                | 543                                               | 4,458                                         | 8,856                                    | 15,479                                  | 28,945                                            | -                      | 58,281           |
| <b>Segment assets</b>                               | <b>517,816</b>                                    | <b>110,892</b>                                | <b>558,933</b>                           | <b>68,383</b>                           | <b>103,287</b>                                    | <b>-</b>               | <b>1,359,311</b> |
| <b>Liabilities</b>                                  |                                                   |                                               |                                          |                                         |                                                   |                        |                  |
| <b>Segment liabilities</b>                          | <b>142,858</b>                                    | <b>9,615</b>                                  | <b>130,975</b>                           | <b>27,083</b>                           | <b>15,566</b>                                     | <b>-</b>               | <b>326,097</b>   |

49. **SEGMENTAL INFORMATION (CONT'D)**(a) **Operating Segments (cont'd)**

Segment revenue, expenses and results include transfers between segments. The prices charged on inter segment transactions are on negotiated basis. These transactions are eliminated on consolidation.

The Group is organised into five main operating segments. The main operating segments of the Group and their respective business activities are:-

| <b><u>Operating segment</u></b>         | <b><u>Business activities</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial services and credit & leasing | Stock broking and dealing in securities, provision of corporate finance and advisory services, credit and leasing and granting of loans and other related financing activities, provision of share registration services, management services and nominee agents.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Property investment and development     | Property development, property holding and investments and project and property management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Investment holding and trading          | Investment holding and trading of quoted securities and other related financial instruments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Retail trading and car rental           | Cars and limousines for hire/rental, wine merchant, retail and trading of high fashion wear, leather goods and other lifestyle-related products and operating food and beverages outlets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Information technology related services | Manufacture of wireless microwave telecommunication products, wireless broadcast card and provision of electronic manufacturing services, manufacture of light emitting diode, electronics and optical fiber cable devices, research and resale of all kind of optoelectronic devices, design and development of software and web applications and provision of telecommunication and networking services, manufacture, sale and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals, electronic components sourcing, computer hardware dealers and maintenance, trading of multimedia and electronic products and IT consultancy services. |

49. **SEGMENTAL INFORMATION (CONT'D)**

## (a) Operating Segments (cont'd)

## (i) Other material non-cash expenses consist of the following items:-

|                                                                     | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|---------------------------------------------------------------------|-----------------------|-----------------------|
| Impairment of available for sale investments                        | 27                    | 1,500                 |
| Loss on dilution of equity interest in associate companies          | 145                   | -                     |
| Impairment of held to maturity investments                          | -                     | 27                    |
| Allowance for doubtful debts                                        | 3,321                 | 214                   |
| Allowance for obsolete inventories                                  | 392                   | 416                   |
| Allowance for diminution in value of inventories                    | 86                    | -                     |
| Bad debts written off                                               | 961                   | 58                    |
| Fair value loss on derivatives                                      | -                     | 9,092                 |
| Inventories written off                                             | 5                     | 5                     |
| Loss on disposal of subsidiary companies                            | -                     | 12                    |
| Loss on redemption of held to maturity investments                  | -                     | 40                    |
| Property, plant and equipment written off                           | 45                    | 27                    |
| Provision for impairment loss on investment in an associate company | 14                    | 200                   |
| Realised foreign exchange loss                                      | -                     | 3,050                 |
| Unrealised foreign exchange loss                                    | -                     | 108                   |
|                                                                     | <u>4,996</u>          | <u>14,749</u>         |

## (ii) Additions to non-current assets consist of the following items:-

|                                | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|--------------------------------|-----------------------|-----------------------|
| Property, plant and equipment  | 28,463                | 16,221                |
| Investment properties          | 5,799                 | 9,631                 |
| Available for sale investments | 3,430                 | 11,491                |
| Held to maturity investments   | 13,196                | 3,218                 |
| Intangible assets              | -                     | 265                   |
| Associate companies            | 19,855                | 17,455                |
|                                | <u>70,743</u>         | <u>58,281</u>         |

49. **SEGMENTAL INFORMATION (CONT'D)**(b) **Geographical Information**

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-

|             | <u>Revenue</u><br>RM'000 | <u>Non-current<br/>assets</u><br>RM'000 |
|-------------|--------------------------|-----------------------------------------|
| <b>2014</b> |                          |                                         |
| Malaysia    | 88,549                   | 374,726                                 |
| Overseas    | 187,971*                 | 168,827*                                |
|             | <u>276,520</u>           | <u>543,553</u>                          |
| <b>2013</b> |                          |                                         |
| Malaysia    | 60,000                   | 303,383                                 |
| Overseas    | 237,324*                 | 144,169*                                |
|             | <u>297,324</u>           | <u>447,552</u>                          |

\* Comprised predominantly of Singapore and Hong Kong.

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

|                                | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
|--------------------------------|-----------------------|-----------------------|
| Property, plant and equipment  | 79,824                | 59,721                |
| Investment properties          | 159,716               | 151,432               |
| Available for sale investments | 106,241               | 96,022                |
| Held to maturity investments   | 29,990                | 23,997                |
| Associate companies            | 141,731               | 90,196                |
| Intangible assets              | 26,051                | 26,184                |
|                                | <u>543,553</u>        | <u>447,552</u>        |

(c) **Information about major customer**

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

**50. RELATED PARTY DISCLOSURES****(a) Outstanding balances arising from related party transactions**

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Note 10(b) and Note 11(b) to the financial statements.

**(b) The Group has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-**

|                                                                                                                                                                  | <b>Group</b> |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|
|                                                                                                                                                                  | <u>2014</u>  | <u>2013</u> |
|                                                                                                                                                                  | RM'000       | RM'000      |
| <b>Fees (charged by)/charged to Syarikat Agensi Pekerjaan ER Services Sdn Bhd, a company related to certain directors of the Company:-</b>                       |              |             |
| - human resources administration services fees                                                                                                                   | (51)         | (51)        |
| - rental of office premises                                                                                                                                      | -            | 14          |
| - secretarial services charges                                                                                                                                   | 1            | 1           |
| <b>Refurbishment and maintenance works provided to companies related to directors of the Company and a subsidiary company</b>                                    |              |             |
| - Immobiliare Holdings Sdn Bhd                                                                                                                                   | 42           | 41          |
| - Baktihan Sdn Bhd                                                                                                                                               | 73           | 54          |
| - Winfields Development Sdn Bhd                                                                                                                                  | 33           | 34          |
| - Kualiti Zaman Sdn Bhd                                                                                                                                          | -            | 9           |
| <b>Sales of goods and services to Inari Amertron Berhad Group ("Inari"), an associate company where Insas Berhad Group is a substantial shareholder of Inari</b> |              |             |
| - manufacturing services fee                                                                                                                                     | 49           | -           |
| - rental income                                                                                                                                                  | 44           | 19          |
| - network repair services                                                                                                                                        | 24           | 21          |
| - packing services                                                                                                                                               | 693          | 418         |
| - secretarial, share registration and other related services                                                                                                     | 29           | 31          |
| - Professional fee income                                                                                                                                        | 633          | 1,643       |
| <b>Interest charged to associate companies</b>                                                                                                                   | <u>61</u>    | <u>71</u>   |

## 50. RELATED PARTY DISCLOSURES (CONT'D)

- (c) The Company has the following transactions with the following related corporations during the financial year:-

|                                                                                                                                          | Company        |                |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                          | 2014<br>RM'000 | 2013<br>RM'000 |
| Management fees charged to subsidiary companies*                                                                                         | 492            | 492            |
| Dividends received from subsidiary companies:-                                                                                           |                |                |
| - Insas Credit & Leasing Sdn. Bhd.                                                                                                       | -              | 3,000          |
| - Insas Plaza Sdn. Bhd.                                                                                                                  | -              | 2,000          |
| - Lifestyle-One Sdn. Bhd.                                                                                                                | -              | 3,120          |
| - Insas Technology Berhad                                                                                                                | 580            | 580            |
| - M&A Securities Sdn. Bhd.                                                                                                               | 2,400          | 3,533          |
| Dividends received from an associate company,<br>Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.                                      | -              | 1,190          |
| Capital repayment from an associate company,<br>Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.                                       | 1,100          | -              |
| Secretarial and retainer fees paid and payable to a subsidiary<br>company, Megapolitan Management Services Sdn. Bhd.                     | 56             | 57             |
| Lease rental paid and payable to a subsidiary company,<br>Insas Pacific Rent-A-Car Sdn. Bhd.                                             | -              | 20             |
| Website maintenance and support fees paid and payable to a<br>subsidiary company, Vigtech Labs Sdn. Bhd.                                 | 2              | 2              |
| Email and network maintenance fee paid and purchase of<br>hardware and software from a subsidiary company,<br>Langdale Systems Sdn. Bhd. | 43             | 45             |
| Interest charged to subsidiary companies*                                                                                                | <u>5,014</u>   | <u>4,530</u>   |

\*The transactions are disclosed in aggregate as it is immaterial to disclose individually.

- (d) Remuneration of key management personnel

The remuneration of directors and other members of key management during the financial year were as follows:-

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Salaries, bonus and<br>allowances | 11,764         | 7,031          | 240            | 240            |
| Defined contribution plan         | 675            | 502            | 72             | 72             |
| Social security cost              | 7              | 7              | -              | -              |
| Benefits-in-kind                  | 66             | 121            | 23             | 35             |
|                                   | <u>12,512</u>  | <u>7,661</u>   | <u>335</u>     | <u>347</u>     |

## 50. RELATED PARTY DISCLOSURES (CONT'D)

## (d) Remuneration of key management personnel (cont'd)

Included in the total compensation of key management personnel were:-

|                                             | Group          |                | Company        |                |
|---------------------------------------------|----------------|----------------|----------------|----------------|
|                                             | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| Executive Directors' remuneration (Note 40) | 5,474          | 3,031          | 335            | 347            |

Other members of key management personnel comprise persons other than the Executive Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

## 51. LIST OF SUBSIDIARY COMPANIES

| Name of companies                                                         | % Effective equity interest |      | Principal activities                                            | Country of incorporation |
|---------------------------------------------------------------------------|-----------------------------|------|-----------------------------------------------------------------|--------------------------|
|                                                                           | 2014                        | 2013 |                                                                 |                          |
| Cellar-One Sdn. Bhd.                                                      | 100                         | 100  | Wine merchant                                                   | Malaysia                 |
| Insas Logistics (S) Pte. Ltd. (formerly known as Cellar-1 (S) Pte. Ltd.)* | 100                         | 100  | Car rental and logistics services                               | Singapore                |
| Dellmax Worldwide Sdn. Bhd.                                               | 69.3                        | 69.3 | Investment holding                                              | Malaysia                 |
| Delta Crest (M) Sdn. Bhd.                                                 | 100                         | 100  | Property investment                                             | Malaysia                 |
| Delta Crest (KL) Sdn. Bhd.                                                | 55                          | 55   | Property investment holding and development                     | Malaysia                 |
| Desa Juara Sdn. Bhd.                                                      | 100                         | 100  | Property development                                            | Malaysia                 |
| Filmont Development Sdn. Bhd.                                             | 100                         | 100  | Investment holding, property development and project management | Malaysia                 |
| Gryphon Asset Management Sdn. Bhd.                                        | 100                         | 100  | Dormant                                                         | Malaysia                 |
| Hastanas Development Sdn. Bhd.                                            | 78.8                        | 78.8 | Property development                                            | Malaysia                 |
| Insas Construction Sdn. Bhd.                                              | 100                         | 100  | Construction, landscaping, renovation and other related works   | Malaysia                 |



## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

| <u>Name of companies</u>            | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                                                                                                             | <u>Country of incorporation</u> |
|-------------------------------------|------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
|                                     | <u>2014</u>                        | <u>2013</u> |                                                                                                                                                                                         |                                 |
| Insas Corporate Services Sdn. Bhd.  | 100                                | 100         | Provision of management services and investment holding                                                                                                                                 | Malaysia                        |
| Insas Credit & Leasing Sdn. Bhd.    | 100                                | 100         | Credit and leasing and other related financing activities                                                                                                                               | Malaysia                        |
| Insas Plaza Sdn. Bhd.               | 100                                | 100         | Investment holding, investment trading, property investment, project and property management and commission agent                                                                       | Malaysia                        |
| Insas Project Management Sdn. Bhd.  | 100                                | 100         | Property and project management and consultants (dormant)                                                                                                                               | Malaysia                        |
| Insas Properties Sdn. Bhd.          | 90                                 | 90          | Investment holding and property investment                                                                                                                                              | Malaysia                        |
| Insas Property Management Sdn. Bhd. | 90                                 | 90          | Property and project management                                                                                                                                                         | Malaysia                        |
| Insas Technology Berhad             | 100                                | 100         | Investment holding and provision of management services, provision of information technology and consultancy services and trading of electronic and telecommunications related products | Malaysia                        |
| Insas Technology Pte. Ltd.*         | 100                                | 100         | Investment holding                                                                                                                                                                      | Singapore                       |
| Insas Pacific Rent-A-Car Sdn. Bhd.  | 100                                | 100         | Car rental services                                                                                                                                                                     | Malaysia                        |
| J&C Collaboration Sdn. Bhd.*        | 51                                 | 36          | Provision of content information, communication and connectivity technology solutions and services                                                                                      | Malaysia                        |

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

| <u>Name of companies</u>                  | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                                                                                                         | <u>Country of incorporation</u> |
|-------------------------------------------|------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
|                                           | <u>2014</u>                        | <u>2013</u> |                                                                                                                                                                                     |                                 |
| J&C Pacific Sdn. Bhd.*                    | 51                                 | 36          | Provide mobile telecommunication products and services and mobile airtime reload services                                                                                           | Malaysia                        |
| Langdale E3 Pte. Ltd.*                    | 100                                | 100         | Provide telecommunication services, electronic components sourcing and distribution and sale of mobile wireless and fixed line broadband solutions, devices and related peripherals | Singapore                       |
| Langdale Systems Sdn. Bhd.                | 100                                | 100         | Computer trading and software consultation                                                                                                                                          | Malaysia                        |
| Lifestyle-One Sdn. Bhd.                   | 100                                | 100         | Investment holding                                                                                                                                                                  | Malaysia                        |
| M & A Futures Sdn. Bhd.                   | 100                                | 100         | Dormant                                                                                                                                                                             | Malaysia                        |
| M & A Financial Services Inc.             | 100                                | 100         | Investment holding                                                                                                                                                                  | British Virgin Islands          |
| M & A Nominee (Asing) Sdn. Bhd.           | 100                                | 100         | Nominee agent and registration services                                                                                                                                             | Malaysia                        |
| M & A Nominee (Tempatan) Sdn. Bhd.        | 100                                | 100         | Nominee agent and registration services                                                                                                                                             | Malaysia                        |
| M & A Research Sdn. Bhd.                  | 100                                | 100         | Management and investment research services (dormant)                                                                                                                               | Malaysia                        |
| M & A Securities Sdn. Bhd.                | 100                                | 100         | Stock broking and dealing in securities and provision of corporate finance and advisory services                                                                                    | Malaysia                        |
| M & A Securities (HK) Limited*            | 100                                | 100         | Stockbroking (ceased operations)                                                                                                                                                    | Hong Kong                       |
| Magxo Sdn. Bhd.                           | 100                                | 100         | Mobile virtual network operations (dormant)                                                                                                                                         | Malaysia                        |
| Megapolitan Nominees (Tempatan) Sdn. Bhd. | 100                                | 100         | Nominee agent and registration services (dormant)                                                                                                                                   | Malaysia                        |
| Megapolitan Management Services Sdn. Bhd. | 100                                | 100         | Provision of corporate secretarial, share registration and management services                                                                                                      | Malaysia                        |

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## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

| <u>Name of companies</u>               | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                              | <u>Country of incorporation</u> |
|----------------------------------------|------------------------------------|-------------|------------------------------------------------------------------------------------------|---------------------------------|
|                                        | <u>2014</u>                        | <u>2013</u> |                                                                                          |                                 |
| Media Lang Limited*                    | 100                                | 100         | Trading of multimedia and electronic products and investment in securities               | Hong Kong                       |
| Montania Development Sdn. Bhd.         | 100                                | 100         | Property investment                                                                      | Malaysia                        |
| Montego Assets Limited                 | 100                                | 100         | Investment holding and trading                                                           | British Virgin Islands          |
| Montego (S) Pte. Ltd.*                 | 100                                | 100         | Investment holding, investment trading and investment and rental of properties           | Singapore                       |
| Montego Management Services Pte. Ltd.* | 100                                | 100         | Investment holding and provision of management services                                  | Singapore                       |
| Noble Builders Sdn. Bhd.               | 100                                | 100         | Dormant                                                                                  | Malaysia                        |
| Parkfair Development Sdn. Bhd.         | 90                                 | 90          | Investment holding                                                                       | Malaysia                        |
| Premium-One Sdn. Bhd.                  | 100                                | 100         | Restaurant operator (ceased operations)                                                  | Malaysia                        |
| Premium Realty Sdn. Bhd.               | 100                                | 100         | Investment holding and property investment                                               | Malaysia                        |
| Premium Yield Sdn. Bhd.                | 78.8                               | 78.8        | Investment holding                                                                       | Malaysia                        |
| Roset Limousine Services Pte. Ltd.*    | 51                                 | 51          | Provision of premium limousine services                                                  | Singapore                       |
| Segar Raya Development Sdn. Bhd.       | 71.1                               | 71.1        | Real property and housing developer                                                      | Malaysia                        |
| Southgroup Investments Limited*        | 100                                | 100         | Investment holding                                                                       | Hong Kong                       |
| Teraju Usaha Sdn. Bhd.                 | 100                                | 100         | Provision of consultancy and advisory services, commission agent and property investment | Malaysia                        |
| Topacres Sdn. Bhd.                     | 100                                | 100         | Investment holding                                                                       | Malaysia                        |
| Valencia Homes Sdn. Bhd.               | 90                                 | 90          | Property development                                                                     | Malaysia                        |

## 51. LIST OF SUBSIDIARY COMPANIES (CONT'D)

| <u>Name of companies</u>      | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                                         | <u>Country of incorporation</u> |
|-------------------------------|------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------|
|                               | <u>2014</u>                        | <u>2013</u> |                                                                                                                     |                                 |
| Vigcashlimited LLC            | 100                                | 100         | Provision of secure payment gateway services for e-commerce communities (dormant)                                   | Mongolia                        |
| VigSys Sdn. Bhd.              | 100                                | 100         | Manufacture and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals | Malaysia                        |
| VigTech Labs Sdn. Bhd.        | 100                                | 100         | Design and development of software and web applications and provision of communication and networking services      | Malaysia                        |
| Xotapoint Sdn. Bhd.           | 100                                | 100         | Dormant                                                                                                             | Malaysia                        |
| Xota Communications Sdn. Bhd. | 100                                | 100         | Dormant                                                                                                             | Malaysia                        |

\* Companies not audited by SJ Grant Thornton.

## 52. LIST OF ASSOCIATE COMPANIES

| <u>Name of companies</u>                             | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                                                               | <u>Country of incorporation</u> |
|------------------------------------------------------|------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
|                                                      | <u>2014</u>                        | <u>2013</u> |                                                                                                                                           |                                 |
| Centreplus Sdn. Bhd.                                 | 35                                 | 35          | Improving and leasing of landed property                                                                                                  | Malaysia                        |
| Cool Inspirations Sdn. Bhd.                          | 43.4                               | 43.4        | Property investment and investment holding                                                                                                | Malaysia                        |
| Diffusion Fashions Sdn. Bhd.                         | 43.4                               | 43.4        | Retailer of high fashion products                                                                                                         | Malaysia                        |
| Dome Cafe Sdn. Bhd.                                  | 43.4                               | 43.4        | Operating food and beverages restaurants                                                                                                  | Malaysia                        |
| Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. * | -                                  | 20          | Company under members' voluntary winding up                                                                                               | Malaysia                        |
| Island Cafe Sdn. Bhd.                                | 30.3                               | 30.3        | Operating food and beverages restaurants                                                                                                  | Malaysia                        |
| Lifestyle Foods Sdn. Bhd.                            | 43.4                               | 43.4        | Operating food and beverages restaurants                                                                                                  | Malaysia                        |
| Melium Holdings Sdn. Bhd.                            | 43.4                               | 43.4        | Investment holding                                                                                                                        | Malaysia                        |
| Melium Sdn. Bhd.                                     | 43.4                               | 43.4        | Retailer of high fashion products                                                                                                         | Malaysia                        |
| Melium Aseana Sdn. Bhd.                              | 43.4                               | 43.4        | Trading of Asian made products                                                                                                            | Malaysia                        |
| Fancy Connections Sdn. Bhd.                          | 30.3                               | 30.3        | Investment holding                                                                                                                        | Malaysia                        |
| Rising Inspiration Sdn. Bhd.                         | 43.4                               | 43.4        | Retailer of high fashion products                                                                                                         | Malaysia                        |
| PT Melium Nusantara*                                 | 30.3                               | 30.3        | Property investment holding and development                                                                                               | Indonesia                       |
| Smooth Inspiration Sdn. Bhd.*                        | 43.4                               | -           | Operating food and beverage restaurant                                                                                                    | Malaysia                        |
| Inari Amertron Berhad                                | 33.1                               | 33.9        | Investment holding                                                                                                                        | Malaysia                        |
| Inari Technology Sdn. Bhd.                           | 33.1                               | 33.9        | Manufacture of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services | Malaysia                        |
| Inari International Limited                          | 33.1                               | 33.9        | Investment holding                                                                                                                        | Cayman Islands                  |

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## 52. LIST OF ASSOCIATE COMPANIES (CONT'D)

| <u>Name of companies</u>                | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                        | <u>Country of incorporation</u> |
|-----------------------------------------|------------------------------------|-------------|----------------------------------------------------------------------------------------------------|---------------------------------|
|                                         | <u>2014</u>                        | <u>2013</u> |                                                                                                    |                                 |
| Amertron Inc. (Global) Limited          | 33.1                               | 33.9        | Investment holding                                                                                 | Cayman Islands                  |
| Amertron Incorporated                   | 33.1                               | 33.9        | Manufacture electronics and optical fiber cable devices                                            | Philippines                     |
| Amertron Technology (Kunshan) Co. Ltd.* | 33.1                               | 33.9        | Manufacture light emitting diode, research and resale of all kind of optoelectronic devices        | The People's Republic of China  |
| Inari South Keytech Sdn. Bhd.           | 33.1                               | 33.9        | Design, develop and manufacture fiber optic connector                                              | Malaysia                        |
| Inari Global (HK) Limited               | 33.1                               | 33.9        | Dormant                                                                                            | British Virgin Islands          |
| Ceedtec Sdn. Bhd.                       | 16.9                               | 17.3        | Designing, marketing and distribution of electronic products                                       | Malaysia                        |
| Ceedtec Technology Sdn. Bhd.            | 16.9                               | 17.3        | Manufacture of testing equipment for semiconductor and related products                            | Malaysia                        |
| Simfoni Bistari Sdn. Bhd.               | 33.1                               | 33.9        | Investment holding and property investment                                                         | Malaysia                        |
| Sengenics Sdn. Bhd.*                    | 20                                 | 20          | Provision of cytogenetic and molecular diagnostic products and services and related R&D activities | Malaysia                        |
| Sengenics International Pte. Ltd.*      | 20                                 | -           | Research and experimental development on biotechnology                                             | Singapore                       |
| Winfields Development Sdn. Bhd.         | 40                                 | 40          | Investment holding and rental of properties                                                        | Malaysia                        |

## 52. LIST OF ASSOCIATE COMPANIES (CONT'D)

| <u>Name of companies</u>                 | <u>% Effective equity interest</u> |             | <u>Principal activities</u>                                                                           | <u>Country of incorporation</u> |
|------------------------------------------|------------------------------------|-------------|-------------------------------------------------------------------------------------------------------|---------------------------------|
|                                          | <u>2014</u>                        | <u>2013</u> |                                                                                                       |                                 |
| Winfields Development Pte. Ltd.*         | 40                                 | 40          | Investment holding in properties and trading of securities and other financial instruments            | Singapore                       |
| Montprimo Sdn. Bhd.*                     | 45                                 | 45          | Investment holding and real property and housing development                                          | Malaysia                        |
| Bandar Kinrara Properties Sdn. Bhd.*     | 45                                 | 45          | Property development                                                                                  | Malaysia                        |
| Montprimo Property Management Sdn. Bhd.* | 45                                 | 45          | Property management, consultancy and advisory services                                                | Malaysia                        |
| Regular Project Management Sdn. Bhd.*    | 45                                 | 45          | Project management, consultancy and advisory services                                                 | Malaysia                        |
| Montprimo Desa JV Sdn. Bhd.*             | 45                                 | 45          | Dormant                                                                                               | Malaysia                        |
| Score Project Management Sdn. Bhd.*      | 45                                 | 45          | Project management, consultancy and advisory services                                                 | Malaysia                        |
| PRAC Logistics Sdn. Bhd.*                | 45                                 | 45          | Dormant                                                                                               | Malaysia                        |
| True Acres Sdn. Bhd.                     | 40.1                               | 40.1        | Investment holding                                                                                    | Malaysia                        |
| Numoni Pte. Ltd.*                        | 29.4                               | -           | Investment holding, manufacture and sale of self-service terminals and transaction processing systems | Singapore                       |
| Numoni Singapore Pte. Ltd.*              | 29.4                               | -           | Mobile network payment solutions                                                                      | Singapore                       |
| Numoni Technology Pte. Ltd.*             | 29.4                               | -           | Mobile network payment solutions                                                                      | Singapore                       |
| PT Numoni Indonesia*                     | 29.4                               | -           | Dormant                                                                                               | Indonesia                       |
| Numoni Malaysia Sdn. Bhd.*               | 29.4                               | -           | Dormant                                                                                               | Malaysia                        |

\* Companies not audited by SJ Grant Thornton.

**53. LIST OF JOINT VENTURES**

| <u>Name of entities</u>  | <u>% Effective equity interest</u> |             | <u>Principal activities</u>              | <u>Country of incorporation</u> |
|--------------------------|------------------------------------|-------------|------------------------------------------|---------------------------------|
|                          | <u>2014</u>                        | <u>2013</u> |                                          |                                 |
| Chantrey House LLP*      | 50                                 | 50          | Investment holding                       | United Kingdom                  |
| Eccleston Belgravia LLP* | 49.8                               | 49.8        | Improving and leasing of landed property | United Kingdom                  |

\* Entities not audited by SJ Grant Thornton

**54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (i) On 13 November 2013, Insas Technology Pte. Ltd., an indirect wholly-owned subsidiary company, subscribed for 500,000 ordinary shares representing 29.40% equity interest in Numoni Pte. Ltd. ("Numoni") for a cash consideration of S\$500,000.

Numoni was incorporated on 1 January 2012 under the Singapore Companies Act (Cap 50). The principal activities of Numoni are investment holding, manufacture and sale of self-service terminals and transaction processing systems.

- (ii) On 6 May 2014, Topacres Sdn. Bhd., a wholly-owned subsidiary company, entered into a Subscription and Shareholders' Agreement with Tribeca Capital Sdn. Bhd. and Red Zone Development Sdn. Bhd. for the subscription of 300,000 new ordinary shares of RM1.00 each and 2,700,000 new redeemable preference shares of RM0.01 each ("Subscription") representing 60% of the enlarged share capital of Special Windfall Sdn. Bhd. ("SWSB") for a total subscription price of RM3.0 million. The Subscription was completed on 1 July 2014.

SWSB is a private limited company incorporated in Malaysia on 16 July 2012. Its principal activity is housing development. SWSB has on 26 February 2014 entered into a Share Sale Agreement with third parties to acquire the entire issued and paid-up share capital of Tahap Wawasan Sdn. Bhd. ("TWSB") at a consideration of RM9.52 million and Repayment Agreement to repay TWSB's debts amounting to RM3.98 million.

TWSB is a private limited company incorporated in Malaysia on 2 January 2003. The principal activity of TWSB is property holding and investment. TWSB is the registered owner of a piece of freehold land held under Geran 200852 Lot 27736 Bandar Nilai Utama, Daerah Seremban, Negeri Sembilan measuring approximately 41,476 square meters.

- (iii) On 6 May 2014, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary company, acquired an additional 187,500 ordinary shares of RM1.00 each representing 15% equity interest in J&C Pacific Sdn. Bhd. ("J&C") from one of J&C's shareholders, for a cash consideration of RM1.0 million.

Following the acquisition, ITB's equity interest in J&C increased from 36% to 51%. Arising thereon, J&C became a 51% indirect subsidiary of the Group.

The details of acquisition of J&C is disclosed in Note 43(a) to the financial statements.



**54. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)**

- (iv) On 12 June 2014, Insas Plaza Sdn. Bhd., a wholly-owned subsidiary company, acquired 27,500,000 ordinary shares of RM0.25 each representing 10% equity interest in SYF Resources Berhad ("SYF") for a cash consideration of RM28,875,000.

SYF is a public limited company listed on the Main Market of Bursa Malaysia Securities Berhad. SYF Group is principally engaged in the manufacturing and trading of rubberwood furniture and component parts, trading of particle board and property development.

**55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- (i) On 25 July 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that the Company intends to undertake the following Proposals:-
- (a) Proposed Renounceable Rights Issue of up to 138,666,727 Redeemable Preference Shares ("RPS") with up to 277,333,454 free detachable Warrants on the basis of one (1) RPS and two (2) Warrants for every five (5) existing ordinary shares of RM1.00 each held in the Company at an issue price of RM1.00 per RPS ("Proposed Rights Issue with Warrants").
  - (b) Proposed reclassification of the authorised share capital of the Company from RM1,500,000,000 comprising 1,500,000,000 ordinary shares of RM1.00 each to RM1,500,000,000 comprising 1,498,000,000 ordinary shares of RM1.00 each and 200,000,000 RPS of RM0.01 each.
  - (c) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the reclassification of the authorised share capital of the Company and the issuance of RPS pursuant to the Proposed Rights Issue with Warrants.
  - (d) Proposed establishment and implementation of an employees' share option scheme ("Proposed ESOS") of up to ten percent (10%) of the issued and paid-up share capital of the Company to all eligible employees of the Group including Executive Directors and Non-Executive Directors of the Company and its subsidiary companies (excluding subsidiary companies which are dormant) who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the by-laws of the Proposed ESOS. The ESOS options granted shall entitle the eligible employees to subscribe for new shares in the Company at a specified price.

The above Proposals are subject to the following approvals being obtained:-

- (a) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the RPS, Warrants and the new ordinary shares to be issued arising from the exercise of Warrants and ESOS pursuant to the Proposed Rights Issue with Warrants and the Proposed ESOS;

**55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)**

- (i) On 25 July 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that the Company intends to undertake the following Proposals (cont'd):-

The above Proposals are subject to the following approvals being obtained (cont'd):-

- (b) Bank Negara Malaysia for the issuance of RPS to non-residents shareholders of the Company pursuant to the Proposed Rights Issue with Warrants;
  - (c) Shareholders of the Company at an extraordinary general meeting to be convened for the Proposals; and
  - (d) Other relevant authorities, if required.
- (ii) On 1 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bursa Securities had vide its letter dated 30 September 2014, approved the followings:-
- (a) admission to the Official List and the listing of and quotation for up to 277,333,454 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
  - (b) admission to the Official List and the listing of and quotation for up to 138,666,727 RPS to be issued pursuant to the Proposed Rights Issue with Warrants;
  - (c) listing of and quotation for up to 277,333,454 new ordinary shares of RM1.00 each in the Company to be issued pursuant to the exercise of the Warrants; and
  - (d) listing of such number of additional shares representing up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company, (excluding treasury shares), to be issued pursuant to the exercise of options under the Proposed ESOS.

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions:-

- (a) the Company and M&A Securities Sdn. Bhd. must fully comply with the relevant provisions under the Main Market Listing Requirements ("LR") pertaining to the implementation of the Proposed Rights Issue with Warrants;
- (b) the Company and M&A Securities Sdn. Bhd. to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
- (c) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed;

**55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)**

- (ii) On 1 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bursa Securities had vide its letter dated 30 September 2014, approved the followings (cont'd):-

The approval by Bursa Securities for the Proposed Rights Issue with Warrants is subject to the following conditions (cont'd):-

- (d) the Company to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants/Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable;
  - (e) the Company is required to submit a confirmation to Bursa Securities of full compliance with the Proposed ESOS pursuant to Paragraph 6.43(1) of the LR and stating the effective date of implementation; and
  - (f) a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposals.
- (iii) On 2 October 2014, the Company announced that SWSB had on 2 October 2014 entered into Deed of Termination with the Vendors of TWSB to mutually agree to rescind, revoke and terminate the Share Sale Agreement dated 26 February 2014 made between SWSB and the Vendors for the acquisition of the entire issued and paid-up capital of TWSB for a purchase consideration of RM9.52 million and Repayment Agreement dated 26 February 2014 made between SWSB and the Vendors for SWSB to repay TWSB's debts amounting to RM3.98 million.

In accordance with the terms of the Deed of Termination, the sum paid by SWSB comprising the deposit of RM0.95 million being part payment towards the purchase consideration paid to the Vendors pursuant to the Share Sale Agreement and Repayment Sum of RM3.98 million paid to the Vendors' solicitors holding as stakeholders pursuant to the Repayment Agreement shall be refunded by the Vendors and Vendors' solicitors to SWSB free of interest immediately upon SWSB withdrawing the private caveat lodged over the land owned by TWSB.

- (iv) On 10 October 2014, the Company had issued and despatched a circular to the shareholders of the Company to provide the shareholders with details of the Proposals and to seek the shareholders' approval for the resolutions pertaining to the Proposals to be tabled at an extraordinary general meeting to be convened on 3 November 2014 or at any adjournment thereof.
- (v) On 20 October 2014, M&A Securities Sdn. Bhd., on behalf of the Company, announced that Bank Negara Malaysia ("BNM") had vide its letter dated 16 October 2014, approved the issuance of 100,000,000 RPS amounting to RM100 million to non-resident shareholders of the Company.

The Company is to inform BNM the date of issuance of the RPS and the actual number of RPS issued to non-resident shareholders of the Company.

The approval by BNM will be terminated in the event the Company:-

- (a) utilises the funds for reasons other than stated in the note below; and
- (b) does not issue the RPS within twelve (12) months from the date of BNM's approval.

**55. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (CONT'D)**

(v) (Cont'd)

| Note:-                                                                          | RM million   |
|---------------------------------------------------------------------------------|--------------|
| Working capital and capital injection into resident subsidiaries of the Company | 117.3        |
| Repayment of bank borrowings                                                    | 20.0         |
| Defray estimated expenses relating to the Proposals                             | <u>1.4</u>   |
| Total                                                                           | <u>138.7</u> |

The Company is required to seek the prior consent of BNM:-

- (a) for any amendments to the terms and purpose of use for the RPS; and
- (b) in the event the issuance of the RPS falls after twelve (12) months after the date of BNM's approval.

The Company is to make the redemption of the RPS in a foreign currency (other than the currency of Israel) or in Ringgit Malaysia. The redemption of the RPS is to be made into the non-resident shareholders' external account maintained in Malaysia. Any conversion of foreign currency into Ringgit Malaysia and vice versa is to be made through licensed onshore banks.

The Company is to also submit the information required by a licensed onshore bank to enable the bank to make the relevant payments on behalf of the Company to non-resident shareholders, for each redemption and dividends of more than RM200,000 or the equivalent in a foreign currency.

In the event the non-resident shareholders enter into hedging contracts to manage the risk of exposure against Ringgit Malaysia denominated borrowings, the hedging contracts may only be performed by licensed onshore banks.

**56. FINANCIAL INSTRUMENTS****(a) Financial risk management and policies**

The Group and the Company are exposed to financial risks arising from the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate, credit, foreign currency exchange, liquidity and market risks. The Group and the Company operate within guidelines approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(i) Interest rate risk (cont'd)

The Group and the Company are not significantly exposed to interest rate risk except for the floating rate borrowings and deposits placed with licensed banks and financial institutions. The interest rates applicable on the Group's amount due from an associate company, held to maturity investments, trade receivables, other payables and hire purchase payables are mainly fixed rate in nature and are not exposed to interest rate risk.

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows:-

| <b>2014</b>                                                    | <u>Floating</u><br>rates<br><u>instruments</u><br>RM'000 | <u>Fixed</u><br>rates<br><u>instruments</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>Effective interest</u><br>rate during the<br><u>financial year</u><br>% per annum |
|----------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------|
| <b>Group</b>                                                   |                                                          |                                                       |                        |                                                                                      |
| <u>Financial assets</u>                                        |                                                          |                                                       |                        |                                                                                      |
| Amount due from an associate company                           | -                                                        | 3,150                                                 | 3,150                  | 12.00%                                                                               |
| Held to maturity investments                                   | -                                                        | 36,165                                                | 36,165                 | 3.10% - 10.25%                                                                       |
| Trade receivables                                              | -                                                        | 210,364                                               | 210,364                | 6.30% - 15.00%                                                                       |
| Deposits placed with licensed banks and financial institutions | 319,585                                                  | -                                                     | 319,585                | 0.001% - 3.16%                                                                       |
| <u>Financial liabilities</u>                                   |                                                          |                                                       |                        |                                                                                      |
| Other payables                                                 | -                                                        | 18,345                                                | 18,345                 | 7.50% - 8.50%                                                                        |
| Loans and borrowings                                           | 245,153                                                  | -                                                     | 245,153                | 0.35% - 9.10%                                                                        |
| Hire purchase payables                                         | -                                                        | 37,186                                                | 37,186                 | 2.41% - 9.50%                                                                        |
| <b>Company</b>                                                 |                                                          |                                                       |                        |                                                                                      |
| <u>Financial assets</u>                                        |                                                          |                                                       |                        |                                                                                      |
| Amount due from subsidiary companies                           | -                                                        | 196,748                                               | 196,748                | 1.80% - 12.00%                                                                       |
| Deposits placed with licensed banks                            | 1,073                                                    | -                                                     | 1,073                  | 2.20% - 2.85%                                                                        |
| <u>Financial liabilities</u>                                   |                                                          |                                                       |                        |                                                                                      |
| Loans and borrowings                                           | 51,300                                                   | -                                                     | 51,300                 | 4.89% - 5.98%                                                                        |
| Hire purchase payables                                         | -                                                        | 100                                                   | 100                    | 2.42%                                                                                |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(i) Interest rate risk (cont'd)

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows (cont'd):-

| <b>2013<br/>Group</b>                                          | <u>Floating<br/>rates<br/>instruments</u><br>RM'000 | <u>Fixed<br/>rates<br/>instruments</u><br>RM'000 | <u>Total</u><br>RM'000 | <u>Effective interest<br/>rate during the<br/>financial year</u><br>% per annum |
|----------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|------------------------|---------------------------------------------------------------------------------|
| <u>Financial assets</u>                                        |                                                     |                                                  |                        |                                                                                 |
| Held to maturity investments                                   | -                                                   | 32,595                                           | 32,595                 | 3.10% - 10.25%                                                                  |
| Trade receivables                                              | -                                                   | 223,191                                          | 223,191                | 6.30% - 15.00%                                                                  |
| Deposits placed with licensed banks and financial institutions | 322,403                                             | -                                                | 322,403                | 0.01% - 4.65%                                                                   |
| <u>Financial liabilities</u>                                   |                                                     |                                                  |                        |                                                                                 |
| Other payables                                                 | -                                                   | 18,889                                           | 18,889                 | 7.50% - 8.50%                                                                   |
| Loans and borrowings                                           | 145,665                                             | -                                                | 145,665                | 0.19% - 9.10%                                                                   |
| Hire purchase payables                                         | -                                                   | 24,251                                           | 24,251                 | 2.42% - 5.34%                                                                   |
| <b>Company</b>                                                 |                                                     |                                                  |                        |                                                                                 |
| <u>Financial assets</u>                                        |                                                     |                                                  |                        |                                                                                 |
| Amount due from subsidiary companies                           | -                                                   | 275,226                                          | 275,226                | 1.50% - 14.50%                                                                  |
| Deposits placed with licensed banks                            | 1,046                                               | -                                                | 1,046                  | 2.55% - 2.60%                                                                   |
| <u>Financial liabilities</u>                                   |                                                     |                                                  |                        |                                                                                 |
| Loans and borrowings                                           | 33,700                                              | -                                                | 33,700                 | 4.78% - 5.94%                                                                   |
| Hire purchase payables                                         | -                                                   | 125                                              | 125                    | 2.42%                                                                           |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(i) Interest rate risk (cont'd)

The Group's and the Company's exposure to interest rate risk for a 1% increase/(decrease) in interest rate on the financial assets and liabilities with floating interest rates at the reporting date would result in a corresponding effect to the profit for the financial year as follows:-

|                    | Profit for the<br>financial year<br>RM'000 |
|--------------------|--------------------------------------------|
| <b>Group</b>       |                                            |
| <b><u>2014</u></b> |                                            |
| Variable rates     |                                            |
| - increase by 1%   | 744                                        |
| - decrease by 1%   | <u>(744)</u>                               |
| <b><u>2013</u></b> |                                            |
| Variable rates     |                                            |
| - increase by 1%   | 1,767                                      |
| - decrease by 1%   | <u>(1,767)</u>                             |
| <b>Company</b>     |                                            |
| <b><u>2014</u></b> |                                            |
| Variable rates     |                                            |
| - increase by 1%   | (502)                                      |
| - decrease by 1%   | <u>502</u>                                 |
| <b><u>2013</u></b> |                                            |
| Variable rates     |                                            |
| - increase by 1%   | (327)                                      |
| - decrease by 1%   | <u>327</u>                                 |

The assumed movement in interest rate of 1% for the interest rate sensitivity analysis is based on the prudent estimate of the current market environment.

(ii) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company do not have significant concentration of credit risk with any single counterparty.

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables and amount due from subsidiary companies and related companies in the statements of financial position.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high credit rating.

**56. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial risk management and policies (cont'd)****(ii) Credit risk (cont'd)****Trade and other receivables**

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2013: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules. The Group's normal credit term in relation to rental receivables is 7 days (2013: 7 days). Other credit terms are assessed and approved on a case-by-case basis. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

Other receivables which are neither past due nor impaired refers to balances that are deemed recoverable.

**Intercompany advances**

The Group provides advances to its associate companies and controls the credit risk via monitoring procedures.

The Company provides advances to its associate and subsidiary companies and controls the credit risk via monitoring procedures.

As at the reporting date, there was no indication of default on payment for advances granted to the associate and subsidiary companies and adequate impairment have been accounted for those impaired balances due from the associate and subsidiary companies.

**Investments and other financial assets**

The Group and the Company hold securities and deposits placed with sound credit rating counterparties and financial institutions.

As at the reporting date, there was no indication that any investments and deposits are not recoverable.

**Financial guarantees**

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies and monitored the results of repayments by the subsidiary companies closely. As at the reporting date, there was no indication that any subsidiary company will default on payment.



## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(iii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on their sales, purchases, investments and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are principally Hong Kong Dollar, Australian Dollar, Singapore Dollar, US Dollar, Sterling Pound and Euro Dollar.

The Group is also exposed to currency translation risk arising from its net assets of the respective foreign subsidiary companies.

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows:-

| 2014<br>Group                                           | US<br>Dollar<br>RM'000 | Singapore<br>Dollar<br>RM'000 | Euro<br>Dollar<br>RM'000 | Sterling<br>Pound<br>RM'000 | Australian<br>Dollar<br>RM'000 | Hong<br>Kong<br>Dollar<br>RM'000 | Other<br>currencies<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------------|------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|-----------------|
| Available for sale investments                          | 11,304                 | 3,703                         | -                        | 595                         | 290                            | -                                | -                             | 15,892          |
| Held to maturity investments                            | 27,768                 | 1,944                         | -                        | -                           | 6,453                          | -                                | -                             | 36,165          |
| Trade receivables                                       | 1,126                  | 2,764                         | 4                        | 253                         | -                              | 108                              | -                             | 4,255           |
| Other receivables, deposits and prepayments             | 150                    | 1,698                         | 34                       | 8                           | 302                            | 32                               | -                             | 2,224           |
| Financial assets at fair value through profit or loss   | 29,757                 | 19,075                        | -                        | 12,024                      | -                              | 69,002                           | 4,674                         | 134,532         |
| Deposits with licensed banks and financial institutions | 499                    | 662                           | 2,357                    | 37,665                      | 141,848                        | -                                | -                             | 183,031         |
| Cash and bank balances                                  | 4,255                  | 5,223                         | 788                      | 2,107                       | 10,168                         | 581                              | 174                           | 23,296          |
| Loans and borrowings                                    | (112,646)              | (46,669)                      | (7,300)                  | -                           | 43,922                         | (45,431)                         | -                             | (168,124)       |
| Derivative financial liabilities                        | (180)                  | (2,811)                       | -                        | -                           | 18                             | (900)                            | -                             | (3,873)         |
| Trade payables                                          | (76)                   | (702)                         | -                        | -                           | -                              | -                                | -                             | (778)           |
| Hire purchase payables                                  | -                      | (9,571)                       | -                        | -                           | -                              | -                                | -                             | (9,571)         |
| Other payables and accruals                             | (1,338)                | (1,974)                       | (438)                    | (30)                        | -                              | (67)                             | -                             | (3,847)         |
| Net financial (liabilities)/assets                      | (39,381)               | (26,658)                      | (4,555)                  | 52,622                      | 203,001                        | 23,325                           | 4,848                         | 213,202         |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

| 2014 (cont'd)<br>Company                                | US<br>Dollar<br>RM'000 | Singapore<br>Dollar<br>RM'000 | Euro<br>Dollar<br>RM'000 | Sterling<br>Pound<br>RM'000 | Australian<br>Dollar<br>RM'000 | Hong<br>Kong<br>Dollar<br>RM'000 | Other<br>currencies<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------------------|------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|-----------------|
| Available for sale investments                          | -                      | -                             | -                        | 595                         | -                              | -                                | -                             | 595             |
| Cash and bank balances                                  | -                      | -                             | -                        | -                           | 13                             | -                                | -                             | 13              |
| Amount due from subsidiary companies                    | 2,021                  | 11,790                        | 825                      | (8,481)                     | (772)                          | 5,364                            | 7,248                         | 17,995          |
| Amount due to subsidiary companies                      | -                      | -                             | -                        | -                           | -                              | (45,768)                         | -                             | (45,768)        |
| Net financial assets/(liabilities)                      | 2,021                  | 11,790                        | 825                      | (7,886)                     | (759)                          | (40,404)                         | 7,248                         | (27,165)        |
| <b>2013<br/>Group</b>                                   |                        |                               |                          |                             |                                |                                  |                               |                 |
| Available for sale investments                          | 11,181                 | 875                           | -                        | 310                         | -                              | -                                | -                             | 12,366          |
| Held to maturity investments                            | 16,273                 | 6,648                         | 2,220                    | -                           | 6,453                          | -                                | -                             | 31,594          |
| Trade receivables                                       | 957                    | 1,978                         | 1,241                    | 16                          | 275                            | 36                               | -                             | 4,503           |
| Other receivables, deposits and prepayments             | 100                    | 816                           | 80                       | 7                           | 433                            | 32                               | -                             | 1,468           |
| Financial assets at fair value through profit or loss   | 18,518                 | 14,304                        | -                        | 5,842                       | 105                            | 45,411                           | 4,305                         | 88,485          |
| Deposits with licensed banks and financial institutions | 1,432                  | 2,810                         | 8,373                    | 42,255                      | 74,426                         | -                                | 2,367                         | 131,663         |
| Cash and bank balances                                  | 26,860                 | 1,511                         | 2,153                    | 1,322                       | 22,268                         | (22,995)                         | 40                            | 31,159          |
| Loans and borrowings                                    | (40,007)               | (19,110)                      | -                        | (1,454)                     | (3,406)                        | (12,898)                         | -                             | (76,875)        |
| Derivative financial liabilities                        | (13,898)               | (6,193)                       | -                        | -                           | -                              | -                                | -                             | (20,091)        |
| Trade payables                                          | (3)                    | (425)                         | (403)                    | -                           | -                              | (105)                            | -                             | (936)           |
| Hire purchase payables                                  | -                      | (6,306)                       | -                        | -                           | -                              | -                                | -                             | (6,306)         |
| Other payables and accruals                             | (325)                  | (6,078)                       | (17)                     | (25)                        | -                              | (26)                             | -                             | (6,471)         |
| Net financial assets/(liabilities)                      | 21,088                 | (9,170)                       | 13,647                   | 48,273                      | 100,554                        | 9,455                            | 6,712                         | 190,559         |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

| 2013 (cont'd)<br>Company             | US<br>Dollar<br>RM'000 | Singapore<br>Dollar<br>RM'000 | Euro<br>Dollar<br>RM'000 | Sterling<br>Pound<br>RM'000 | Australian<br>Dollar<br>RM'000 | Hong<br>Kong<br>Dollar<br>RM'000 | Other<br>currencies<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------------|----------------------------------|-------------------------------|-----------------|
| Available for sale investments       | -                      | -                             | -                        | 310                         | -                              | -                                | -                             | 310             |
| Cash and bank balances               | -                      | -                             | -                        | -                           | 13                             | -                                | -                             | 13              |
| Amount due from subsidiary companies | 2,808                  | 28,131                        | 10,008                   | 28,574                      | 66,025                         | 9,569                            | 10,562                        | 155,677         |
| Amount due to subsidiary companies   | -                      | -                             | -                        | -                           | -                              | (45,251)                         | -                             | (45,251)        |
| Net financial assets/(liabilities)   | 2,808                  | 28,131                        | 10,008                   | 28,884                      | 66,038                         | (35,682)                         | 10,562                        | 110,749         |

A 5% strengthening of Ringgit Malaysia ("RM") against the following major foreign currencies at the reporting date would (decrease)/increase the Group's and the Company's profit for the financial year and equity by the amounts shown below with all other variables held constant:-

| 2014                                      | Group's profit<br>for the<br>financial year<br>RM'000 | Company's profit<br>for the<br>financial year<br>RM'000 |
|-------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|
| US Dollar/RM<br>- strengthened 5%         | (1,969)                                               | 101                                                     |
| Singapore Dollar/RM<br>- strengthened 5%  | (1,333)                                               | 590                                                     |
| Euro Dollar/RM<br>- strengthened 5%       | (228)                                                 | 41                                                      |
| Sterling Pound/RM<br>- strengthened 5%    | 2,631                                                 | (394)                                                   |
| Australian Dollar/RM<br>- strengthened 5% | 10,150                                                | (38)                                                    |
| Hong Kong Dollar/RM<br>- strengthened 5%  | 1,166                                                 | (2,020)                                                 |
| <b>2013</b>                               |                                                       |                                                         |
| US Dollar/RM<br>- strengthened 5%         | 1,054                                                 | 140                                                     |
| Singapore Dollar/RM<br>- strengthened 5%  | (459)                                                 | 1,407                                                   |
| Euro Dollar/RM<br>- strengthened 5%       | 682                                                   | 500                                                     |
| Sterling Pound/RM<br>- strengthened 5%    | 2,414                                                 | 1,444                                                   |
| Australian Dollar/RM<br>- strengthened 5% | 5,028                                                 | 3,302                                                   |
| Hong Kong Dollar/RM<br>- strengthened 5%  | 473                                                   | (1,784)                                                 |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(iii) Foreign currency exchange risk (cont'd)

The assumed movement in foreign currency exchange rate of 5% for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company are unable to meet their financial obligations when they fall due as a result of shortage of funds. The Group's and the Company's liquidity risk exposure mainly arise from various payables, derivative liabilities, loans and borrowings and amount due to subsidiary companies and associate companies.

The Group and the Company monitor and maintain sufficient level of cash and cash equivalent to ensure adequate financing of the Group's operations. The Group and the Company also ensures the availability of funding through adequate amount of committed credit facilities.

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2013: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules.

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

|                                    | Less than<br><u>1 year</u><br>RM'000 | 1 to 5<br><u>years</u><br>RM'000 | After<br><u>5 years</u><br>RM'000 | <u>Total</u><br>RM'000 |
|------------------------------------|--------------------------------------|----------------------------------|-----------------------------------|------------------------|
| <b>2014</b>                        |                                      |                                  |                                   |                        |
| <b>Group</b>                       |                                      |                                  |                                   |                        |
| <u>Financial liabilities</u>       |                                      |                                  |                                   |                        |
| Derivative financial liabilities   | 3,873                                | -                                | -                                 | 3,873                  |
| Trade and other payables           | 114,209                              | -                                | -                                 | 114,209                |
| Loans and borrowings               | 228,875                              | 10,341                           | 5,937                             | 245,153                |
| Hire purchase payables             | 11,850                               | 28,431                           | 470                               | 40,751                 |
| <b>Company</b>                     |                                      |                                  |                                   |                        |
| <u>Financial liabilities</u>       |                                      |                                  |                                   |                        |
| Amount due to subsidiary companies | 61,789                               | -                                | -                                 | 61,789                 |
| Other payables                     | 445                                  | -                                | -                                 | 445                    |
| Loans and borrowings               | 51,300                               | -                                | -                                 | 51,300                 |
| Hire purchase payables             | 30                                   | 78                               | -                                 | 108                    |
| <b>2013</b>                        |                                      |                                  |                                   |                        |
| <b>Group</b>                       |                                      |                                  |                                   |                        |
| <u>Financial liabilities</u>       |                                      |                                  |                                   |                        |
| Derivative financial liabilities   | 20,091                               | -                                | -                                 | 20,091                 |
| Trade and other payables           | 89,063                               | -                                | -                                 | 89,063                 |
| Loans and borrowings               | 138,487                              | 1,753                            | 5,425                             | 145,665                |
| Hire purchase payables             | 8,367                                | 17,963                           | 204                               | 26,534                 |
| Amount due to associate companies  | 45,060                               | -                                | -                                 | 45,060                 |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(iv) Liquidity risk (cont'd)

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations (cont'd):-

| 2013 (cont'd)<br>Company           | Less than<br><u>1 year</u><br>RM'000 | 1 to 5<br><u>years</u><br>RM'000 | After<br><u>5 years</u><br>RM'000 | <u>Total</u><br>RM'000 |
|------------------------------------|--------------------------------------|----------------------------------|-----------------------------------|------------------------|
| <u>Financial liabilities</u>       |                                      |                                  |                                   |                        |
| Amount due to subsidiary companies | 61,627                               | -                                | -                                 | 61,627                 |
| Other payables                     | 622                                  | -                                | -                                 | 622                    |
| Loans and borrowings               | 33,700                               | -                                | -                                 | 33,700                 |
| Hire purchase payables             | 30                                   | 109                              | -                                 | 139                    |

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price of quoted securities held as available for sale investments and financial assets/liabilities at fair value through profit or loss.

|                                                       | <u>Group</u>          |                       |
|-------------------------------------------------------|-----------------------|-----------------------|
|                                                       | <u>2014</u><br>RM'000 | <u>2013</u><br>RM'000 |
| Available for sale investments                        |                       |                       |
| - quoted securities in Malaysia                       | 84,598                | 70,830                |
| Financial assets at fair value through profit or loss |                       |                       |
| - quoted securities in Malaysia                       | 153,642               | 60,769                |
| - quoted securities outside Malaysia                  | 134,532               | 88,485                |
|                                                       | <u>288,174</u>        | <u>149,254</u>        |
| Derivative financial liabilities                      | 3,873                 | 20,091                |

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)(v) Market risk (cont'd)

If prices of quoted securities and financial derivatives change by 5% with other variables held constant, the effects of the change on profit for the financial year and equity will be as below:-

|                                                                                           | <u>Profit for the<br/>financial year</u><br>RM'000 | <u>Equity for the<br/>financial year</u><br>RM'000 |
|-------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| <b>Group</b>                                                                              |                                                    |                                                    |
| <b>2014</b>                                                                               |                                                    |                                                    |
| Available for sale investments                                                            |                                                    |                                                    |
| - increase by 5%                                                                          | -                                                  | 4,230                                              |
| - decrease by 5%                                                                          | -                                                  | (4,230)                                            |
| <br>Financial assets at fair value<br>through profit or loss and financial<br>derivatives |                                                    |                                                    |
| - increase by 5%                                                                          | 14,215                                             | -                                                  |
| - decrease by 5%                                                                          | (14,215)                                           | -                                                  |
|                                                                                           | <hr/>                                              | <hr/>                                              |
| <b>2013</b>                                                                               |                                                    |                                                    |
| Available for sale investments                                                            |                                                    |                                                    |
| - increase by 5%                                                                          | -                                                  | 3,542                                              |
| - decrease by 5%                                                                          | -                                                  | (3,542)                                            |
| <br>Financial assets at fair value<br>through profit or loss and financial<br>derivatives |                                                    |                                                    |
| - increase by 5%                                                                          | 6,458                                              | -                                                  |
| - decrease by 5%                                                                          | (6,458)                                            | -                                                  |
|                                                                                           | <hr/>                                              | <hr/>                                              |

The assumed movement in market price of quoted securities and financial derivatives of 5% for the market price sensitivity analysis is based on the prudent estimate of the current market environment.

## 56. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values of financial instruments

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

## (i) Financial instruments not carried at fair value but fair value is disclosed

The Group and the Company do not have any financial instruments not carried at fair value but fair value is disclosed.

## (ii) Financial instruments not carried at fair value

Financial assets of the Group and of the Company that are not carried at fair value or whose carrying amounts are not approximation of fair value at the reporting date are as follows:-

|                                             | Note | Group                     |                      | Company                   |                      |
|---------------------------------------------|------|---------------------------|----------------------|---------------------------|----------------------|
|                                             |      | Carrying amount<br>RM'000 | Fair value<br>RM'000 | Carrying amount<br>RM'000 | Fair value<br>RM'000 |
| <b>2014</b>                                 |      |                           |                      |                           |                      |
| <u>Financial assets</u>                     |      |                           |                      |                           |                      |
| Available for sale investments              |      |                           |                      |                           |                      |
| - Unquoted investments in Malaysia          | 8    | 5,000                     | *                    | -                         | -                    |
| - Unquoted investments outside Malaysia     | 8    | 14,422                    | *                    | -                         | -                    |
| - Other investments                         | 8    | 2,221                     | *                    | 940                       | *                    |
| Held to maturity investments                |      |                           |                      |                           |                      |
| - Unquoted corporate bonds outside Malaysia | 9    | 36,165                    | *                    | -                         | -                    |
| <b>2013</b>                                 |      |                           |                      |                           |                      |
| <u>Financial assets</u>                     |      |                           |                      |                           |                      |
| Available for sale investments              |      |                           |                      |                           |                      |
| - Unquoted investments in Malaysia          | 8    | 12,075                    | *                    | -                         | -                    |
| - Unquoted investments outside Malaysia     | 8    | 11,181                    | *                    | -                         | -                    |
| - Other investments                         | 8    | 1,936                     | *                    | 655                       | *                    |
| Held to maturity investments                |      |                           |                      |                           |                      |
| - Unquoted corporate bonds in Malaysia      | 9    | 1,001                     | *                    | -                         | -                    |
| - Unquoted corporate bonds outside Malaysia | 9    | 31,594                    | *                    | -                         | -                    |

56. **FINANCIAL INSTRUMENTS (CONT'D)**(b) Fair values of financial instruments (cont'd)

## (ii) Financial instruments not carried at fair value (cont'd)

- \* Fair value information has not been disclosed and is carried at cost because fair value cannot be measured reliably and/or it is impractical to use valuation techniques to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose off these instruments in the near future.

## (iii) Financial instruments carried at fair value

Financial assets and liabilities of the Group that are carried at fair value are as follows:-

- Available for sale investments - quoted securities in Malaysia
- Financial assets at fair value through profit or loss
- Derivatives financial liabilities

Other than the above, the carrying amounts of the remaining financial instruments in the statements of financial position are reasonable approximation of fair value due to their relatively short term nature and the insignificant impact of discounting.

The following methods and assumptions summarised are used to determine the fair values of each class of financial instruments:-

(i) Quoted securities

The fair value of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Derivatives

The fair values of outstanding derivative transactions is obtained from major financial institutions.

(iii) Financial assets and liabilities with short term maturity

The carrying amounts of these financial assets and liabilities at the reporting date are reasonable approximation of their fair values due to their short term nature and therefore have insignificant impact on discounting.

(iv) Other fixed interest rates financial assets and liabilities

The fair value of these financial assets and liabilities are estimated by discounted future cash flow at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

(v) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability was estimated by taking into account the likelihood of the guaranteed party default in payment within the guaranteed period together with its estimated loss exposure.



## 56. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                                              | <u>Level 1</u><br>RM'000 | <u>Level 2</u><br>RM'000 | <u>Level 3</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--------------------------------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <b>Group</b>                                                 |                          |                          |                          |                        |
| <b>2014</b>                                                  |                          |                          |                          |                        |
| <u>Available for sale investments</u>                        |                          |                          |                          |                        |
| Quoted securities                                            | 84,598                   | -                        | -                        | 84,598                 |
| <u>Financial assets at fair value through profit or loss</u> |                          |                          |                          |                        |
| Quoted securities                                            | 288,174                  | -                        | -                        | 288,174                |
|                                                              | <u>372,772</u>           | -                        | -                        | <u>372,772</u>         |
| Derivative financial liabilities                             | -                        | 3,873                    | -                        | 3,873                  |
| <b>2013</b>                                                  |                          |                          |                          |                        |
| <u>Available for sale Investments</u>                        |                          |                          |                          |                        |
| Quoted securities                                            | 70,830                   | -                        | -                        | 70,830                 |
| <u>Financial assets at fair value through profit or loss</u> |                          |                          |                          |                        |
| Quoted securities                                            | 149,254                  | -                        | -                        | 149,254                |
|                                                              | <u>220,084</u>           | -                        | -                        | <u>220,084</u>         |
| Derivative financial liabilities                             | -                        | 20,091                   | -                        | 20,091                 |

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfers between Level 1, 2 and 3 during the reporting period.

## 56. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Measurement of fair values of financial instruments

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:-

#### Financial instruments carried at fair value

| <u>Type</u>                       | <u>Valuation techniques</u>                                                                                                                                                                      | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------|
| Derivatives financial liabilities | Market comparison technique. The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. | Not applicable                         | Not applicable                                                                               |

## 57. CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure to safeguard their ability to continue as a going concern in order to maintain investors, creditors and market confidence and to sustain future business development. The Group's and the Company's overall strategy remain unchanged from the previous financial year. There were no externally imposed capital requirements that the Group and the Company need to be in compliance with for the financial years ended 30 June 2014 and 30 June 2013 except for the stockbroking subsidiary company which is supervised by the Securities Commission and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the stockbroking subsidiary company has complied with.

The Group and the Company monitor capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Group's and the Company's policy is to keep the gearing ratio within manageable ratio.

The Group's and the Company's gearing ratio are summarised as below:-

|                                                    | <b>Group</b>          |                       | <b>Company</b>        |                       |
|----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                    | <b>2014</b><br>RM'000 | <b>2013</b><br>RM'000 | <b>2014</b><br>RM'000 | <b>2013</b><br>RM'000 |
| Total interest bearing borrowings                  | 282,339               | 169,916               | 51,400                | 33,825                |
| Total equity attributable to owners of the Company | 1,195,681             | 1,030,292             | 753,393               | 759,094               |
| Gearing ratio                                      | 0.24                  | 0.16                  | 0.07                  | 0.04                  |

**INSAS BERHAD**  
(Incorporated in Malaysia)

**SUPPLEMENTARY INFORMATION - 30 JUNE 2014**

**REALISED AND UNREALISED PROFITS AND LOSSES**

On 25 March 2010 and 20 December 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued directives to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised or unrealised profits or losses.

The breakdown of the Group's and of the Company's retained earnings into realised and unrealised profits are analysed as follows:-

|                                                                            | Group          |                | Company        |                |
|----------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                            | 2014<br>RM'000 | 2013<br>RM'000 | 2014<br>RM'000 | 2013<br>RM'000 |
| <u>Total retained earnings of the Company and its subsidiary companies</u> |                |                |                |                |
| - Realised                                                                 | 198,890        | 77,243         | 24,510         | 34,084         |
| - Unrealised                                                               | 117,406        | 71,505         | 1,320          | (5,929)        |
|                                                                            | 316,296        | 148,748        | 25,830         | 28,155         |
| <u>Total share of retained earnings of associate companies</u>             |                |                |                |                |
| - Realised                                                                 | 67,520         | 39,147         | -              | -              |
| - Unrealised                                                               | 7,993          | 2,836          | -              | -              |
|                                                                            | 75,513         | 41,983         | -              | -              |
| <u>Total share of retained earnings of joint ventures</u>                  |                |                |                |                |
| - Realised                                                                 | -              | 23,332         | -              | -              |
| Add : Consolidated adjustments                                             | 14,760         | 38,302         | -              | -              |
| Total retained earnings as per consolidated financial statements           | 406,569        | 252,365        | 25,830         | 28,155         |

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

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE THREE (3)-MONTHS FPE 30 SEPTEMBER 2014**

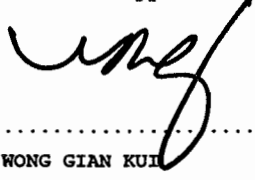
INSAS BERHAD  
Company No. 4081-M  
(Incorporated in Malaysia)

27 November 2014

BURSA MALAYSIA SECURITIES BERHAD  
9th Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.

Certified True Copy

  
.....  
DATO' WONG GIAN KUI  
Non-Independent Non-Executive Director

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

|                                                                                     | Note | INDIVIDUAL QUARTER                                                   |                                                                                           | CUMULATIVE QUARTER                                          |                                                                       |
|-------------------------------------------------------------------------------------|------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                                     |      | FY 2015<br>Current financial<br>quarter ended<br>30-Sep-14<br>RM'000 | FY 2014<br>Preceding year corresponding<br>financial quarter ended<br>30-Sep-13<br>RM'000 | FY 2015<br>Financial period<br>ended<br>30-Sep-14<br>RM'000 | FY 2014<br>Preceding financial<br>period ended<br>30-Sep-13<br>RM'000 |
| Revenue                                                                             |      | 71,115                                                               | 72,494                                                                                    | 71,115                                                      | 72,494                                                                |
| Cost of sales                                                                       | 1    | (42,691)                                                             | (51,864)                                                                                  | (42,691)                                                    | (51,864)                                                              |
| Administrative expenses                                                             | 2    | (6,156)                                                              | (4,116)                                                                                   | (6,156)                                                     | (4,116)                                                               |
| Other operating expenses                                                            | 3    | (41,207)                                                             | (13,905)                                                                                  | (41,207)                                                    | (13,905)                                                              |
| Other income                                                                        | 4    | 44,660                                                               | 49,148                                                                                    | 44,660                                                      | 49,148                                                                |
| Finance costs                                                                       |      | (2,915)                                                              | (1,954)                                                                                   | (2,915)                                                     | (1,954)                                                               |
| Exceptional item                                                                    | 5    | (1,501)                                                              | -                                                                                         | (1,501)                                                     | -                                                                     |
| Share of profits less losses of<br>associate companies                              |      | 5,933                                                                | 11,744                                                                                    | 5,933                                                       | 11,744                                                                |
| Profit before taxation                                                              |      | 25,238                                                               | 61,547                                                                                    | 25,238                                                      | 61,547                                                                |
| Taxation                                                                            |      | (1,534)                                                              | (1,872)                                                                                   | (1,534)                                                     | (1,872)                                                               |
| Profit for the quarter/period                                                       |      | 23,704                                                               | 59,675                                                                                    | 23,704                                                      | 59,675                                                                |
| Profit/(Loss) attributable to:-                                                     |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Owners of the Company                                                               |      | 23,739                                                               | 59,400                                                                                    | 23,739                                                      | 59,400                                                                |
| Non-controlling interests                                                           |      | (35)                                                                 | 275                                                                                       | (35)                                                        | 275                                                                   |
|                                                                                     |      | 23,704                                                               | 59,675                                                                                    | 23,704                                                      | 59,675                                                                |
| Earnings per share (in sen)                                                         |      |                                                                      |                                                                                           |                                                             |                                                                       |
| - Basic                                                                             |      | 3.57                                                                 | 8.87                                                                                      | 3.57                                                        | 8.87                                                                  |
| - Diluted                                                                           |      | n/a                                                                  | n/a                                                                                       | n/a                                                         | n/a                                                                   |
|                                                                                     |      | Financial<br>quarter ended<br>30-Sep-14<br>RM'000                    | Financial<br>quarter ended<br>30-Sep-13<br>RM'000                                         | Financial<br>period ended<br>30-Sep-14<br>RM'000            | Financial<br>period ended<br>30-Sep-13<br>RM'000                      |
| Note 1<br>Included in Cost of sales is the following item:-                         |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Depreciation                                                                        |      | (2,860)                                                              | (2,070)                                                                                   | (2,860)                                                     | (2,070)                                                               |
| Note 2<br>Included in Administrative expenses is the following item:-               |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Depreciation                                                                        |      | (84)                                                                 | (34)                                                                                      | (84)                                                        | (34)                                                                  |
| Note 3<br>Included in Other operating expenses are the following items:-            |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Allowance for doubtful debts                                                        |      | (266)                                                                | (42)                                                                                      | (266)                                                       | (42)                                                                  |
| Depreciation                                                                        |      | (585)                                                                | (434)                                                                                     | (585)                                                       | (434)                                                                 |
| Fair value loss on financial derivatives                                            |      | (6,704)                                                              | -                                                                                         | (6,704)                                                     | -                                                                     |
| Impairment of financial assets at fair value<br>through profit or loss              |      | (6,953)                                                              | -                                                                                         | (6,953)                                                     | -                                                                     |
| Loss on disposal of quoted securities                                               |      | -                                                                    | (15)                                                                                      | -                                                           | (15)                                                                  |
| Loss on exchange differences                                                        |      |                                                                      |                                                                                           |                                                             |                                                                       |
| - realised                                                                          |      | (3,320)                                                              | -                                                                                         | (3,320)                                                     | -                                                                     |
| - unrealised                                                                        |      | (13,350)                                                             | -                                                                                         | (13,350)                                                    | -                                                                     |
| Property, plant and equipment written off                                           |      | (91)                                                                 | (37)                                                                                      | (91)                                                        | (37)                                                                  |
| Note 4<br>Included in Other income are the following items:-                        |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Allowance for doubtful debts no longer required                                     |      | -                                                                    | 393                                                                                       | -                                                           | 393                                                                   |
| Fair value gain on financial derivatives                                            |      | -                                                                    | 8,644                                                                                     | -                                                           | 8,644                                                                 |
| Gain on disposal of property, plant and equipment                                   |      | 189                                                                  | 362                                                                                       | 189                                                         | 362                                                                   |
| Gain on disposal of quoted securities                                               |      | 24,708                                                               | 9,594                                                                                     | 24,708                                                      | 9,594                                                                 |
| Interest income                                                                     |      | 2,239                                                                | 1,299                                                                                     | 2,239                                                       | 1,299                                                                 |
| Gain on exchange differences                                                        |      |                                                                      |                                                                                           |                                                             |                                                                       |
| - realised                                                                          |      | -                                                                    | 793                                                                                       | -                                                           | 793                                                                   |
| - unrealised                                                                        |      | -                                                                    | 7,030                                                                                     | -                                                           | 7,030                                                                 |
| Writeback of impairment of financial assets at<br>fair value through profit or loss |      | -                                                                    | 15,686                                                                                    | -                                                           | 15,686                                                                |
| Note 5<br>Exceptional item represents:-                                             |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Loss on dilution of equity interests in<br>associate companies                      |      | (1,501)                                                              | -                                                                                         | (1,501)                                                     | -                                                                     |

**INSAS BERHAD**  
Company No. 4081-M  
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

|                                                                                                                       | Note | INDIVIDUAL QUARTER                                                   |                                                                                           | CUMULATIVE QUARTER                                          |                                                                       |
|-----------------------------------------------------------------------------------------------------------------------|------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                                                                       |      | FY 2015<br>Current financial<br>quarter ended<br>30-Sep-14<br>RM'000 | FY 2014<br>Preceding year corresponding<br>financial quarter ended<br>30-Sep-13<br>RM'000 | FY 2015<br>Financial period<br>ended<br>30-Sep-14<br>RM'000 | FY 2014<br>Preceding financial<br>period ended<br>30-Sep-13<br>RM'000 |
| Profit for the quarter/period                                                                                         |      | 23,704                                                               | 59,675                                                                                    | 23,704                                                      | 59,675                                                                |
| <u>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent years:</u>                    |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax | 1    | (25,464)                                                             | (7,100)                                                                                   | (25,464)                                                    | (7,100)                                                               |
| Unrealised gain on fair value changes on available for sale investments, net of tax                                   |      | 4,192                                                                | 8,492                                                                                     | 4,192                                                       | 8,492                                                                 |
| Share of other comprehensive loss of investments accounted for using equity method, net of tax                        |      | (756)                                                                | (51)                                                                                      | (756)                                                       | (51)                                                                  |
| Foreign currency translation, net of tax                                                                              |      | 929                                                                  | 307                                                                                       | 929                                                         | 307                                                                   |
| Total other comprehensive (loss)/income for the quarter/period, net of tax                                            |      | (21,099)                                                             | 1,648                                                                                     | (21,099)                                                    | 1,648                                                                 |
| Total comprehensive income for the quarter/period, net of tax                                                         |      | 2,605                                                                | 61,323                                                                                    | 2,605                                                       | 61,323                                                                |
| Attributable to:-                                                                                                     |      |                                                                      |                                                                                           |                                                             |                                                                       |
| Owners of the Company                                                                                                 |      | 2,639                                                                | 61,004                                                                                    | 2,639                                                       | 61,004                                                                |
| Non-controlling interests                                                                                             |      | (34)                                                                 | 319                                                                                       | (34)                                                        | 319                                                                   |
|                                                                                                                       |      | 2,605                                                                | 61,323                                                                                    | 2,605                                                       | 61,323                                                                |

Note 1

These deductions from Other Comprehensive Income/(loss) represent realised gain on disposal of available for sale investments in the current financial quarter that have been included as income in the Consolidated Income Statements. These amounts were recognised in Other Comprehensive Income/(loss) as unrealised gain in previous financial periods.

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

**INSAS BERHAD**  
Company No. 4081-M  
(Incorporated in Malaysia)

**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.**

|                                                                                                                             | ← Atributable to Owners of the Company → |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------|----------------------------------------------------------------|------------------------|--------------------------|-------------------------------------------|---------------------------|-----------------------------|------------------|----------------------------------------|---------------------------|
|                                                                                                                             | ← Non-Distributable →                    |                         |                                                                |                        |                          | ← Distributable →                         |                           |                             |                  |                                        |                           |
|                                                                                                                             | Share capital<br>RM'000                  | Share premium<br>RM'000 | Available for sale investments<br>fair value reserve<br>RM'000 | Reserve fund<br>RM'000 | Other reserves<br>RM'000 | Exchange translation<br>reserve<br>RM'000 | Treasury shares<br>RM'000 | Retained earnings<br>RM'000 | Total<br>RM'000  | Non-controlling<br>interests<br>RM'000 | Total<br>equity<br>RM'000 |
| <b>Period ended 30 September 2014</b>                                                                                       |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| As at 1 July 2014                                                                                                           | 693,334                                  | 47,751                  | 52,820                                                         | -                      | 3,394                    | 5,335                                     | (13,522)                  | 406,569                     | 1,195,681        | 7,137                                  | 1,202,818                 |
| <b>Transaction with owners:</b>                                                                                             |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| Acquisition of equity interests<br>in a subsidiary company                                                                  | -                                        | -                       | -                                                              | -                      | -                        | -                                         | -                         | -                           | -                | 1,997                                  | 1,997                     |
| <b>Total transaction with owners</b>                                                                                        | -                                        | -                       | -                                                              | -                      | -                        | -                                         | -                         | -                           | -                | 1,997                                  | 1,997                     |
| <b>Comprehensive income/(loss)<br/>for the financial period</b>                                                             |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| Profit for the financial period                                                                                             | -                                        | -                       | -                                                              | -                      | -                        | -                                         | -                         | 23,739                      | 23,739           | (35)                                   | 23,704                    |
| Realised fair value gain transferred<br>to income statements upon disposal<br>of available for sale investments, net of tax | -                                        | -                       | (25,464)                                                       | -                      | -                        | -                                         | -                         | -                           | (25,464)         | -                                      | (25,464)                  |
| Unrealised gain on fair value changes<br>on available for sale investments, net of tax                                      | -                                        | -                       | 4,192                                                          | -                      | -                        | -                                         | -                         | -                           | 4,192            | -                                      | 4,192                     |
| Share of other comprehensive (loss)/income<br>of investments accounted for using<br>equity method, net of tax               | -                                        | -                       | -                                                              | -                      | (832)                    | 76                                        | -                         | -                           | (756)            | -                                      | (756)                     |
| Foreign currency translation, net of tax                                                                                    | -                                        | -                       | -                                                              | -                      | -                        | 928                                       | -                         | -                           | 928              | 1                                      | 929                       |
| <b>Total comprehensive income/(loss)<br/>for the period</b>                                                                 | -                                        | -                       | (21,272)                                                       | -                      | (832)                    | 1,004                                     | -                         | 23,739                      | 2,639            | (34)                                   | 2,605                     |
| <b>Balance at 30 September 2014</b>                                                                                         | <b>693,334</b>                           | <b>47,751</b>           | <b>31,548</b>                                                  | <b>-</b>               | <b>2,562</b>             | <b>6,339</b>                              | <b>(13,522)</b>           | <b>430,308</b>              | <b>1,188,320</b> | <b>9,100</b>                           | <b>1,207,420</b>          |
| <b>Period ended 30 September 2013</b>                                                                                       |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| As at 1 July 2013                                                                                                           | 693,334                                  | 47,751                  | 39,052                                                         | 1,200                  | 1,829                    | 4,907                                     | (10,146)                  | 252,365                     | 1,030,292        | 2,922                                  | 1,033,214                 |
| <b>Transaction with owners:</b>                                                                                             |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| Repurchase of shares                                                                                                        | -                                        | -                       | -                                                              | -                      | -                        | -                                         | (322)                     | -                           | (322)            | -                                      | (322)                     |
| <b>Total transaction with owners</b>                                                                                        | -                                        | -                       | -                                                              | -                      | -                        | -                                         | (322)                     | -                           | (322)            | -                                      | (322)                     |
| <b>Comprehensive income/(loss)<br/>for the financial period</b>                                                             |                                          |                         |                                                                |                        |                          |                                           |                           |                             |                  |                                        |                           |
| Profit for the financial period                                                                                             | -                                        | -                       | -                                                              | -                      | -                        | -                                         | -                         | 59,400                      | 59,400           | 275                                    | 59,675                    |
| Realised fair value gain transferred<br>to income statements upon disposal<br>of available for sale investments, net of tax | -                                        | -                       | (7,100)                                                        | -                      | -                        | -                                         | -                         | -                           | (7,100)          | -                                      | (7,100)                   |
| Unrealised gain on fair value changes<br>on available for sale investments, net of tax                                      | -                                        | -                       | 8,492                                                          | -                      | -                        | -                                         | -                         | -                           | 8,492            | -                                      | 8,492                     |
| Share of other comprehensive loss<br>of investments accounted for using<br>equity method, net of tax                        | -                                        | -                       | -                                                              | -                      | (51)                     | -                                         | -                         | -                           | (51)             | -                                      | (51)                      |
| Foreign currency translation, net of tax                                                                                    | -                                        | -                       | -                                                              | -                      | -                        | 263                                       | -                         | -                           | 263              | 44                                     | 307                       |
| <b>Total comprehensive income/(loss)<br/>for the period</b>                                                                 | -                                        | -                       | 1,392                                                          | -                      | (51)                     | 263                                       | -                         | 59,400                      | 61,004           | 319                                    | 61,323                    |
| <b>Balance at 30 September 2013</b>                                                                                         | <b>693,334</b>                           | <b>47,751</b>           | <b>40,444</b>                                                  | <b>1,200</b>           | <b>1,778</b>             | <b>5,170</b>                              | <b>(10,468)</b>           | <b>311,765</b>              | <b>1,090,974</b> | <b>3,241</b>                           | <b>1,094,215</b>          |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

**INSAS BERHAD**  
Company No. 4081-M  
(Incorporated in Malaysia)

**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|                                                                        | As at<br>30/9/2014<br>RM'000 | (Audited)<br>As at preceding<br>financial year ended<br>30/06/2014<br>RM'000 |
|------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------|
| <b>ASSETS</b>                                                          |                              |                                                                              |
| <b>Non-current assets</b>                                              |                              |                                                                              |
| Property, plant and equipment                                          | 86,825                       | 79,824                                                                       |
| Investment properties                                                  | 164,512                      | 159,716                                                                      |
| Available for sale investments                                         | 83,673                       | 106,241                                                                      |
| Held to maturity investments                                           | 52,050                       | 29,990                                                                       |
| Associate companies                                                    | 151,315                      | 141,731                                                                      |
| Intangible assets                                                      | 26,055                       | 26,051                                                                       |
| Deferred tax assets                                                    | 1,779                        | 1,733                                                                        |
| <b>Total non-current assets</b>                                        | <b>566,209</b>               | <b>545,286</b>                                                               |
| <b>Current assets</b>                                                  |                              |                                                                              |
| Property development costs                                             | 9,587                        | 9,567                                                                        |
| Inventories                                                            | 13,236                       | 13,609                                                                       |
| Trade receivables                                                      | 332,295                      | 341,068                                                                      |
| Amount due from associate companies                                    | 19,510                       | 19,145                                                                       |
| Other receivables, deposits and prepayments                            | 33,916                       | 21,276                                                                       |
| Tax recoverable                                                        | 1,903                        | 1,929                                                                        |
| Held to maturity investments                                           | 6,144                        | 6,175                                                                        |
| Financial assets at fair value through profit or loss                  | 290,696                      | 288,174                                                                      |
| Deposits with licensed banks and financial institutions                | 325,734                      | 319,585                                                                      |
| Cash and bank balances                                                 | 59,638                       | 41,238                                                                       |
| <b>Total current assets</b>                                            | <b>1,092,639</b>             | <b>1,061,766</b>                                                             |
| <b>TOTAL ASSETS</b>                                                    | <b>1,658,848</b>             | <b>1,607,052</b>                                                             |
| <b>EQUITY AND LIABILITIES</b>                                          |                              |                                                                              |
| <b>EQUITY</b>                                                          |                              |                                                                              |
| <b>Equity attributable to owners of the Company</b>                    |                              |                                                                              |
| Share capital                                                          | 693,334                      | 693,334                                                                      |
| Treasury shares                                                        | (13,522)                     | (13,522)                                                                     |
| Reserves                                                               | 88,200                       | 109,300                                                                      |
| Retained earnings                                                      | 430,308                      | 406,569                                                                      |
|                                                                        | 1,198,320                    | 1,195,681                                                                    |
| Non-controlling interests                                              | 9,100                        | 7,137                                                                        |
| <b>TOTAL EQUITY</b>                                                    | <b>1,207,420</b>             | <b>1,202,818</b>                                                             |
| <b>LIABILITIES</b>                                                     |                              |                                                                              |
| <b>Non-current liabilities</b>                                         |                              |                                                                              |
| Loans and borrowings                                                   | 14,780                       | 16,278                                                                       |
| Hire purchase payables                                                 | 29,713                       | 26,854                                                                       |
| Deferred tax liabilities                                               | 3,801                        | 3,801                                                                        |
| <b>Total non-current liabilities</b>                                   | <b>48,294</b>                | <b>46,933</b>                                                                |
| <b>Current liabilities</b>                                             |                              |                                                                              |
| Derivative financial liabilities                                       | 12,589                       | 3,873                                                                        |
| Trade payables                                                         | 64,594                       | 69,618                                                                       |
| Other payables and accruals                                            | 59,734                       | 54,923                                                                       |
| Loans and borrowings                                                   | 265,869                      | 228,875                                                                      |
| Tax payable                                                            | 348                          | 12                                                                           |
| <b>Total current liabilities</b>                                       | <b>403,134</b>               | <b>357,301</b>                                                               |
| <b>TOTAL LIABILITIES</b>                                               | <b>451,428</b>               | <b>404,234</b>                                                               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | <b>1,658,848</b>             | <b>1,607,052</b>                                                             |
| <b>Net assets per share attributable to owners of the Company (RM)</b> | <b>1.80</b>                  | <b>1.80</b>                                                                  |

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

\* Net assets per share attributable to owners of the Company is computed based on Total Shareholders' Funds (excluding Non-controlling interests) divided by the total number of ordinary shares in issue, net of shares bought back.

**INSAS BERHAD**  
Company No. 4081-M  
(Incorporated in Malaysia)

**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014.**

|                                                                            | Current<br>financial period<br>ended<br>30/09/2014<br>RM'000 | Preceding<br>financial period<br>ended<br>30/9/2013<br>RM'000 |
|----------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                |                                                              |                                                               |
| Profit before taxation                                                     | 25,238                                                       | 61,547                                                        |
| Adjustments for:-                                                          |                                                              |                                                               |
| Non-cash items                                                             | (6,960)                                                      | (43,850)                                                      |
| Finance costs                                                              | 2,915                                                        | 1,954                                                         |
| Interest income                                                            | (2,239)                                                      | (1,299)                                                       |
| Operating profit before working capital changes                            | <u>18,954</u>                                                | <u>18,352</u>                                                 |
| Changes in working capital:-                                               |                                                              |                                                               |
| Net changes in current assets                                              | 2,194                                                        | (102,064)                                                     |
| Net changes in current liabilities                                         | (657)                                                        | 83,982                                                        |
| Cash generated from operations                                             | <u>20,491</u>                                                | <u>270</u>                                                    |
| Finance costs                                                              | (2,915)                                                      | (1,954)                                                       |
| Interest income                                                            | 2,239                                                        | 1,299                                                         |
| Tax paid                                                                   | (957)                                                        | (726)                                                         |
| Net cash generated from/(used in) operating activities                     | <u>18,858</u>                                                | <u>(1,111)</u>                                                |
| <b>Cash flows from investing activities</b>                                |                                                              |                                                               |
| Acquisition of additional equity interest in an associated company         | (9,144)                                                      | (7,333)                                                       |
| Purchase of property, plant and equipment                                  | (4,600)                                                      | (487)                                                         |
| Purchase of held to maturity investments                                   | (25,268)                                                     | (13,196)                                                      |
| Purchase of investment properties                                          | (4,796)                                                      | (142)                                                         |
| Proceeds from disposal of property, plant and equipment                    | 401                                                          | 522                                                           |
| Proceeds from redemption and disposal of held to maturity investments      | 3,219                                                        | 2,459                                                         |
| Proceeds from redemption and disposal of available for sale investments    | 25,912                                                       | 585                                                           |
| Dividend received                                                          | 3,793                                                        | 3,914                                                         |
| Net cash outflow on acquisition of equity interest in a subsidiary company | (2,932)                                                      | -                                                             |
| Net cash used in investing activities                                      | <u>(13,415)</u>                                              | <u>(13,678)</u>                                               |
| <b>Cash flows from financing activities</b>                                |                                                              |                                                               |
| (Increase)/decrease in fixed deposits pledged                              | (11,520)                                                     | 12,090                                                        |
| Increase in cash and bank balances pledged                                 | (3,421)                                                      | (1,195)                                                       |
| Net cash used in share buyback                                             | -                                                            | (322)                                                         |
| Drawdown of loans and borrowings                                           | 73,239                                                       | 99,789                                                        |
| Repayment of loans and borrowings                                          | (36,543)                                                     | (89,781)                                                      |
| Repayment of hire purchase payables                                        | (2,947)                                                      | (1,726)                                                       |
| Net cash generated from financing activities                               | <u>18,808</u>                                                | <u>18,855</u>                                                 |
| Net Increase in cash and cash equivalents                                  | 24,251                                                       | 4,066                                                         |
| Cash and cash equivalents at beginning of the financial period             | 111,007                                                      | 204,286                                                       |
| Exchange differences                                                       | (204)                                                        | 567                                                           |
| Cash and cash equivalents at end of the financial period                   | <u>135,054</u>                                               | <u>208,919</u>                                                |
| <b>Cash and cash equivalents comprise of:-</b>                             |                                                              |                                                               |
| Bank overdrafts                                                            | (45,813)                                                     | (14,951)                                                      |
| Cash and bank balances                                                     | 51,677                                                       | 30,772                                                        |
| Deposits with licensed banks and financial institutions                    | 129,190                                                      | 193,098                                                       |
|                                                                            | <u>135,054</u>                                               | <u>208,919</u>                                                |

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)



**INSAS BERHAD**  
**Company No. 4081-M**  
**(Incorporated In Malaysia)**

**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD  
 ENDED 30 SEPTEMBER 2014.**

**NOTES TO THE UNAUDITED FINANCIAL REPORT.**

**A1. Basis of Preparation**

This set of financial report is unaudited and has been prepared in compliance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

This report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014. The explanatory notes attached to this financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

**A2. Changes in Accounting Policies**

The accounting policies and methods of computation and presentation adopted by the Group in this quarterly report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2014 except for the adoption of the following Amendments to MFRSs and IC Interpretation issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2014:-

|                        |                                                                                        |
|------------------------|----------------------------------------------------------------------------------------|
| Amendments to MFRS 2   | Share-based Payment<br>(Annual improvements to MFRSs 2010-2012 Cycle)                  |
| Amendments to MFRS 3   | Business Combinations<br>(Annual Improvements to MFRSs 2010-2012 and 2011-2013 Cycles) |
| Amendments to MFRS 8   | Operating Segments<br>(Annual Improvements to MFRSs 2010-2012 Cycle)                   |
| Amendments to MFRS 10  | Consolidated Financial Statements: Investment Entities                                 |
| Amendments to MFRS 12  | Disclosure of Interests in Other Entities: Investment Entities                         |
| Amendments to MFRS 13  | Fair Value Measurement<br>(Annual Improvements to MFRSs 2011-2013 Cycle)               |
| Amendments to MFRS 116 | Property, Plant and Equipment<br>(Annual Improvements to MFRSs 2010-2012 Cycle)        |
| Amendments to MFRS 119 | Defined Benefit Plans: Employee Contributions                                          |
| Amendments to MFRS 124 | Related Party Disclosures<br>(Annual Improvements to MFRSs 2010-2012 Cycle)            |
| Amendments to MFRS 127 | Separate Financial Statements: Investment Entities                                     |

**A2. Changes in Accounting Policies (Cont'd)**

Cont'd

|                        |                                                                                                                      |
|------------------------|----------------------------------------------------------------------------------------------------------------------|
| Amendments to MFRS 132 | Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities                          |
| Amendments to MFRS 136 | Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets                                        |
| Amendments to MFRS 138 | Intangible Assets<br>(Annual Improvements to MFRSs 2010-2012 Cycle)                                                  |
| Amendments to MFRS 139 | Financial Instruments: Recognition and Measurement -<br>Novation of Derivatives and Continuation of Hedge Accounting |
| Amendments to MFRS 140 | Investment Property<br>(Annual Improvements to MFRSs 2011-2013 Cycle)                                                |
| IC Interpretation 21   | Levies                                                                                                               |

The adoption of the above mentioned Amendments to MFRSs and IC Interpretation are not expected to have any material financial impact on the financial statements of the Group.

**A3. Declaration of Audit Qualification**

There was no qualified report issued by the auditors in the audited financial statements of the Group for the financial year ended 30 June 2014.

**A4. Seasonality and Cyclicity of Interim Operations**

The performance of the Group is not significantly affected by seasonal and cyclical fluctuation.

**A5. Exceptional / Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

The following are the exceptional items that occurred during the current financial quarter and financial period under review which affect the assets, liabilities, equity, net income or cash flows of the Group:-

**Recognised in the Income Statements**

|                                                                                               | Individual        | Quarter           | Cumulative        | Quarter           |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                               | Quarter ended     | Quarter ended     | Period ended      | Period ended      |
|                                                                                               | 30-September-2014 | 30-September-2013 | 30-September-2014 | 30-September-2013 |
|                                                                                               | RM'000            | RM'000            | RM'000            | RM'000            |
| Allowance for doubtful debts no longer required                                               | -                 | 393               | -                 | 393               |
| Allowance for doubtful debts                                                                  | (266)             | (42)              | (266)             | (42)              |
| Fair value (loss)/gain on financial derivatives                                               | (8,704)           | 8,644             | (8,704)           | 8,644             |
| (Impairment)/Writeback of impairment of financial assets at fair value through profit or loss | (6,953)           | 15,686            | (6,953)           | 15,686            |
| Gain on disposal of quoted securities                                                         | 24,708            | 9,594             | 24,708            | 9,594             |
| Loss on dilution of equity interests in associate companies                                   | (1,501)           | -                 | (1,501)           | -                 |

**A6. Material changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the financial statements in the current financial quarter and financial period as compared to the preceding corresponding financial quarter and financial period.

**A7. Debts and Equity Securities**

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting of the Company held on 19 December 2013, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any of its shares from the open market during the 3 months period ended 30 September 2014. Of the total 693,333,633 issued and fully paid up ordinary shares, 29,127,291 shares are being held as treasury shares by the Company as at 30 September 2014.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares for the financial period ended 30 September 2014.

**A8. Dividends paid**

No dividend has been paid for the current financial quarter and financial period to-date.

**A9. Segment Information**

The segment analysis for the Group's results for the financial period ended 30 September 2014 is as follows:-

|                                                     | Financial services and credit & leasing | Property investment and development | Investment holding and trading | Retail trading and car rental | IT-related manufacturing, trading and services | Elimination | Consolidated total |
|-----------------------------------------------------|-----------------------------------------|-------------------------------------|--------------------------------|-------------------------------|------------------------------------------------|-------------|--------------------|
|                                                     | RM'000                                  | RM'000                              | RM'000                         | RM'000                        | RM'000                                         | RM'000      | RM'000             |
| <b>Revenue</b>                                      |                                         |                                     |                                |                               |                                                |             |                    |
| External revenue                                    | 15,714                                  | 1,462                               | 46,017                         | 7,052                         | 870                                            | -           | 71,115             |
| Intra-segment revenue                               | 861                                     | 155                                 | 965                            | 70                            | 2,739                                          | (4,790)     | -                  |
| Total segment revenue                               | 16,575                                  | 1,617                               | 46,982                         | 7,122                         | 3,609                                          | (4,790)     | 71,115             |
| <b>Results</b>                                      |                                         |                                     |                                |                               |                                                |             |                    |
| Segment profit/(loss) from Operations               | 9,438                                   | 1,141                               | (12,475)                       | 738                           | 23,476                                         | (836)       | 21,482             |
| Interest income                                     | 323                                     | 61                                  | 3,746                          | 2                             | 500                                            | (2,393)     | 2,239              |
| Finance costs                                       | (2,567)                                 | (189)                               | (2,644)                        | (563)                         | (181)                                          | 3,229       | (2,915)            |
| Exceptional item                                    | -                                       | -                                   | -                              | -                             | (1,501)                                        | -           | (1,501)            |
| Share of profits less losses of associate companies | -                                       | (612)                               | (3,307)                        | 245                           | 9,607                                          | -           | 5,933              |
| Profit/(loss) before taxation                       | 7,194                                   | 401                                 | (14,680)                       | 422                           | 31,901                                         | -           | 25,238             |
| Taxation                                            | (1,140)                                 | (24)                                | (407)                          | 37                            | -                                              | -           | (1,534)            |
| Profit/(loss) for the financial period              | 6,054                                   | 377                                 | (15,087)                       | 459                           | 31,901                                         | -           | 23,704             |
| <b>Attributable to:-</b>                            |                                         |                                     |                                |                               |                                                |             |                    |
| Owners of the Company                               |                                         |                                     |                                |                               |                                                |             | 23,739             |
| Non-controlling interests                           |                                         |                                     |                                |                               |                                                |             | (35)               |

**A9. Segment Information (Cont'd)**

The segment analysis for the Group's results for the financial period ended 30 September 2013 was as follows:-

|                                                     | Financial services and credit & leasing | Property investment and development | Investment holding and trading | Retail trading and car rental | IT-related manufacturing, trading and services | Eliminations   | Consolidated total |
|-----------------------------------------------------|-----------------------------------------|-------------------------------------|--------------------------------|-------------------------------|------------------------------------------------|----------------|--------------------|
|                                                     | RM'000                                  | RM'000                              | RM'000                         | RM'000                        | RM'000                                         | RM'000         | RM'000             |
| <b>Revenue</b>                                      |                                         |                                     |                                |                               |                                                |                |                    |
| External revenue                                    | 14,008                                  | 2,683                               | 50,121                         | 5,217                         | 465                                            | -              | 72,494             |
| Inter-segment revenue                               | 888                                     | 109                                 | 1,120                          | 27                            | 1,539                                          | (3,683)        | -                  |
| <b>Total segment revenue</b>                        | <b>14,896</b>                           | <b>2,792</b>                        | <b>51,241</b>                  | <b>5,244</b>                  | <b>2,004</b>                                   | <b>(3,683)</b> | <b>72,494</b>      |
| <b>Results</b>                                      |                                         |                                     |                                |                               |                                                |                |                    |
| Segment profit from operations                      | 10,141                                  | 278                                 | 33,982                         | 946                           | 5,969                                          | (858)          | 50,458             |
| Interest income                                     | 137                                     | 80                                  | 2,876                          | -                             | 114                                            | (1,908)        | 1,299              |
| Finance costs                                       | (2,878)                                 | (200)                               | (1,151)                        | (353)                         | (138)                                          | 2,766          | (1,954)            |
| Share of profits less losses of associate companies | -                                       | (266)                               | 3,607                          | 801                           | 7,602                                          | -              | 11,744             |
| <b>Profit/(loss) before taxation</b>                | <b>7,400</b>                            | <b>(108)</b>                        | <b>39,314</b>                  | <b>1,394</b>                  | <b>13,547</b>                                  | <b>-</b>       | <b>61,547</b>      |
| Taxation                                            | (1,363)                                 | (81)                                | (207)                          | (221)                         | -                                              | -              | (1,872)            |
| <b>Profit/(loss) for the financial period</b>       | <b>6,037</b>                            | <b>(189)</b>                        | <b>39,107</b>                  | <b>1,173</b>                  | <b>13,547</b>                                  | <b>-</b>       | <b>59,675</b>      |
| <b>Attributable to:-</b>                            |                                         |                                     |                                |                               |                                                |                |                    |
| Owners of the Company                               |                                         |                                     |                                |                               |                                                |                | 59,400             |
| Non-controlling interests                           |                                         |                                     |                                |                               |                                                |                | 275                |

**A10. Valuation of Property, Plant and Equipment**

The valuation of land and building held under property, plant and equipment has been brought forward without amendment from the annual financial statements of the Group for the financial year ended 30 June 2014.

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter and financial period, including business combinations, acquisition or disposal of subsidiary and associate companies and long term investments, restructuring and discontinuing operations other than as disclosed below:-

- (i) On 1 July 2014, Topacres Sdn. Bhd., a wholly-owned subsidiary company, had subscribed for 300,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 each and 2,700,000 redeemable preference shares ("RPS") of RM0.01 each at an issue price of RM1.00 per RPS representing 60% of the enlarged share capital of Special Windfall Sdn. Bhd. ("SWSB") for a total subscription price of RM3.0 million. SWSB is a private limited company incorporated in Malaysia on 16 July 2012 and its principal activity is housing development. SWSB had on 26 February 2014 entered into a conditional Share Sale Agreement to acquire 100% equity interest in Tahap Wawasan Sdn. Bhd. ("TWSB") for a cash consideration of RM9.52 million and assumption of liabilities amounting to RM3.98 million, and TWSB in turn owns a 10.2 acres of freehold land in Bandar Nilai Utama, Negeri Seremban. The proposed acquisition of TWSB was aborted by mutual agreement on 2 October 2014, as disclosed under Material Subsequent Events.
- (ii) On 19 September 2014, the Company had incorporated a wholly-owned subsidiary company in Singapore known as Insas (S) Pte. Ltd. ("ISPL"). The issued and paid-up share capital of ISPL is S\$10,000 comprising 10,000 ordinary shares. The principal activity of ISPL is investment holding.

**A12. Material Subsequent Events**

There were no material events subsequent to 30 September 2014 to the date of this Report that have not been reflected in the financial statements for the current financial period other than as disclosed below:-

On 2 October 2014, SWSB had entered into a Deed of Termination to rescind and terminate the Share Sale Agreement and Repayment Agreement dated 26 February 2014 to acquire 100% equity interest of TWSB, and the deposit and sums paid by SWSB pursuant to the Share Sale Agreement and the Repayment Agreement have been fully refunded to SWSB as at the date of this Report.

**A13. Contingent Assets or Liabilities**

As at the date of this Report, the Company has issued guarantees amounting to RM113,153,000 to financial institutions in respect of banking and credit facilities granted to its subsidiary and associate companies. There is no contingent asset as at the date of this Report.

**A14. Commitments**

Contractual commitments not provided for in the financial statements as at 30 September 2014 are as follows:-

|                                          | RM'000        |
|------------------------------------------|---------------|
| To acquire property, plant and equipment | 4,489         |
| To acquire investment properties         | <u>19,558</u> |

**A15. Related Party Transactions**

Related party transactions had been entered into in the ordinary course of business that had been undertaken at arm's length basis on normal commercial terms.

**ADDITIONAL INFORMATION REQUIRED BY PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance****Current financial quarter/period to-date against preceding year's corresponding financial quarter/period to-date**

The Group reported revenue of RM71.1 million and a pre-tax profit of RM25.2 million for the first quarter of financial year 2015 as compared to revenue of RM72.5 million and a pre-tax profit of RM61.5 million reported in the preceding year's corresponding quarter.

The lower pre-tax profit reported in the first quarter of financial year 2015 as compared to the preceding year's corresponding quarter are mainly due to the following:-

Financial services and credit & leasing division/property investment and development division  
There are no significant variances in the revenue and pre-tax profit reported in the current financial quarter ended 30 September 2014 as compared to the preceding year's corresponding quarter.

**B1. Review of Performance (Cont'd)****Current financial quarter/period to-date against preceding year's corresponding financial quarter/period to-date (cont'd)**Investment holding and trading division

The investment unit reported lower revenue for the current financial quarter as compared to the preceding year's corresponding quarter primarily due to lower trading activities in the current financial quarter. The investment unit reported pre-tax loss of -RM14.7 million for the current financial quarter (Q1/2014: pre-tax profit of RM39.3 million) primarily due to impairment loss on financial assets at fair value through profit or loss of -RM9.8 million (Q1/2014: writeback of impairment of RM13.3 million) and fair value loss on financial derivatives of -RM8.7 million (Q1/2014: fair value gain of RM8.6 million).

Retail trading and car rental division

The car rental units reported lower pre-tax profit in the current financial quarter as compared to the preceding year's corresponding quarter primarily due to lower gain on disposal of vehicles and higher operating expenses reported in the current financial quarter.

The Group's associate company, Melium Holdings Sdn. Bhd. ("Melium Holdings") reported lower profit in the current financial quarter due to higher operating cost incurred for new outlets in the current financial quarter. The Group's equity accounting for Melium Holdings' after-tax profit was RM0.2 million for the current financial quarter (Q1/2014: RM0.8 million).

IT-related manufacturing, trading and services division

The IT unit reported higher pre-tax profit in the current financial quarter ended 30 September 2014 as compared to the preceding year's corresponding quarter mainly due to higher gain from sale of quoted securities.

The IT unit's associate companies, Inari Amertron Berhad Group ("Inari Amertron") reported higher profit in the current financial quarter due to higher trading volumes from its existing business units arising from high demand for smartphones and mobile devices. The IT unit's equity accounting for Inari Amertron's after-tax profit for the current financial quarter was RM10.2 million (Q1/2014: RM7.1 million).

Group's summary

The Group reported lower pre-tax profit of RM25.2 million in the current financial quarter ended 30 September 2014 as compared to pre-tax profit of RM61.5 million in the preceding year's corresponding quarter primarily due to pre-tax loss reported by the investment unit.

**B2. Comments on material changes in the revenue and profit before taxation for the current financial quarter as compared with the immediate preceding financial quarter**

The Group reported revenue of RM71.1 million and a pre-tax profit of RM25.2 million in the current financial quarter as compared to revenue of RM57.4 million and a pre-tax profit of RM34.8 million in the immediate preceding quarter.

The lower pre-tax results in the current financial quarter is derived at after taking into account fair value loss on derivatives of -RM8.7 million (immediate preceding quarter: fair value gain of RM2.9 million) and impairment loss on financial assets at fair value through profit or loss of -RM7.0 million (immediate preceding quarter: writeback of impairment of RM8.8 million).

**B3. Prospects for the financial year ending 30 June 2015**Financial services and investment trading division

The Board is of the view that the stock broking and money lending units will continue to experience growth and provide consistent earnings to the Group. The Group will remain cautious in evaluating new investments under its investment unit.

Property investment and development division

The Group will continue to explore opportunities in new property investment and development ventures that are feasible.

Retail trading and car rental division

The Group is working on expanding its car rental businesses and barring any unforeseen circumstances, the Board views the unit will provide increased revenue and profit contribution to the Group in the current financial year.

IT-related manufacturing, trading and services division

The Board expects the IT unit to perform satisfactorily in the current financial year as contribution from Inari Amertron to the Group is expected to remain positive on the back of continuing profitable performance from Inari Amertron from its business in the EMS industry that continue to be in high growth.

**B4. Variance of Actual Profit from Forecast Profit/Profit Guarantee**

This note is not applicable for the financial period under review as the Group did not enter into any scheme that requires it to present forecast results or guarantee any profits.

**B5. Taxation**

The taxation charge for the current financial quarter and financial period ended 30 September 2014 is as follows:-

|                                                    | Individual<br>Quarter ended<br>30-September-2014<br>RM'000 | Quarter<br>Quarter ended<br>30-September-2013<br>RM'000 | Cumulative<br>Period ended<br>30-September-2014<br>RM'000 | Quarter<br>Period ended<br>30-September-2013<br>RM'000 |
|----------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|
| <b><u>Income tax:-</u></b>                         |                                                            |                                                         |                                                           |                                                        |
| Provision for the financial quarter/period         | 1,581                                                      | 1,872                                                   | 1,581                                                     | 1,872                                                  |
| Overprovision in previous financial quarter/period | (1)                                                        | -                                                       | (1)                                                       | -                                                      |
| <b><u>Deferred tax:-</u></b>                       |                                                            |                                                         |                                                           |                                                        |
| Transfer to deferred taxation                      | (46)                                                       | -                                                       | (46)                                                      | -                                                      |
|                                                    | <b>1,534</b>                                               | <b>1,872</b>                                            | <b>1,534</b>                                              | <b>1,872</b>                                           |

**B5. Taxation (Cont'd)**

The reconciliation between the statutory tax rate and the effective tax rate on the pre-tax profit of the Group are as follows:-

|                                                                       | Individual<br>Quarter ended<br>30-September-2014<br>RM'000 | Quarter<br>Quarter ended<br>30-September-2013<br>RM'000 | Cumulative<br>Period ended<br>30-September-2014<br>RM'000 | Quarter<br>Period ended<br>30-September-2013<br>RM'000 |
|-----------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|
| Profit before taxation                                                | 25,238                                                     | 61,547                                                  | 25,238                                                    | 61,547                                                 |
| Income tax at Malaysian<br>statutory tax rate                         | 6,310                                                      | 15,387                                                  | 6,310                                                     | 15,387                                                 |
| <u>Tax effect in respect of:-</u>                                     |                                                            |                                                         |                                                           |                                                        |
| Non-allowable expenses                                                | 5,991                                                      | 1,044                                                   | 5,991                                                     | 1,044                                                  |
| Income not subject to tax                                             | (10,645)                                                   | (13,982)                                                | (10,645)                                                  | (13,982)                                               |
| Effect of different tax<br>rates in other countries                   | (95)                                                       | (340)                                                   | (95)                                                      | (340)                                                  |
| Overseas tax paid<br>on dividend income                               | 261                                                        | 137                                                     | 261                                                       | 137                                                    |
| Effect of changes in tax<br>rates                                     | 2                                                          | -                                                       | 2                                                         | -                                                      |
| Utilisation of previously<br>unrecognised deferred<br>tax assets      | (524)                                                      | (428)                                                   | (524)                                                     | (428)                                                  |
| Deferred tax not recognised<br>in the financial statements            | 235                                                        | 54                                                      | 235                                                       | 54                                                     |
| Tax expenses for the<br>financial quarter/period                      | 1,535                                                      | 1,872                                                   | 1,535                                                     | 1,872                                                  |
| Overprovision for<br>taxation in previous<br>financial quarter/period | (1)                                                        | -                                                       | (1)                                                       | -                                                      |
|                                                                       | 1,534                                                      | 1,872                                                   | 1,534                                                     | 1,872                                                  |

**B6. Status of Corporate Proposal announced but not completed as at the date of this Report**

There is no corporate proposal that has been announced but has not been completed as at the date of this Report, other than as disclosed below:-

On 25 July 2014, the Company proposed to undertake a renounceable rights issue of up to 138,666,727 redeemable preference shares of RM0.01 each ("RPS") together with up to 277,333,454 free detachable warrants ("Warrants") on the basis of one (1) RPS and two (2) Warrants for every five (5) existing ordinary shares of RM1.00 each held in the Company at an issue price of RM1.00 per RPS ("Proposed Rights Issue with Warrants").

The Proposed Rights Issue with Warrants has been approved by the shareholders at an extraordinary general meeting held on 3 November 2014. The Proposed Rights Issue with Warrants is pending implementation.



**B7. Group Borrowings and Debts Securities as at 30 September 2014**

|                                      | Foreign Currency ('000) | RM'000         |
|--------------------------------------|-------------------------|----------------|
| <b>Short term secured borrowings</b> |                         |                |
| - in US dollars                      | 45,077                  | 147,653        |
| - in Australian dollars              | (12,445)                | (35,513)       |
| - in Euro dollars                    | 926                     | 3,848          |
| - in Hong Kong dollars               | 75,818                  | 31,987         |
| - in Singapore dollars               | 18,326                  | 47,113         |
| - in Ringgit Malaysia                |                         | 70,781         |
|                                      |                         | <u>265,869</u> |
| <b>Long term secured borrowings</b>  |                         |                |
| - in US dollars                      | 2,020                   | 6,617          |
| - in Singapore dollars               | 765                     | 1,967          |
| - in Ringgit Malaysia                |                         | 6,196          |
|                                      |                         | <u>14,780</u>  |
|                                      |                         | <u>280,649</u> |

**B8. Material Litigation**

There are no material progress/changes on pending material litigation since the last annual balance sheet date up to the date of this Report. The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.

**B9. Dividend**

The Board of Directors is pleased to declare an interim single-tier dividend of 1.0sen per ordinary share of RM1.00 each in respect of financial year ending 30 June 2015.

The entitlement and payment date of the dividend will be confirmed and announced at a later date.

**B10. Earnings per share****(a) Basic earnings per share**

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to owners of the Company for the financial quarter and financial period by the weighted average number of ordinary shares in issue during the financial quarter and financial period to-date.

|                                                                                                                   | Individual<br>Quarter ended<br>30-Sept-2014 | Quarter<br>Quarter ended<br>30-Sept-2013 | Cumulative<br>Period ended<br>30-Sept-2014 | Quarter<br>Period ended<br>30-Sept-2013 |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------|--------------------------------------------|-----------------------------------------|
| Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)          | 23,739                                      | 59,400                                   | 23,739                                     | 59,400                                  |
| Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000) | 665,649                                     | 669,677                                  | 665,649                                    | 669,677                                 |
| Basic earnings per share (Sen)                                                                                    | 3.57                                        | 8.87                                     | 3.57                                       | 8.87                                    |

**B10. Earnings per share (Cont'd)**

## (b) Diluted earnings per share

The diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

**B11. Disclosure on Realised and Unrealised Profits and Losses**

The Group's retained earnings as at 30 September 2014 and 30 September 2013 are analysed as follows:-

|                                                                            | <u>As at 30.09.2014</u> | <u>As at 30.09.2013</u> |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                            | RM'000                  | RM'000                  |
| <u>Total retained earnings of the Company and its subsidiary companies</u> |                         |                         |
| - Realised                                                                 | 266,828                 | 152,073                 |
| - Unrealised                                                               | 72,004                  | 85,118                  |
|                                                                            | <u>338,832</u>          | <u>237,191</u>          |
| <u>Total share of retained earnings from associate companies</u>           |                         |                         |
| - Realised                                                                 | 75,953                  | 50,581                  |
| - Unrealised                                                               | 657                     | 1,599                   |
|                                                                            | <u>76,610</u>           | <u>52,180</u>           |
| Add: Consolidated adjustments                                              | <u>14,866</u>           | <u>22,394</u>           |
| Total Group retained earnings as per consolidated financial statements     | <u>430,308</u>          | <u>311,765</u>          |

**DIRECTORS' REPORT**



**INSAS BERHAD** (4081-M)

No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.  
Tel: (03) 2284 8311 Fax: (03) 2282 4688 / 2284 8500

**Registered Office:**

No. 45-5, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Date : **14 JAN 2015**

**To: The Entitled Shareholders of Insas Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Insas Berhad ("Insas" or the "Company"), I wish to report that, after due enquiries in relation to the Company and its subsidiaries ("Group") during the period between 30 June 2014, being the date on which the latest audited consolidated financial statements of Insas have been made up, and the date hereof, being a date not earlier than 14 days before the issuance of the Abridged Prospectus, that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) there have, in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Company, which adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 9.4 of the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) there has been no default or any known event, since the last audited consolidated financial statements of the Company, that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) there has been no material changes in the published reserves or any unusual factors affecting the profits of the Group, since the last audited consolidated financial statements of the Company.

Yours faithfully,  
For and on behalf of the Board  
**INSAS BERHAD**

**DATO' SRI THONG KOK KHEE**

Executive Deputy Chairman / Chief Executive Officer

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- (i) Save for the RPS, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another.
- (iii) All the RPS shall, upon allotment and issue, rank *pari passu* among themselves. The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid prior to the date of allotment of such Shares.
- (iv) As at the date of this Abridged Prospectus, save for the options that may be issued pursuant to the ESOS and the Entitled Shareholders who will be provisionally allotted the RPS with Warrants pursuant to the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
- (v) None of our securities has been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within two (2) years immediately preceding the date of this Abridged Prospectus.

**2. ARTICLES OF ASSOCIATION**

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

**Article 83**

The remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall so far as Non-Executive Directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover. Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

**Article 84**

Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

**Article 87**

Any Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not a commission on or percentage or turnover) as the Directors may determine.

**Article 88(a)**

The Directors may pay pensions or allowances (either revocable or irrevocable and either subject or not subject to any terms or conditions) to any full-time Director (as hereinafter defined) on or at any time after his retirement from his office or employment under the Company or under any associated company or on or after his death to his widow or other dependants.

**Article 88(b)**

The Directors shall also have power and shall be deemed always to have had power to establish and maintain and to concur with subsidiary companies in establishing and maintaining any schemes or funds for providing pensions, sickness or compassionate allowance, life assurances or other benefits for staff (including any Director for the time being holding any executive office or any office of profit) or employees of the Company or of any such subsidiary company and for the widows or other dependants of such persons and to make contributions out of the Company's moneys for any such schemes or funds.

**Article 102(a)**

Any Director may at any time appoint any person approved by a majority of his co-directors to act as his alternate and may at any time remove any alternate Director so appointed by him. An alternate Director so appointed shall not in respect of such appointment be entitled to receive any fee from the Company, but shall otherwise be subject to the provisions of these Articles with regard to Directors. Any fee payable to an alternate Director shall be deducted from the remuneration of that Director so appointing him as his alternate. An alternate Director shall (subject to his giving to the Company an address within Malaysia at which notices may be served upon him) be entitled to receive notices of all meetings of the Directors, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointer as a Director in the absence of such appointor. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases to be a Director for any reason, except retirement by rotation and immediate re-election. All appointments and removal of alternate Directors shall be effected by writing under the hand of the Directors making or revoking such appointment left at the Office.

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### 3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus.

- (a) Share Sale Agreement dated 15 April 2013 entered into between Insas Technology Berhad\* ("ITB") and Alphine Lagoon Sdn Bhd ("Alphine") in relation to the acquisition of 450,000 ordinary shares of RM1.00 each, representing 36% of the total ordinary share capital of J&C Pacific Sdn Bhd, at the purchase price of RM2,000,000.00;

\* ITB is a wholly-owned subsidiary of Insas.

- (b) Subscription Agreement dated 5 June 2013 entered into between the Subscribers (Immobilier Holdings Pte Ltd, Media Lang Limited, Dato' Goh Eng Hoe, Low Ai Lee, Sim Mann Ying and Thong Mei Chuen), Inari Berhad\* and Inari International Limited\* ("IIL") whereby Media Lang Limited ("MLL"), as one of the Subscribers, subscribed to 3,520,000 cumulative non-voting redeemable preference shares at an issue price of USD1.00 each ("CRPS") in IIL and pursuant thereto, Inari Berhad agreed to issue 10,560,000 warrants to MLL on the basis of three (3) warrants for every CRPS subscribed;

\* Inari Berhad, now known as Inari Amertron Berhad and IIL are 28.6% associate companies of Insas. MLL is a wholly-owned subsidiary of Insas.

- (c) Investment Agreement dated 13 November 2013 entered into between the Existing Shareholders (comprising Insas Technology Pte Ltd ("ITPL") and Norma Sit Meng Lye), "Series A" Investor (comprising ITPL, Lim Chye Huat @ Bobby Lim Chye Huat, Melvyn Yeo Hak Boon, Low Ee Hwee, SPRING SEEDS, Ho Kok Fi John, Chua Keng Loy, Elronds Enterprises Ltd, Goh Siang Chee Albert, Enspire Capital Pte Ltd, Chan Kwok Sum Samuel, Chia Gek Luan, Lee Wan Ling (Li Wan Ling), Teo Yong Ping (Zhang Rongbin), Lee Fang Wen, Goh Min Hui Francis, Jeremy Tan Peng Chew (Jeremy Chen Pingzhou) and Seradi, Daniella) and Numoni Pte Ltd\* whereby ITPL subscribed for 370,370 "Series A" convertible preference shares at the price of SGD2.70 each and the accompanying number of "Series A" warrants;

\* ITPL is a wholly-owned subsidiary of Insas and Numoni Pte Ltd is a 34.2%-owned associate company of Insas.

- (d) Subscription and Shareholders Agreement dated 6 May 2014 entered into between Special Windfall Sdn Bhd\* ("SWSB"), Topacres Sdn Bhd ("TSB"), Tribeca Capital Sdn Bhd ("TCSB") and Red Zone Development Sdn Bhd ("RZD") in relation to the subscription of shares in SWSB by TSB, TCSB and RZD and to set out the rights and obligations of the shareholders in SWSB;

\* TSB is a wholly-owned subsidiary of Insas and SWSB is a 60%-owned subsidiary of Insas.

- (e) On 17 July 2014, Montego (S) Pte Ltd\* ("Montego"), as purchaser, entered into a Sale and Purchase Agreement with Mavern Pte Ltd for the acquisition of a factory/showroom unit in the building known as M38 on Lot 4023X of Mukim 18 at No. 38, Jalan Pemimpin, #07-08 Singapore 577178, comprising an estimated floor area of 270 square metres for a purchase price of SGD2,470,100.00;

\* Montego is a wholly-owned subsidiary of Insas.

- (f) On 17 July 2014, Langdale E3 Pte Ltd\* ("Langdale"), as purchaser, entered into a Sale and Purchase Agreement with Mavern Pte Ltd for the acquisition of a factory/showroom unit in the building known as M38 on Lot 4023X of Mukim 18 at No. 38, Jalan Pemimpin, #07-09 Singapore 577178 comprising an estimated floor area of 262 square metres for a purchase price of SGD2,397,000.00;
- \* Langdale is a wholly-owned subsidiary of Insas.
- (g) Deed of Termination dated 2 October 2014 entered into between Dato' Gan Kong Hiok and Gan Eng Hian ("Vendors") and SWSB\* in relation to the termination of the share sale agreement dated 26 February 2014 whereby SWSB purchased the entire issued and paid up shares in Tahap Wawasan Sdn Bhd for a purchase consideration of RM9,520,000.00;
- \* SWSB is a 60%-owned subsidiary of Insas.
- (h) Deed of Termination dated 2 October 2014 entered into between the Vendors and SWSB in relation to the termination of the repayment agreement dated 26 February 2014 whereby SWSB\* undertook to repay the relevant creditors' advance amounting to RM3,980,000.00;
- \* SWSB is a 60%-owned subsidiary of Insas.
- (i) Deed Poll dated 10 November 2014 constituting the Warrants executed by Insas; and
- (j) Underwriting agreement dated 12 January 2015 entered into between M&A Securities Sdn Bhd, Kenanga Investment Bank Berhad, MIDF Amanah Investment Bank Berhad and Affin Hwang Investment Bank Berhad (*formerly known as HwangDBS Investment Bank Berhad*), as Co-Underwriters, in relation to the underwriting of the balance portion of an aggregate of 38,666,727 RPS with 77,333,454 Warrants and to set out the manner and terms and conditions of the underwriting.

#### 4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Board confirms that neither our Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board, after having made all reasonable enquiries and to the best knowledge of our Board, does not have any knowledge of any proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

**(i) In the Matter of Kuala Lumpur Regional Centre for Arbitration ("KLRC") Yongbena Sdn Bhd ("YSB" or "Claimant") vs. M&A Securities (as "Respondent" or "company")**

M&A Securities entered in an agreement with the Claimant to construct and complete a 10-storey office block with a 4-storey car park on Lot 5593N, Jalan Sultan Idris Shah, Ipoh, Perak for a contract price of RM10,612,181.41 ("Agreement").

The Claimant claimed that the company breached the Agreement and M&A Securities owes RM4,035,897.39 to it being: (i) the balance outstanding sum due under certain invoices, (ii) additional variation works not certified in interim certificates, (iii) loss and expense, (iv) additional amount for profit and attendance on price cost sums and (v) loss of profit for provisional sum. Subsequently, the Claimant amended its total sum claimed to RM4,009,737.39.

M&A Securities counterclaims against the Claimant for a sum of RM1,176,485.28 being: (i) liquidated ascertained damages and (ii) rental expenses due to the breach of Agreement by the Claimant and for general damages, interests and costs.

The Arbitration is still ongoing and the next hearing before the Arbitrator has been set for 25 March 2015, whereby the company's first witness will continue to give his evidence on behalf of the company. Further hearing dates have been fixed on 26 and 27 March 2015 before the Arbitrator.

The estimate of maximum exposure is RM4,009,737.39 plus interests and costs as may be awarded by the Arbitrator.

The solicitors' are of the opinion that the strength of the Claimant's claim depends on whether a second extension of time is justifiable notwithstanding a first extension of time was given. The main weakness the Claimant may exploit is the absence of the company's architect during the supervision of the construction works.

## 5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix IV of this Abridged Prospectus. Save as disclosed in Section 5, Appendix IV of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM1,400,000 will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or significant economic changes which will materially affect the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and
  - (e) substantial increase in revenue.



## 6. WRITTEN CONSENTS

The written consents of our Adviser, Managing Underwriter, Company Secretaries, Principal Bankers, Share Registrar, Special Share Registrar for the Rights Issue with Warrants, Independent Market Research consultants, Solicitors for the Rights Issue with Warrants and Co-Underwriters for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 30 June 2014 and the pro forma consolidated statements of financial position of our Group as at FYE 30 June 2014 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

## 7. CONFLICT OF INTEREST

M&A Securities is a wholly-owned subsidiary of Insas. Dato' Sri Thong Kok Khee is the Executive Deputy Chairman/Chief Executive Officer and major shareholder of Insas.

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui, are Directors of Insas who are also Directors of M&A Securities.

Save for the aforementioned, M&A Securities is not aware of any circumstances that would give rise to a conflict of interest situation in its capacity as Adviser, Managing Underwriter and Co-Underwriter in relation to the Rights Issue with Warrants.

Notwithstanding the above, M&A Securities is of the view that the relationship as mentioned above would not give rise to a situation of conflict of interest based on the following:

- (i) M&A Securities is a stockbroking firm licensed to undertake the provision of corporate finance services and its appointment as Adviser, Managing Underwriter and Co-Underwriter is in its ordinary course of business;
- (ii) the role of M&A Securities will be governed by agreements, which clearly set out the rights, duties and responsibilities of M&A Securities in its capacity as Adviser, Managing Underwriter and Co-Underwriter in relation to the Rights Issue with Warrants; and
- (iii) save for the capital injection of RM60.00 million into M&A Securities and underwriting commission of up to RM0.46 million, pursuant to the Rights Issue with Warrants, there is no direct interest to be derived from M&A Securities' appointment as Adviser, Managing Underwriter and Co-Underwriter to Insas and M&A Securities is neither interested nor affected by the outcome of the Rights Issue with Warrants.

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**8. DOCUMENTS FOR INSPECTION**

Copies of the following documents are made available for inspection at our Registered Office at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the past two (2) FYEs 30 June 2013 and 30 June 2014;
- (iii) Our unaudited three (3) months consolidated financial statements for the FPE 30 September 2014;
- (iv) The pro forma consolidated statements of financial position of our Group as at 30 June 2014 together with the notes and Reporting Accountants' letter thereon as set out in Appendix V of this Abridged Prospectus;
- (v) The Deed Poll;
- (vi) The Directors' Report as set out in Appendix VIII of this Abridged Prospectus;
- (vii) The consent letters referred to in Section 6 of this Appendix;
- (viii) The irrevocable written undertaking letter from the Undertaking Shareholders as referred to in Section 2.4 of this Abridged Prospectus;
- (ix) The material contracts referred to in Section 3 of this Appendix;
- (x) The cause papers in respect of the material litigation referred to in Section 4 of this Appendix; and
- (xi) Independent market research letter dated 8 January 2015 by Protégé Associates Sdn Bhd.

**9. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

M&A Securities, being our Adviser, Managing Underwriter and Co-Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.