

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

27 February 2015

BURSA MALAYSIA SECURITIES BERHAD
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2015 Current financial quarter ended 31-Dec-14 RM'000	FY 2014 Preceding year corresponding financial quarter ended 31-Dec-13 RM'000	FY 2015 Financial period ended 31-Dec-14 RM'000	FY 2014 Preceding financial period ended 31-Dec-13 RM'000
Revenue		108,664	80,670	179,779	153,164
Cost of sales	1	(85,036)	(57,028)	(127,727)	(108,892)
Other income	2	7,400	31,864	52,060	81,012
Administrative expenses	3	(6,173)	(6,021)	(14,329)	(10,137)
Other operating expenses	4	(20,156)	(15,971)	(61,363)	(29,876)
Finance costs		(2,785)	(2,198)	(5,700)	(4,152)
Exceptional item	5	(2,157)	(316)	(3,658)	(316)
Share of profits less losses of associate companies		10,350	11,280	16,283	23,024
Profit before taxation		10,107	42,280	35,345	103,827
Taxation		(2,777)	(1,154)	(4,311)	(3,026)
Profit for the quarter/period		7,330	41,126	31,034	100,801
Profit attributable to:-					
Owners of the Company		6,832	40,923	30,571	100,323
Non-controlling interests		498	203	463	478
		7,330	41,126	31,034	100,801
Earnings per share (in Sen)					
- Basic		1.02	6.20	4.59	15.07
- Diluted		n/a	n/a	n/a	n/a
		Financial quarter ended 31-Dec-14 RM'000	Financial quarter ended 31-Dec-13 RM'000	Financial period ended 31-Dec-14 RM'000	Financial period ended 31-Dec-13 RM'000
Note 1	Included in Cost of sales is the following item:-				
Depreciation		(3,156)	(1,781)	(6,016)	(3,851)
Note 2	Included in Other income are the following items:-				
Allowance for doubtful debts no longer required		-	95	-	488
Fair value gain on financial derivatives		-	1,296	-	9,940
Gain on disposal of property, plant and equipment		728	160	927	520
Gain on disposal of quoted securities		9	10,466	24,717	20,059
Interest income		2,525	2,243	4,764	3,542
Gain/(Loss) on exchange differences					
- realised		-	(793)	-	-
- unrealised		-	(3,962)	-	3,068
Writeback of impairment of financial assets at fair value through profit or loss		-	13,819	-	29,505
Note 3	Included in Administrative expenses is the following item:-				
Depreciation		(85)	(39)	(169)	(73)
Note 4	Included in Other operating expenses are the following items:-				
Allowance for doubtful debts		(301)	(937)	(567)	(937)
Depreciation		(580)	(445)	(1,165)	(879)
Fair value loss on financial derivatives		(3,099)	-	(11,803)	-
Writeback of impairment/(impairment) of financial assets at fair value through profit or loss		1,649	-	(5,304)	-
Loss on disposal of quoted securities		-	(19)	-	(34)
Gain/(Loss) on exchange differences					
- realised		(17,195)	(1,016)	(20,515)	(1,016)
- unrealised		8,538	-	(4,812)	-
Property, plant and equipment written off		-	-	(91)	(37)
Note 5	Exceptional item represents:-				
Effects on dilution of equity interests in associate companies		(2,157)	(316)	(3,658)	(316)

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

UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2015 Current financial quarter ended 31-Dec-14 RM'000	FY 2014 Preceding year corresponding financial quarter ended 31-Dec-13 RM'000	FY 2015 Financial period ended 31-Dec-14 RM'000	FY 2014 Preceding financial period ended 31-Dec-13 RM'000
Profit for the quarter/period		7,330	41,126	31,034	100,801
<u>Other comprehensive income/(loss) 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	1	-	(6,000)	(25,464)	(13,100)
Unrealised (loss)/gain on fair value changes on available for sale investments, net of tax		(5,957)	11,501	(1,765)	19,993
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax		4,377	(29)	3,621	(80)
Foreign currency translation, net of tax		2,946	1,035	3,875	1,342
Total other comprehensive income/(loss) for the quarter/period, net of tax		1,366	6,507	(19,733)	8,155
Total comprehensive income for the quarter/period, net of tax		8,696	47,633	11,301	108,956
Attributable to:-					
Owners of the Company		8,137	47,423	10,776	108,427
Non-controlling interests		559	210	525	529
		8,696	47,633	11,301	108,956

Note 1

These deductions from Other Comprehensive Income/(loss) represent realised gain on disposal of available for sale investments in the financial quarter/period 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 SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

	Attributable to Owners of the Company						Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable			Exchange			Treasury	Retained			
	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Reserve fund RM'000	Other reserves RM'000	translation reserve RM'000	shares RM'000	earnings RM'000			
Period ended 31 December 2014											
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
Transactions with owners:-											
Repurchase of shares	-	-	-	-	-	-	(316)	-	(316)	-	(316)
Acquisition of equity interest in a subsidiary company	-	-	-	-	-	-	-	-	-	212	212
Total transactions with owners	-	-	-	-	-	-	(316)	-	(316)	212	(104)
Comprehensive income/(loss) for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	30,571	30,571	463	31,034
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	-	-	(25,464)	-	-	-	-	-	(25,464)	-	(25,464)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	(1,765)	-	-	-	-	-	(1,765)	-	(1,765)
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	2,659	962	-	-	3,621	-	3,621
Foreign currency translation, net of tax	-	-	-	-	-	3,813	-	-	3,813	62	3,875
Total comprehensive income/(loss) for the period	-	-	(27,229)	-	2,659	4,775	-	30,571	10,776	525	11,301
Balance at 31 December 2014	693,334	47,751	25,591	-	6,053	10,110	(13,838)	437,140	1,206,141	7,874	1,214,015
Period ended 31 December 2013											
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
Transaction with owners:-											
Repurchase of shares	-	-	-	-	-	-	(3,376)	-	(3,376)	-	(3,376)
Total transaction with owners	-	-	-	-	-	-	(3,376)	-	(3,376)	-	(3,376)
Comprehensive income/(loss) for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	100,323	100,323	478	100,801
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	-	-	(13,100)	-	-	-	-	-	(13,100)	-	(13,100)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	19,993	-	-	-	-	-	19,993	-	19,993
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	-	(80)	-	-	-	(80)	-	(80)
Foreign currency translation, net of tax	-	-	-	-	-	1,291	-	-	1,291	51	1,342
Total comprehensive income/(loss) for the period	-	-	6,893	-	(80)	1,291	-	100,323	108,427	529	108,956
Balance at 31 December 2013	693,334	47,751	45,945	1,200	1,749	6,198	(13,522)	352,688	1,135,343	3,451	1,138,794

(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)

UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2014 RM'000	(Audited) As at preceding financial year ended 30/06/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	93,928	79,824
Investment properties	165,883	159,716
Available for sale investments	80,591	106,241
Held to maturity investments	44,262	29,990
Associate companies	162,975	141,731
Intangible assets	26,050	26,051
Deferred tax assets	2,095	1,733
Total non-current assets	575,784	545,286
Current assets		
Property development costs	9,567	9,567
Inventories	12,905	13,609
Trade receivables	322,442	341,068
Amount due from associate companies	34,889	19,145
Other receivables, deposits and prepayments	23,763	21,276
Tax recoverable	1,642	1,929
Held to maturity investments	6,488	6,175
Financial assets at fair value through profit or loss	273,425	288,174
Deposits with licensed banks and financial institutions	383,226	319,585
Cash and bank balances	44,062	41,238
Total current assets	1,112,409	1,061,766
TOTAL ASSETS	1,688,193	1,607,052
 EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	693,334	693,334
Treasury shares	(13,838)	(13,522)
Reserves	89,505	109,300
Retained earnings	437,140	406,569
	1,206,141	1,195,681
Non-controlling interests	7,874	7,137
TOTAL EQUITY	1,214,015	1,202,818
 LIABILITIES		
Non-current liabilities		
Loans and borrowings	15,176	16,278
Hire purchase payables	32,579	26,854
Deferred tax liabilities	3,819	3,801
Total non-current liabilities	51,574	46,933
Current liabilities		
Derivative financial liabilities	15,714	3,873
Trade payables	47,888	69,618
Other payables and accruals	74,957	54,923
Loans and borrowings	281,563	228,875
Tax payable	2,482	12
Total current liabilities	422,604	357,301
TOTAL LIABILITIES	474,178	404,234
TOTAL EQUITY AND LIABILITIES	1,688,193	1,607,052
 Net assets per share attributable to owners of the Company (RM)		
	1.82	1.80

(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 SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014.

	Current financial period ended 31/12/2014 RM'000	Preceding financial period ended 31/12/2013 RM'000
Cash flows from operating activities		
Profit before taxation	35,345	103,827
Adjustments for:-		
Non-cash items	(19,673)	(80,758)
Finance costs	5,700	4,152
Interest income	(4,764)	(3,542)
Operating profit before working capital changes	16,608	23,679
Changes in working capital:-		
Net changes in current assets	21,716	(123,292)
Net changes in current liabilities	(5,709)	36,453
Cash generated from/(used in) operations	32,615	(63,160)
Finance costs	(5,700)	(4,152)
Interest income	4,764	3,542
Tax paid	(1,637)	(1,467)
Net cash generated from/(used in) operating activities	30,042	(65,237)
Cash flows from investing activities		
Acquisition of additional equity interests in associated companies	(12,130)	(17,954)
Purchase of property, plant and equipment	(6,824)	(1,920)
Purchase of held to maturity investments	(25,268)	(13,196)
Purchase of available for sale investments	(2,061)	(605)
Purchase of investment properties	(4,965)	(4,789)
Proceeds from disposal of property, plant and equipment	1,484	943
Proceeds from redemption and disposal of held to maturity investments	11,017	2,460
Proceeds from redemption and disposal of available for sale investments	25,912	21,750
Proceeds from disposal of non-current assets classified as held for sale	-	2,760
Dividend received	13,046	7,766
Net cash outflow on acquisition of equity interest in a subsidiary company	(259)	-
Net cash used in investing activities	(48)	(2,785)
Cash flows from financing activities		
Increase in fixed deposits pledged	(47,502)	(7,814)
Increase in cash and bank balances pledged	(4,643)	(1,590)
Net cash used in share buyback	(316)	(3,376)
Drawdown of loans and borrowings	153,826	177,614
Repayment of loans and borrowings	(83,455)	(144,113)
Repayment of hire purchase payables	(5,155)	(4,010)
Net cash generated from financing activities	12,755	16,711
Net increase/(decrease) in cash and cash equivalents	42,749	(51,311)
Cash and cash equivalents at beginning of the financial period	111,007	204,286
Exchange differences	917	640
Cash and cash equivalents at end of the financial period	154,673	153,615
Cash and cash equivalents comprise of:-		
Bank overdrafts	(23,704)	(18,100)
Cash and bank balances	32,802	24,086
Deposits with licensed banks and financial institutions	145,575	147,629
	154,673	153,615

(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 SECOND QUARTER AND 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 Main Market 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, which were prepared under the Malaysian Financial Reporting Standards. 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 (Annual improvements to MFRSs 2010-2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 and 2011-2013 Cycles)
Amendments to MFRS 8	Operating Segments (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 (Annual Improvements to MFRSs 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (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 (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
Amendments to MFRS 140	Investment Property (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.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1 July 2014.

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 ended	Quarter Quarter ended	Cumulative Period ended	Quarter Period ended
	31-December-2014	31-December-2013	31-December-2014	31-December-2013
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts no longer required	-	95	-	488
Allowance for doubtful debts	(301)	(937)	(567)	(937)
Fair value (loss)/gain on financial derivatives	(3,099)	1,296	(11,803)	9,940
Writeback of impairment/ (Impairment) of financial assets at fair value through profit or loss	1,649	13,819	(5,304)	29,505
Gain on disposal of quoted securities	9	10,447	24,717	20,025
Effects on dilution of equity interests in associate companies	(2,157)	(316)	(3,658)	(316)

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 17 December 2014, 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.

During the 6 months financial period ended 31 December 2014, the Company repurchased 400,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.7884 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965. Of the total 693,333,633 issued and fully paid up ordinary shares, 29,527,291 shares are being held as treasury shares by the Company as at 31 December 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 6 months financial period ended 31 December 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 6 months financial period ended 31 December 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
Revenue							
External revenue	28,012	1,761	131,055	15,038	3,913	-	179,779
Inter-segment revenue	1,823	286	1,892	140	6,033	(10,174)	-
Total segment revenue	29,835	2,047	132,947	15,178	9,946	(10,174)	179,779
Results							
Segment profit/(loss) from operations	14,575	1,013	(14,393)	1,817	22,418	(1,774)	23,656
Interest income	691	120	7,978	10	854	(4,889)	4,764
Finance costs	(5,053)	(378)	(5,369)	(1,205)	(358)	6,663	(5,700)
Exceptional item	-	-	-	-	(3,658)	-	(3,658)
Share of profits less losses of associate companies	-	(2,317)	(3,425)	1,623	20,402	-	16,283
Profit/(loss) before taxation	10,213	(1,562)	(15,209)	2,245	39,658	-	35,345
Taxation	(4,181)	(24)	(689)	36	547	-	(4,311)
Profit/(loss) for the financial period	6,032	(1,586)	(15,898)	2,281	40,205	-	31,034
Attributable to:-							
Owners of the Company							30,571
Non-controlling interests							463

A9. Segment Information (Cont'd)

The segment analysis for the Group's results for the 6 months financial period ended 31 December 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
Revenue							
External revenue	29,915	3,019	108,223	10,580	1,427	-	153,164
Inter-segment revenue	2,571	282	2,253	83	419	(5,608)	-
Total segment revenue	32,486	3,301	110,476	10,663	1,846	(5,608)	153,164
Results							
Segment profit/(loss) from operations	20,782	289	48,266	1,780	12,033	(1,737)	81,413
Interest income	682	152	5,801	-	339	(3,432)	3,542
Finance costs	(5,298)	(393)	(2,535)	(727)	(368)	5,169	(4,152)
Share of profits less losses of associate companies	-	(679)	6,817	636	16,250	-	23,024
Profit/(loss) before taxation	16,166	(631)	58,349	1,689	28,254	-	103,827
Taxation	(2,136)	(102)	(561)	(227)	-	-	(3,026)
Profit/(loss) for the financial period	14,030	(733)	57,788	1,462	28,254	-	100,801
Attributable to:-							
Owners of the Company							100,323
Non-controlling interests							478

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 per ordinary shares 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 a Repayment Agreement for the assumption of liabilities amounting to RM3.98 million. TWSB owns 10.2 acres of freehold land in Bandar Nilai Utama, Negeri Sembilan.

On 2 October 2014, SWSB had entered into a Deed of Termination to rescind and terminate the Share Sale Agreement and the Repayment Agreement dated 26 February 2014. The deposit and sums paid by SWSB pursuant to the Share Sale Agreement and the Repayment Agreement have been fully refunded to SWSB.

A11. Changes in the composition of the Group (Cont'd)

(i) Cont'd

On 29 October 2014, SWSB issued 45,000 new ordinary shares of RM1.00 each at par to the existing ordinary shareholders of SWSB. On the same date, the RPS was redeemed out of the proceeds from the issuance of the 45,000 new ordinary shares and the share premium account of SWSB.

(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 the current financial period ended 31 December 2014 and up to the date of this Report, which affects substantially the results of the operation of the Group.

A13. Contingent Assets or Liabilities

As at the date of this Report, the Company has issued guarantees amounting to RM150,643,000 to financial institutions in respect of banking and credit facilities granted to certain of 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 31 December 2014 are as follows:-

	RM'000
To acquire property, plant and equipment	3,804
To acquire investment properties	<u>19,723</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

Comparison between current financial quarter against preceding year's corresponding financial quarter

Group's summary

The Group reported revenue of RM108.7 million and a pre-tax profit of RM10.1 million in the current financial quarter as compared to revenue of RM80.7 million and a pre-tax profit of RM42.3 million in the preceding year's corresponding financial quarter. Despite the higher revenue, the Group reported lower pre-tax profit in the current financial quarter mainly due to lower profit reported by stock broking, structured finance and IT units and pre-tax loss reported by the investment unit; as follows:

Financial services and credit & leasing division

Revenue and pre-tax results for the second quarter in FY 2015 declined as compared to the corresponding quarter in the preceding year primarily due to weaker market sentiments which had resulted in lower revenue reported by the stock broking unit and the structured finance units.

Investment holding and trading division

The investment unit reported higher revenue in the second quarter in FY 2015 as compared to the corresponding quarter in the preceding year mainly due to higher trading activities in the second quarter in FY 2015.

Despite the higher revenue, the investment unit reported pre-tax loss of –RM0.5 million in the second quarter (Q2/2014: pre-tax profit of RM19.0 million) primarily due to lower writeback of impairment loss on financial assets at fair value through profit or loss of RM5.9 million (Q2/2014: RM12.1 million) and fair value loss on financial derivatives of –RM3.1 million (Q2/2014: fair value gain of RM1.3 million).

IT-related manufacturing, trading and services division

The IT unit reported lower pre-tax profit in the second quarter of FY 2015 as compared to the corresponding quarter in the preceding year mainly due to lower gain from sale of quoted securities.

The IT unit's associate companies, Inari Amertron Berhad Group ("Inari Amertron") reported higher profit in the second quarter of FY 2015 arising from higher trading volumes from the existing business units, in particular the Radio Frequency ("RF") business due to the higher 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 RM11.6 million (Q2/2014: RM8.5 million).

Current financial period to date against preceding year's corresponding financial period

Group's summary

The Group reported revenue of RM179.8 million and a pre-tax profit of RM35.3 million for the six months period ended 31 December 2014 as compared with revenue of RM153.2 million and a pre-tax profit of RM103.8 million reported in the corresponding financial period in the preceding year.

The lower pre-tax profit reported for the six months period ended 31 December 2014 as compared to the corresponding financial period in the preceding year were mainly due to lower profit reported by stock broking and structured finance units and pre-tax loss reported by the investment unit; as follows:

B1. Review of Performance (Cont'd)

Current financial period to date against preceding year's corresponding financial period (cont'd)

Financial services and credit & leasing division

Revenue and pre-tax results for the six months period ended 31 December 2014 declined as compared to the corresponding period in the preceding year primarily due to lower revenue reported by stock broking and the structured finance units on the back of weaker market sentiment.

Investment holding and trading division

The investment unit reported pre-tax loss of –RM15.2 million for the six months period ended 31 December 2014 (six months period ended 31 December 2013: pre-tax profit of RM58.3 million) primarily due to impairment of financial assets at fair value through profit or loss of –RM3.9 million (six months period ended 31 December 2013: writeback of impairment of RM25.5 million) and fair value loss on financial derivatives of –RM11.8 million (six months period ended 31 December 2013: fair value gain of RM9.9 million).

IT-related manufacturing, trading and services division

The IT unit reported higher pre-tax profit for the six months period ended 31 December 2014 as compared to the corresponding period in the preceding year mainly due to higher gain from sale of quoted securities of RM25.9 million (six months period ended 31 December 2013: RM20.1 million).

The IT unit's associate companies, Inari Amertron reported higher profit for the six months period ended 31 December 2014 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 period was RM21.7 million (six months period ended 31 December 2013: RM15.6 million).

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 RM108.7 million and a pre-tax profit of RM10.1 million in the current quarter as compared to revenue of RM71.1 million and a pre-tax profit of RM25.2 million in the immediate preceding quarter.

The lower pre-tax profit in the current quarter is mainly due to lower contribution from stock broking and structured finance units and after taking into account sale of quoted securities of RM Nil in the current financial quarter (immediate preceding financial quarter: RM24.7 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, structured finance and investment units will experience slower growth due to the challenging market conditions and barring unforeseen circumstances, these units will continue to contribute positively to the earnings of the Group for FY2015.

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.

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 profit.

B5. Taxation

The taxation charge for the current financial quarter and financial period ended 31 December 2014 is as follows:-

	Individual Quarter ended 31-December-2014 RM'000	Quarter Quarter ended 31-December-2013 RM'000	Cumulative Period ended 31-December-2014 RM'000	Quarter Period ended 31-December-2013 RM'000
<u>Income tax:-</u>				
Provision for the financial quarter/period	3,633	1,154	5,214	3,026
Overprovision in previous financial quarter/period	(547)	-	(548)	-
<u>Deferred tax:-</u>				
Transfer to deferred taxation	(309)	-	(355)	-
	<u>2,777</u>	<u>1,154</u>	<u>4,311</u>	<u>3,026</u>

The reconciliation between the statutory tax rate and the effective tax rate on the pre-tax profit of the Group are as follows:-

	Individual Quarter ended 31-December-2014 RM'000	Quarter Quarter ended 31-December-2013 RM'000	Cumulative Period ended 31-December-2014 RM'000	Quarter Period ended 31-December-2013 RM'000
Profit before taxation	<u>10,107</u>	<u>42,280</u>	<u>35,345</u>	<u>103,827</u>
Income tax at Malaysian statutory tax rate	2,526	10,570	8,836	25,957
<u>Tax effect in respect of:-</u>				
Non-allowable expenses	7,279	2,200	13,270	3,244
Income not subject to tax	(7,085)	(9,327)	(17,730)	(23,309)
Effect of different tax rates in other countries	(155)	71	(250)	(269)
Overseas tax paid on dividend income	11	360	272	497
Effect of changes in tax rates	32	-	34	-
Utilisation of previously unrecognised deferred tax assets	(89)	(2,755)	(613)	(3,183)
Deferred tax not recognised in the financial statements	805	35	1,040	89
Tax expenses for the financial quarter/period	<u>3,324</u>	<u>1,154</u>	<u>4,859</u>	<u>3,026</u>
Overprovision for taxation in previous financial quarter/period	<u>(547)</u>	<u>-</u>	<u>(548)</u>	<u>-</u>
	<u>2,777</u>	<u>1,154</u>	<u>4,311</u>	<u>3,026</u>

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 ("Rights Issue with Warrants").

The Rights Issue with Warrants was approved by the shareholders at an extraordinary general meeting held on 3 November 2014.

On 29 January 2015, the abridged prospectus and the notice of provisional allotment in relation to the Rights Issue with Warrants has been despatched to the entitled shareholders whose name appear on the Record of Depositors on 27 January 2015.

On 23 February 2015, the Company announced that at the close of acceptance and payment for the Rights Issue with Warrants on 13 February 2015, the Company has received valid acceptances and excess applications for a total of 162,390,666 RPS and this represents a subscription level of 122.47% of the total number of RPS available under the Rights Issue with Warrants.

The RPS and Warrants are expected to be listed on the Main Market of Bursa Malaysia Securities Berhad on 3 March 2015.

B7. Group Borrowings and Debts Securities as at 31 December 2014

	Foreign Currency ('000)	RM'000
Short term secured borrowings		
- in US dollars	54,364	189,974
- in Australian dollars	(11,912)	(34,229)
- in Euro dollars	1,936	8,227
- in Hong Kong dollars	20,675	9,316
- in Singapore dollars	15,627	41,330
- in Ringgit Malaysia		66,945
		<u>281,563</u>
Long term secured borrowings		
- in US dollars	2,020	7,059
- in Singapore dollars	765	2,023
- in Ringgit Malaysia		6,094
		<u>15,176</u>
		<u>296,739</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 had declared an interim single-tier dividend of 1.0 sen per ordinary share of RM1.00 each in respect of financial year ending 30 June 2015.

The dividend was paid on 25 February 2015.

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	Quarter	Cumulative	Quarter
	Quarter ended 31-Dec-2014	Quarter ended 31-Dec-2013	Period ended 31-Dec-2014	Period ended 31-Dec-2013
Net profit attributable to owners of the Company for the financial quarter and financial period to-date (RM'000)	6,832	40,923	30,571	100,323
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	665,417	665,649	665,417	665,649
Basic earnings per share (Sen)	1.02	6.20	4.59	15.07

(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 31 December 2014 and 31 December 2013 are analysed as follows:-

	<u>As at 31.12.2014</u> RM'000	<u>As at 31.12.2013</u> RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>		
- Realised	254,682	174,740
- Unrealised	87,120	96,372
	<u>341,802</u>	<u>271,112</u>
<u>Total share of retained earnings from associate companies</u>		
- Realised	77,458	57,419
- Unrealised	3,420	3,358
	<u>80,878</u>	<u>60,777</u>
Add: Consolidated adjustments	<u>14,460</u>	<u>20,799</u>
Total Group retained earnings as per consolidated financial statements	<u>437,140</u>	<u>352,688</u>