

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

26 November 2015

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 2015.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2016 Current financial quarter ended 30-Sep-15 RM'000	FY 2015 Preceding year corresponding financial quarter ended 30-Sep-14 RM'000	FY 2016 Financial period ended 30-Sep-15 RM'000	FY 2015 Preceding year financial period ended 30-Sep-14 RM'000
Revenue		47,306	71,115	47,306	71,115
Cost of sales	1	(22,123)	(42,691)	(22,123)	(42,691)
Other income	2	7,225	44,660	7,225	44,660
Administration expenses	3	(5,620)	(8,156)	(5,620)	(8,156)
Other operating expenses	4	(48,878)	(41,207)	(48,878)	(41,207)
Finance costs		(4,414)	(2,915)	(4,414)	(2,915)
Exceptional item	5	(550)	(1,501)	(550)	(1,501)
Share of profits less losses of associate companies		1,328	5,933	1,328	5,933
(Loss)/Profit before tax		(25,726)	25,238	(25,726)	25,238
Tax expense		(2,553)	(1,534)	(2,553)	(1,534)
(Loss)/Profit for the quarter/period		(28,279)	23,704	(28,279)	23,704
(Loss)/Profit attributable to:-					
Owners of the Company		(29,021)	23,739	(29,021)	23,739
Non-controlling interests		742	(35)	742	(35)
		(28,279)	23,704	(28,279)	23,704
(Loss)/Earnings per share (in Sen)					
- Basic		(4.38)	3.57	(4.38)	3.57
- Diluted		n/a	n/a	n/a	n/a
		Financial quarter ended 30-Sep-15 RM'000	Financial quarter ended 30-Sep-14 RM'000	Financial period ended 30-Sep-15 RM'000	Financial period ended 30-Sep-14 RM'000
Note 1					
Included in Cost of sales is the following item:-					
Depreciation		(4,997)	(2,860)	(4,997)	(2,860)
Note 2					
Included in Other income are the following items:-					
Allowance for doubtful debts no longer required		80	-	80	-
Gain on disposal of property, plant and equipment		-	199	-	199
Gain on disposal of quoted securities		-	24,708	-	24,708
Interest income		3,065	2,239	3,065	2,239
Note 3					
Included in Administration expenses is the following item:-					
Depreciation		(101)	(84)	(101)	(84)
Note 4					
Included in Other operating expenses are the following items:-					
Allowance for doubtful debts		(37)	(266)	(37)	(266)
Depreciation		(1,387)	(585)	(1,387)	(585)
Fair value loss on derivative financial instruments		(1,880)	(8,704)	(1,880)	(8,704)
Loss on disposal of property, plant and equipment		(12)	-	(12)	-
Loss on fair value changes of financial assets at fair value through profit or loss		(26,898)	(6,953)	(26,898)	(6,953)
Loss on exchange differences					
- realised		(7,775)	(3,320)	(7,775)	(3,320)
- unrealised		(2,297)	(13,350)	(2,297)	(13,350)
Property, plant and equipment written off		-	(91)	-	(91)
Note 5					
Exceptional item represents:-					
Effects of dilution of equity interests in associate companies		(550)	(1,501)	(550)	(1,501)

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2016 Current financial quarter ended 30-Sep-15 RM'000	FY 2015 Preceding year corresponding financial quarter ended 30-Sep-14 RM'000	FY 2016 Financial period ended 30-Sep-15 RM'000	FY 2015 Preceding year financial period ended 30-Sep-14 RM'000
(Loss)/Profit for the quarter/period		(28,279)	23,704	(28,279)	23,704
<u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u>					
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	1	-	(25,464)	-	(25,464)
Unrealised (loss)/gain on fair value changes on available for sale investments, net of tax		(1,841)	4,192	(1,841)	4,192
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax		6,795	(756)	6,795	(756)
Foreign currency translation, net of tax		16,433	929	16,433	929
Total other comprehensive income/(loss) for the financial quarter/period, net of tax		21,387	(21,099)	21,387	(21,099)
Total comprehensive (loss)/income for the quarter/period, net of tax		(6,892)	2,605	(6,892)	2,605
Attributable to:-					
Owners of the Company		(8,009)	2,639	(8,009)	2,639
Non-controlling interests		1,117	(34)	1,117	(34)
		(6,892)	2,605	(6,892)	2,605

Note 1

These deductions from Other Comprehensive Income/(loss) represent realised gain on disposal of available for sale investments in the preceding year 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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

	Attributable to Owners of the Company								Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable				Distributable						
	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Warrants reserve RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
Period ended 30 September 2015											
As at 1 July 2015	693,334	47,751	15,002	4,622	11,279	17,407	(14,499)	490,874	1,265,770	4,523	1,270,293
Transaction with owners:-											
Post-acquisition reserves - associate companies	-	-	-	-	1,043	-	-	-	1,043	-	1,043
Total transaction with owners	-	-	-	-	1,043	-	-	-	1,043	-	1,043
Total comprehensive (loss)/income for the financial period											
Loss for the financial period	-	-	-	-	-	-	-	(29,021)	(29,021)	742	(28,279)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	(1,841)	-	-	-	-	-	(1,841)	-	(1,841)
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	(23)	6,818	-	-	6,795	-	6,795
Foreign currency translation, net of tax	-	-	-	-	-	16,058	-	-	16,058	375	16,433
Total comprehensive (loss)/income for the financial period	-	-	(1,841)	-	(23)	22,876	-	(29,021)	(8,009)	1,117	(6,892)
Balance at 30 September 2015	693,334	47,751	13,161	4,622	12,299	40,283	(14,499)	461,853	1,258,804	5,640	1,264,444
Period ended 30 September 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
Transaction with owners:-											
Acquisition of equity interests in subsidiary companies	-	-	-	-	-	-	-	-	-	1,997	1,997
Total transaction with owners	-	-	-	-	-	-	-	-	-	1,997	1,997
Total comprehensive (loss)/income for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	23,739	23,739	(35)	23,704
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	-	-	4,192	-	-	-	-	-	4,192	-	4,192
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	-	-	-	-	(832)	76	-	-	(756)	-	(756)
Foreign currency translation, net of tax	-	-	-	-	-	928	-	-	928	1	929
Total comprehensive (loss)/income for the financial period	-	-	(21,272)	-	(832)	1,004	-	23,739	2,639	(34)	2,605
Balance at 30 September 2014	693,334	47,751	31,548	-	2,562	6,339	(13,522)	430,308	1,198,320	9,100	1,207,420

(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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/09/2015 RM'000	(Audited) As at preceding financial year ended 30/06/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	135,927	110,357
Investment properties	179,853	171,875
Available for sale investments	48,080	47,243
Held to maturity investments	43,871	45,633
Associate companies	233,240	224,848
Intangible assets	26,050	26,050
Deferred tax assets	1,975	2,056
Total non-current assets	668,996	628,062
Current assets		
Property development costs	9,760	9,760
Inventories	11,595	11,899
Trade receivables	286,978	303,622
Amount due from associate companies	88,747	92,371
Other receivables, deposits and prepayments	21,706	22,323
Held to maturity investments	9,869	6,978
Financial assets at fair value through profit or loss	355,100	291,080
Tax recoverable	1,471	2,055
Deposits with licensed banks and financial institutions	422,168	485,006
Cash and bank balances	44,379	88,595
Total current assets	1,251,773	1,313,689
TOTAL ASSETS	1,920,769	1,941,751
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	693,334	693,334
Treasury shares	(14,499)	(14,499)
Reserves	118,116	96,061
Retained earnings	461,853	490,874
	1,258,804	1,265,770
Non-controlling interests	5,640	4,523
TOTAL EQUITY	1,264,444	1,270,293
LIABILITIES		
Non-current liabilities		
Loans and borrowings	12,996	13,630
Hire purchase payables	51,775	37,437
Deferred tax liabilities	5,748	5,661
Preference shares	129,375	129,242
Total non-current liabilities	199,894	185,970
Current liabilities		
Derivative financial liabilities	11,167	9,165
Trade payables	43,818	63,326
Other payables and accruals	25,620	28,456
Hire purchase payables	21,201	18,195
Loans and borrowings	354,322	366,044
Tax payable	303	302
Total current liabilities	456,431	485,488
TOTAL LIABILITIES	656,325	671,458
TOTAL EQUITY AND LIABILITIES	1,920,769	1,941,751
Net assets per share attributable to owners of the Company (RM)	1.90	1.91

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015.

	Current financial period ended 30/09/2015 RM'000	Preceding financial period ended 30/09/2014 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(25,726)	25,238
Adjustments for:-		
Non-cash items	33,919	(6,960)
Finance costs	4,414	2,915
Interest income	(3,065)	(2,239)
Operating profit before working capital changes	<u>9,542</u>	<u>18,954</u>
Changes in working capital:-		
Net changes in current assets	(48,243)	2,194
Net changes in current liabilities	(23,699)	(657)
Cash (used in)/from operations	<u>(62,400)</u>	<u>20,491</u>
Interest paid	(4,282)	(2,915)
Interest received	3,065	2,239
Tax paid	(1,862)	(957)
Net cash (used in)/from operating activities	<u>(65,479)</u>	<u>18,858</u>
Cash flows from investing activities		
Acquisition of additional equity interests in associated companies	(120)	(9,144)
Purchase of property, plant and equipment	(5,845)	(4,600)
Purchase of held to maturity investments	-	(25,268)
Purchase of available for sale investments	(249)	-
Purchase of investment properties	(2,778)	(4,796)
Proceeds from disposal of property, plant and equipment	2,424	401
Proceeds from redemption and disposal of held to maturity investments	-	3,219
Proceeds from redemption and disposal of available for sale investments	-	25,912
Dividend received	2,774	3,793
Net cash outflow on acquisition of equity interest in subsidiary companies	-	(2,932)
Net cash used in investing activities	<u>(3,794)</u>	<u>(13,415)</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	70,369	(11,520)
Decrease/(Increase) in cash and bank balances pledged	8,599	(3,421)
Drawdown of loans and borrowings	92,471	73,239
Repayment of loans and borrowings	(124,988)	(36,543)
Repayment of hire purchase payables	(7,903)	(2,947)
Net cash from financing activities	<u>38,548</u>	<u>18,808</u>
Net (decrease)/increase in cash and cash equivalents	(30,725)	24,251
Cash and cash equivalents at beginning of the financial period	184,292	111,007
Exchange differences	5,173	(204)
Cash and cash equivalents at end of the financial period	<u>158,740</u>	<u>135,054</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(7,867)	(45,813)
Cash and bank balances	27,076	51,677
Deposits with licensed banks and financial institutions	139,531	129,190
	<u>158,740</u>	<u>135,054</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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - NOTES TO THE UNAUDITED FINANCIAL REPORT.

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134: Interim Financial Reporting

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 2015, 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 2015.

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 2015 except for the adoption of new MFRS, amendments to MFRSs and IC Interpretations issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2015. The adoption of the new standards, amendments to standards and interpretations do not 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 2015.

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 2015.

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-Sept-2015	30-Sept-2014	30-Sept-2015	30-Sept-2014
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts no longer required	80	-	80	-
Allowance for doubtful debts	(37)	(266)	(37)	(266)
Fair value loss on derivative financial instruments	(1,880)	(8,704)	(1,880)	(8,704)
Gain on disposal of quoted securities	-	24,708	-	24,708
Loss on fair value changes of financial assets at fair value through profit or loss	(26,898)	(6,953)	(26,898)	(6,953)
Loss on exchange differences				
- realised	(7,775)	(3,320)	(7,775)	(3,320)
- unrealised	(2,297)	(13,350)	(2,297)	(13,350)
Effects on dilution of equity interests in associate companies	(550)	(1,501)	(550)	(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 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.

The Company did not repurchase any of its shares from the open market during the 3 months period ended 30 September 2015. Of the total 693,333,633 issued and fully paid up ordinary shares, 30,327,291 shares are being held as treasury shares by the Company as at 30 September 2015.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares by the Company for the financial period ended 30 September 2015.

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 2015 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	Eliminations	Consolidated total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	15,932	904	16,553	13,478	439	-	47,306
Inter-segment revenue	40	144	1,928	33	3,694	(5,839)	-
Total segment revenue	15,972	1,048	18,481	13,511	4,133	(5,839)	47,306
Results							
Segment profit/(loss) from operations	11,538	281	(42,680)	2,183	3,670	(147)	(25,155)
Interest income	917	44	3,799	25	527	(2,247)	3,065
Finance costs	(1,188)	(192)	(3,972)	(1,091)	(365)	2,394	(4,414)
Exceptional item	-	-	-	-	(550)	-	(550)
Share of profits less losses of associate companies	-	835	(8,609)	(2,066)	11,168	-	1,328
Profit/(loss) before tax	11,267	968	(51,462)	(949)	14,450	-	(25,726)
Tax expense	(1,945)	(82)	(409)	(117)	-	-	(2,553)
Profit/(loss) for the financial year	9,322	886	(51,871)	(1,066)	14,450	-	(28,279)
Attributable to:-							
Owners of the Company							(29,021)
Non-controlling interests							742

The segment analysis for the Group's results for the financial period ended 30 September 2014 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	15,714	1,462	46,017	7,052	870	-	71,115
Inter-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
Results							
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 tax	7,194	401	(14,680)	422	31,901	-	25,238
Tax expense	(1,140)	(24)	(407)	37	-	-	(1,534)
Profit/(loss) for the financial year	6,054	377	(15,087)	459	31,901	-	23,704
Attributable to:-							
Owners of the Company							23,739
Non-controlling interests							(35)

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 2015.

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 15 July 2015, Mr Wong Yew Kiang (“WYK”), the Managing Director and a 39% shareholder of Roset Limousine Services Pte. Ltd. (“Roset”), has exercised the option pursuant to a Share Sale Agreement dated 15 April 2011 between WYK and Insas Pacific Rent-A-Car Sdn. Bhd. (“IPRAC”) to buy back 15,303 ordinary shares representing 10% of the total issued ordinary share capital of Roset for a cash consideration of S\$18,978 (“Share Buyback”). Arising from the Share Buyback, IPRAC’s equity interest in Roset has been diluted from 51% to 41%.

Roset is a private limited company incorporated in Singapore on 1 June 2004 and its principal activities are the provision of premium limousines services and cars for hire.

- (ii) On 31 July 2015, Insas Plaza Sdn Bhd, a wholly-owned subsidiary company, had subscribed for 120,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary shares representing 40% of the enlarged share capital of PRAC Logistics Sdn Bhd (“PRAC Logistics”).

PRAC Logistics is a private limited company incorporated in Malaysia on 4 July 2012 and its principal activity is car rental services.

- (iii) On 30 September 2015, Roset Logistics Holdings Pte. Ltd. (formerly known as Montego Management Services Pte. Ltd.) (“Roset Holdings”), a private limited company incorporated in Singapore and a wholly-owned subsidiary of the Company has entered into a share sale agreement with WYK and A.B. Melwani Pte. Ltd. for the acquisition of 180,614 ordinary shares representing 59% equity interest in Roset not owned by the Group at a purchase price of SGD1,151,667, which is arrived at based on the audited net tangible assets of Roset as at 30 June 2015. The purchase price will be satisfied by the issuance of 1,151,667 new ordinary shares in the capital of Roset Holdings at the issue price of SGD1 per share.

On the same date, the Group implemented an internal restructuring of the car rental and logistic division wherein the Group’s 100% interest in IPRAC and Insas Logistics (S) Pte. Ltd. (“ILS”), will be transferred and consolidated under Roset Holdings. Upon completion of the proposed acquisition of Roset and the internal restructuring, the Group will hold 79.5% equity interest in Roset Holdings and Roset, IPRAC and ILS will become 100% owned subsidiaries of Roset Holdings.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2015 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 RM225,184,000 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 30 September 2015 are as follows:-

	RM'000
To acquire property, plant and equipment	4,012
To acquire investment properties	30,269
Investment commitments in relation to available for sale investments	<u>34,555</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/period to date against preceding year's corresponding financial quarter/period to-date

Group's summary

The Group reported revenue of RM47.3 million and a pre-tax loss of –RM25.7 million in the current quarter as compared to revenue of RM71.1 million and a pre-tax profit of RM25.2 million in the preceding year's corresponding quarter. The review of performance by divisions is as follows:-

Financial services and credit & leasing division

There is no significant variance on revenue between the current quarter compared to the preceding year corresponding quarter.

The unit reported higher pre-tax profit of RM11.3 million in the current quarter (Q1/2015: RM7.2 million) primarily due to gain on fair value changes of financial assets at fair value through profit and loss of RM2.3 million in the current quarter (Q1/2015: loss on fair value changes of –RM0.1 million).

Investment holding and trading division

The investment unit reported lower revenue mainly due to lower trading activities in the current quarter as compared to the preceding year corresponding quarter.

Pre-tax loss was higher at –RM51.5 million in the current quarter (Q1/2015: -RM14.7 million) primarily due to higher loss on fair value changes of financial assets at fair value through profit or loss of –RM30.7 million in the current quarter (Q1/2015: -RM9.8 million) in view of the current challenging market conditions.

IT-related manufacturing, trading and services division

The IT unit reported lower pre-tax profit in the current quarter as compared to the preceding year corresponding quarter primarily due to gain from sale of quoted securities of RM24.7 million reported in preceding year corresponding quarter (Q1/2016 : Nil).

The IT's unit associate companies, Inari Amertron Berhad Group reported higher profits in the current quarter as compared to the corresponding quarter in the preceding year, mainly attributable to the favourable US dollar exchange on its revenue during the current quarter. The IT's unit's equity accounting for Inari Amertron after-tax profit for the current quarter was RM12.3million (Q1/2015 : RM10.2 million).

B2. Comments on material changes in the revenue and profit before tax for the current financial quarter as compared with the immediate preceding financial quarter

The Group reported revenue of RM47.3 million and a pre-tax loss of –RM25.7 million in the current quarter as compared to revenue of RM87.3 million and a pre-tax profit of RM33.2 million in the immediate preceding quarter.

The pre-tax loss in the current quarter is primarily due to loss on fair value changes of financial assets at fair value through profit or loss of –RM26.9 million (Q4/2015: gain on fair value changes of RM4.5 million), fair value loss on derivative financial instruments of –RM1.9 million (Q4/2015: fair value gain of RM5.3 million), no gain from sale of quoted securities by the IT unit (Q4/2015: gain of RM5.8 million) and loss on foreign exchange of –RM10.1 million in the current quarter (Q4/2015: gain on foreign exchange of RM10.0 million) primarily due to the strengthening of the US dollar against the Ringgit.

B3. Prospects for the financial year ending 30 June 2016Financial services and investment trading division

The Board is of the view that the Group is positioned adequately to meet the challenging market conditions, and we expect the Group to continue to be resilient.

IT-related manufacturing, trading and services division

The Board is cautiously optimistic on the IT unit and Inari Amertron Berhad Group in maintaining their positive financial performance in the current financial year in tandem with the forecasted growth of the global market for mobile smart devices.

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. Tax Expense

The tax expense for the current financial quarter and financial period ended 30 September 2015 is as follows:-

	Individual Quarter ended 30-Sept-2015 RM'000	Quarter Quarter ended 30-Sept-2014 RM'000	Cumulative Period ended 30-Sept-2015 RM'000	Quarter Period ended 30-Sept-2014 RM'000
<u>Income tax:-</u>				
Provision for the current financial quarter/period				
- Malaysian income tax	2,445	1,396	2,445	1,396
- Overseas income tax	29	185	29	185
Overprovision in preceding financial quarter/period	-	(1)	-	(1)
<u>Deferred tax:-</u>				
Transfer to/(from) deferred taxation	79	(46)	79	(46)
	<u>2,553</u>	<u>1,534</u>	<u>2,553</u>	<u>1,534</u>

B5. Tax Expense (Cont'd)

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

	Individual Quarter ended 30-Sept-2015 RM'000	Quarter Quarter ended 30-Sept-2014 RM'000	Cumulative Period ended 30-Sept-2015 RM'000	Quarter Period ended 30-Sept-2014 RM'000
(Loss)/Profit before tax	(25,726)	25,238	(25,726)	25,238
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	(6,174)	6,310	(6,174)	6,310
Tax effect in respect of:-				
Non-allowable expenses	11,224	5,991	11,224	5,991
Income not subject to tax	(3,470)	(10,645)	(3,470)	(10,645)
Effect of different tax rates in other countries	90	(95)	90	(95)
Overseas tax paid on dividend income	30	261	30	261
Effects of change in tax rates	-	2	-	2
Utilisation of previously unrecognised deferred tax assets	(32)	(524)	(32)	(524)
Deferred tax not recognised in the financial statements	885	235	885	235
Tax expenses for the financial quarter/period	2,553	1,535	2,553	1,535
Overprovision for tax expense in preceding financial quarter/period	-	(1)	-	(1)
	2,553	1,534	2,553	1,534

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.

B7. Status of Utilisation of Proceeds

The Company received proceeds amounting to RM132.6 million from the issuance of 132,601,268 redeemable preference shares (“RPS”) at an issue price of RM1.00 per RPS. The proceeds have been utilised in the following manner as at 30 September 2015:-

Purpose	Approved utilisation RM'000	Amount utilised RM'000	Balance unutilised RM'000
Capital injection into M&A Securities Sdn Bhd	60,000	60,000	-
Capital injection into Insas Pacific Rent-A-Car Sdn Bhd	5,000	5,000	-
Repayment of bank borrowings	20,000	20,000	-
Subscription of the rights issue of an associate company	30,000	30,000	-
Working capital and general business purposes	16,201	2,217	13,984
To defray expenses relating to the RPS issue	1,400	1,400	-
Total	132,601	118,617	13,984

B8. Group Borrowings and Debts Securities as at 30 September 2015

<u>Borrowings</u>	Foreign Currency ('000)	RM'000
<u>Short term secured borrowings</u>		
- in US dollars	52,808	234,602
- in Hong Kong dollars	23,634	13,549
- in Singapore dollars	19,686	61,328
- in Euro dollars	1,118	5,594
- in Ringgit Malaysia		39,249
		<u>354,322</u>
<u>Long term secured borrowings</u>		
- in US dollars	1,020	4,531
- in Singapore dollars	676	2,106
- in Ringgit Malaysia		6,359
		<u>12,996</u>
Total Group borrowings		<u>367,318</u>

B8. Group Borrowings and Debts Securities as at 30 September 2015 (Cont'd)

Debt securities

	RM'000
<u>Redeemable Convertible Preference Shares ("RCPS")</u>	
RCPS to non-controlling interests of a subsidiary company	<u>1,611</u>
<u>Redeemable preference shares ("RPS")</u>	
132,601,268 RPS issued by the Company on 26 February 2015 at RM1.00 per RPS	132,601
Fair value of 265,202,536 free Warrants issued by the Company on 26 February 2015 accounted for under Warrants reserve after accounting for effects of deferred tax liabilities	(6,082)
Accumulated RPS dividend charged to income statements	4,384
Accumulated RPS dividend paid and payable	<u>(3,139)</u>
RPS issued by the Company – liability portion, disclosed as per MFRS requirements	<u>127,764</u>
Total Group debt securities	<u><u>129,375</u></u>

In accordance with MFRS 132 Financial Instruments: Disclosure and Presentation, MFRS 112: Income Taxes and FRSIC Consensus 8/2008: Accounting for Free Warrants with Rights Issue, the Group has disclosed the RPS as a long term liability, net of fair value for the free Warrants issued and the effects of deferred tax liabilities. As of the date of this Report, none of the Warrants issued were converted into ordinary shares.

B9. Material Litigation

There are no material pending 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.

B10. Dividend

The Board of Directors is pleased to declare an interim single tier dividend of 1.0 sen per ordinary share of RM1.00 each in the Company in respect of the financial year ending 30 June 2016.

B11. 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 (loss)/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 30-Sept-2015	Quarter ended 30-Sept-2014	Period ended 30-Sept-2015	Period ended 30-Sept-2014
Net (loss)/profit attributable to owners of the Company for the financial quarter and financial period to-date (RM'000)	(29,021)	23,739	(29,021)	23,739
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,007	665,649	663,007	665,649
Basic earnings per share (Sen)	(4.38)	3.57	(4.38)	3.57

(b) Diluted earnings per share

The diluted earnings per share is not computed as there are no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

B12. Disclosure on Realised and Unrealised Profits and Losses

The Group's retained earnings as at 30 September 2015 and 30 September 2014 are analysed as follows:-

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>		
- Realised	304,416	266,828
- Unrealised	53,063	72,004
	<u>357,479</u>	<u>338,832</u>
<u>Total share of retained earnings from associate companies</u>		
- Realised	89,936	75,953
- Unrealised	(3,608)	657
	<u>86,328</u>	<u>76,610</u>
Add: Consolidated adjustments	<u>18,046</u>	<u>14,866</u>
Total Group retained earnings as per consolidated financial statements	<u>461,853</u>	<u>430,308</u>