

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

26 February 2016

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

UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2016 Current financial quarter ended 31-Dec-15 RM'000	FY 2015 Preceding year corresponding financial quarter ended 31-Dec-14 RM'000	FY 2016 Financial period ended 31-Dec-15 RM'000	FY 2015 Preceding year financial period ended 31-Dec-14 RM'000
Revenue		72,244	108,664	119,550	179,779
Cost of sales	1	(46,759)	(85,036)	(68,882)	(127,727)
Other income	2	52,195	7,400	59,420	52,060
Administration expenses	3	(11,098)	(6,173)	(16,718)	(14,329)
Other operating expenses	4	(17,616)	(20,156)	(66,494)	(61,363)
Finance costs		(4,409)	(2,785)	(8,823)	(5,700)
Exceptional item	5	(2,924)	(2,157)	(3,474)	(3,658)
Share of profits less losses of associate companies		11,780	10,350	13,108	16,283
Profit before tax		53,413	10,107	27,687	35,345
Tax expense		(3,237)	(2,777)	(5,790)	(4,311)
Profit for the quarter/period		50,176	7,330	21,897	31,034
Profit attributable to:-					
Owners of the Company		51,331	6,832	22,310	30,571
Non-controlling interests		(1,155)	498	(413)	463
		50,176	7,330	21,897	31,034
Earnings per share (in Sen)					
- Basic		7.74	1.02	3.36	4.59
- Diluted		n/a	n/a	n/a	n/a
		Financial quarter ended 31-Dec-15 RM'000	Financial quarter ended 31-Dec-14 RM'000	Financial period ended 31-Dec-15 RM'000	Financial period ended 31-Dec-14 RM'000
Note 1					
Included in Cost of sales is the following item:-					
Depreciation		<u>(5,792)</u>	<u>(3,156)</u>	<u>(10,789)</u>	<u>(6,016)</u>
Note 2					
Included in Other income are the following items:-					
Allowance for doubtful debts no longer required		806	-	886	-
Fair value gain on derivatives financial instruments		3,946	-	2,066	-
Gain on disposal of property, plant and equipment		-	728	-	927
Gain on disposal of quoted securities		9,305	9	9,305	24,717
Gain on disposal of shares in an associate company		26,793	-	26,793	-
Interest income		2,854	2,525	5,919	4,764
Gain on exchange differences - unrealised		5,324	-	3,027	-
		<u>5,324</u>	<u>-</u>	<u>3,027</u>	<u>-</u>
Note 3					
Included in Administration expenses is the following item:-					
Depreciation		<u>(105)</u>	<u>(85)</u>	<u>(206)</u>	<u>(169)</u>
Note 4					
Included in Other operating expenses are the following items:-					
Allowance for doubtful debts		(185)	(301)	(222)	(567)
Depreciation		(2,086)	(580)	(3,473)	(1,165)
Fair value loss on derivative financial instruments		-	(3,099)	-	(11,803)
Loss on disposal of property, plant and equipment		(4)	-	(16)	-
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss		(2,237)	1,649	(29,135)	(5,304)
(Loss)/Gain on exchange differences					
- realised		(4,076)	(17,195)	(11,851)	(20,515)
- unrealised		-	8,538	-	(4,812)
Property, plant and equipment written off		-	-	-	(91)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(91)</u>
Note 5					
Exceptional item represents:-					
Effects of dilution of equity interests in associate companies		<u>(2,924)</u>	<u>(2,157)</u>	<u>(3,474)</u>	<u>(3,658)</u>

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UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		FY 2016 Current financial quarter ended 31-Dec-15 RM'000	FY 2015 Preceding year corresponding financial quarter ended 31-Dec-14 RM'000	FY 2016 Financial period ended 31-Dec-15 RM'000	FY 2015 Preceding year financial period ended 31-Dec-14 RM'000
Profit for the quarter/period		50,176	7,330	21,897	31,034
<u>Other comprehensive (loss)/income 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	(6,718)	-	(6,718)	(25,464)
Unrealised loss on fair value changes on available for sale investments, net of tax		(1,449)	(5,957)	(3,290)	(1,765)
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax		(1,460)	4,377	5,335	3,621
Foreign currency translation of foreign operations, net of tax		(2,642)	2,946	13,791	3,875
Total other comprehensive (loss)/income for the quarter/period, net of tax		(12,269)	1,366	9,118	(19,733)
Total comprehensive income for the quarter/period, net of tax		37,907	8,696	31,015	11,301
Attributable to:-					
Owners of the Company		39,763	8,137	31,754	10,776
Non-controlling interests		(1,856)	559	(739)	525
		37,907	8,696	31,015	11,301

Note 1

These deductions from Other Comprehensive Income/(loss) represent realised gain on disposal of available for sale investments 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 SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 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			
6 months ended 31 December 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
Transactions with owners:-											
Post-acquisition reserves - associate companies	-	-	-	-	12,805	-	-	-	12,805	-	12,805
Cash dividends payable to owners of the Company	-	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
Non-controlling interests' changes in ownership interests in subsidiary companies	-	-	-	-	-	-	-	(2,436)	(2,436)	2,436	-
Total transactions with owners	-	-	-	-	12,805	-	-	(9,066)	3,739	2,436	6,175
Total comprehensive (loss)/income for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	22,310	22,310	(413)	21,897
Realised fair value gain transferred to income statements upon disposal of available for sale investments, net of tax	-	-	(6,718)	-	-	-	-	-	(6,718)	-	(6,718)
Unrealised loss on fair value changes on available for sale investments, net of tax	-	-	(3,290)	-	-	-	-	-	(3,290)	-	(3,290)
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	-	-	-	-	(11)	5,369	-	(23)	5,335	-	5,335
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	14,117	-	-	14,117	(326)	13,791
Total comprehensive (loss)/income for the financial period	-	-	(10,008)	-	(11)	19,486	-	22,287	31,754	(739)	31,015
Balance at 31 December 2015	693,334	47,751	4,994	4,622	24,073	36,893	(14,499)	504,095	1,301,263	6,220	1,307,483
6 months 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)
Total comprehensive (loss)/income 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 loss 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 of foreign operations, net of tax	-	-	-	-	-	3,813	-	-	3,813	62	3,875
Total comprehensive (loss)/income for the financial 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

(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 SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2015 RM'000	(Audited) As at preceding financial year ended 30/06/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	149,529	110,357
Investment properties	181,873	171,875
Available for sale investments	39,361	47,243
Held to maturity investments	43,888	45,633
Associate companies	237,125	224,848
Intangible assets	26,050	26,050
Deferred tax assets	1,967	2,056
Total non-current assets	679,793	628,062
Current assets		
Property development costs	9,759	9,760
Inventories	11,276	11,899
Trade receivables	292,499	303,622
Amount due from associate companies	88,077	92,371
Other receivables, deposits and prepayments	27,971	22,323
Held to maturity investments	9,632	6,978
Financial assets at fair value through profit or loss	363,654	291,080
Tax recoverable	1,265	2,055
Deposits with licensed banks and financial institutions	509,830	485,006
Cash and bank balances	45,539	88,595
Total current assets	1,359,502	1,313,689
TOTAL ASSETS	2,039,295	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	118,333	96,061
Retained earnings	504,095	490,874
	1,301,263	1,265,770
Non-controlling interests	6,220	4,523
TOTAL EQUITY	1,307,483	1,270,293
LIABILITIES		
Non-current liabilities		
Loans and borrowings	13,466	13,630
Hire purchase payables	59,830	37,437
Deferred tax liabilities	5,686	5,661
Preference shares	129,529	129,242
Total non-current liabilities	208,511	185,970
Current liabilities		
Derivative financial liabilities	7,124	9,165
Trade payables	48,402	63,326
Other payables and accruals	33,508	28,456
Hire purchase payables	25,209	18,195
Loans and borrowings	407,438	366,044
Tax payable	1,620	302
Total current liabilities	523,301	485,488
TOTAL LIABILITIES	731,812	671,458
TOTAL EQUITY AND LIABILITIES	2,039,295	1,941,751
Net assets per share attributable to owners of the Company (RM)	1.96	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 SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER AND 6 MONTHS PERIOD ENDED 31 DECEMBER 2015.

	Current financial period ended 31/12/2015 RM'000	Preceding year financial period ended 31/12/2014 RM'000
Cash flows from operating activities		
Profit before tax	27,687	35,345
Adjustments for:-		
Non-cash items	(12,065)	(19,673)
Finance costs	8,823	5,700
Interest income	(5,919)	(4,764)
Operating profit before working capital changes	<u>18,526</u>	<u>16,608</u>
Changes in working capital:-		
Net changes in current assets	(69,852)	21,716
Net changes in current liabilities	(17,145)	(5,709)
Cash (used in)/from operations	<u>(68,471)</u>	<u>32,615</u>
Interest paid	(8,534)	(5,700)
Interest received	5,919	4,764
Tax paid	(3,589)	(1,637)
Net cash (used in)/from operating activities	<u>(74,675)</u>	<u>30,042</u>
Cash flows from investing activities		
Acquisition of additional equity interests in associated companies	(971)	(12,130)
Purchase of property, plant and equipment	(12,437)	(6,824)
Purchase of held to maturity investments	-	(25,268)
Purchase of available for sale investments	(249)	(2,061)
Purchase of investment properties	(6,091)	(4,965)
Proceeds from disposal of shares in an associate company	33,180	-
Proceeds from disposal of property, plant and equipment	7,245	1,484
Proceeds from redemption and disposal of held to maturity investments	-	11,017
Proceeds from redemption and disposal of available for sale investments	9,305	25,912
Dividend received	14,178	13,046
Net cash outflow on acquisition of equity interest in subsidiary companies	-	(259)
Net cash from/(used in) investing activities	<u>44,160</u>	<u>(48)</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	25,227	(47,502)
Decrease/(Increase) in cash and bank balances pledged	14,116	(4,643)
Net cash used in share buyback	-	(316)
Drawdown of loans and borrowings	208,136	153,826
Repayment of loans and borrowings	(175,746)	(83,455)
Repayment of hire purchase payables	(17,476)	(5,155)
Net cash from financing activities	<u>54,257</u>	<u>12,755</u>
Net increase in cash and cash equivalents	23,742	42,749
Cash and cash equivalents at beginning of the financial period	184,292	111,007
Exchange differences	4,443	917
Cash and cash equivalents at end of the financial period	<u>212,477</u>	<u>154,673</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(7,373)	(23,704)
Cash and bank balances	34,293	32,802
Deposits with licensed banks and financial institutions	185,557	145,575
	<u>212,477</u>	<u>154,673</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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 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 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
	31-Dec-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts no longer required	806	-	886	-
Allowance for doubtful debts	(185)	(301)	(222)	(567)
Fair value gain/(loss) on derivative financial instruments	3,946	(3,099)	2,066	(11,803)
Gain on disposal of quoted securities	9,305	9	9,305	24,717
Gain on disposal of shares in an associate company	26,793	-	26,793	-
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(2,237)	1,649	(29,135)	(5,304)
Gain/(Loss) on exchange differences				
- realised	(4,076)	(17,195)	(11,851)	(20,515)
- unrealised	5,324	8,538	3,027	(4,812)
Effects on dilution of equity interests in associate companies	(2,924)	(2,157)	(3,474)	(3,658)

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 2015, 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 6 months period ended 31 December 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 31 December 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 31 December 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 6 months financial period ended 31 December 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	27,536	1,811	38,097	29,070	23,036	-	119,550
Inter-segment revenue	71	271	3,834	1,396	8,169	(13,741)	-
Total segment revenue	27,607	2,082	41,931	30,466	31,205	(13,741)	119,550
Results							
Segment profit/(loss) from operations	25,067	564	(39,073)	4,317	30,384	(302)	20,957
Interest income	1,685	105	7,271	41	1,264	(4,447)	5,919
Finance costs	(2,244)	(378)	(8,023)	(2,243)	(684)	4,749	(8,823)
Exceptional item	-	-	-	-	(3,474)	-	(3,474)
Share of profits less losses of associate companies	-	1,154	(6,055)	(1,521)	19,530	-	13,108
Profit/(loss) before tax	24,508	1,445	(45,880)	594	47,020	-	27,687
Tax expense	(3,612)	(159)	(1,898)	(121)	-	-	(5,790)
Profit/(loss) for the financial year	20,896	1,286	(47,778)	473	47,020	-	21,897
Attributable to:-							
Owners of the Company							22,310
Non-controlling interests							(413)

The segment analysis for the Group's results for the 6 months financial period ended 31 December 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	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 tax	10,213	(1,562)	(15,209)	2,245	39,658	-	35,345
Tax expense	(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

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 31 December 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 RM227,107,000 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 2015 are as follows:-

	RM'000
To acquire property, plant and equipment	1,132
To acquire investment properties	27,085
Investment commitments in relation to available for sale investments	<u>34,449</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 RM72.2 million and a pre-tax profit of RM53.4 million in the current financial quarter as compared to revenue of RM108.7 million and a pre-tax profit of RM10.1 million in the preceding year's corresponding financial 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 financial quarter as compared to the preceding year corresponding financial quarter.

The unit reported higher pre-tax profit of RM13.2 million in the current financial quarter (Q2/2015: RM3.0 million) primarily due to gain on fair value changes of financial assets at fair value through profit and loss of RM8.3 million in the current financial quarter (Q2/2015: loss on fair value changes of -RM1.8 million).

Investment holding and trading division

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

The unit reported pre-tax profit of RM5.6 million in the current financial quarter (Q2/2015: pre-tax loss of -RM0.5 million) primarily due to higher profit on fair value gain on derivatives of RM3.9 million (Q2/2015: fair value loss of -RM3.1 million).

IT-related manufacturing, trading and services division

The IT unit reported higher revenue and pre-tax profit in the current financial quarter as compared to the preceding year corresponding financial quarter primarily due to gain from disposal of quoted securities of RM9.3 million (Q2/2015: Nil) and gain on disposal of shares in an associate company of RM21.1 million (Q2/2015: Nil).

The Group's equity accounting for Inari Amertron Group after-tax profit for the current financial quarter was lower at RM9.5million (Q2/2015: RM11.1 million) due to dilution of the Group's equity interest in Inari Amertron as a result of conversion/exercise of warrants and share options in Inari Amertron.

B1. Review of Performance (Cont'd)

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

Group's summary

The Group reported revenue of RM119.6 million and a pre-tax profit of RM27.7 million for the six months period ended 31 December 2015 as compared with revenue of RM179.8 million and a pre-tax profit of RM35.3 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 2015 as compared to the corresponding financial period in the preceding year were mainly due to:

Financial services and credit & leasing division

The unit reported higher pre-tax profit of RM24.5 million for the six months period ended 31 December 2015 (six months period ended 31 December 2014: RM10.2 million) primarily due to gain on fair value changes of financial assets at fair value through profit and loss of RM10.6 million for the six months period ended 31 December 2015 (six months period ended 31 December 2014: loss on fair value changes of –RM1.9 million).

Investment holding and trading division

The investment unit reported pre-tax loss of –RM45.9 million for the six months period ended 31 December 2015 (six months period ended 31 December 2014: -RM15.2 million) primarily due to loss on fair value changes of financial assets at fair value through profit or loss of –RM42.0 million (six months period ended 31 December 2014: –RM3.9 million).

IT-related manufacturing, trading and services division

The IT unit reported higher pre-tax profit for the six months period ended 31 December 2015 as compared to the corresponding period in the preceding year mainly due to higher gain on disposal of quoted securities of RM9.3 million and gain on disposal of shares in an associate company of RM21.1 million (six months period ended 31 December 2014: gain on disposal of quoted securities RM24.7 million).

The Group's equity accounting for Inari Amertron's after-tax profit for the current financial period was RM21.8 million (six months period ended 31 December 2014: RM21.2 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 RM72.2 million and a pre-tax profit of RM53.4 million in the current financial quarter as compared to revenue of RM47.3 million and a pre-tax loss of –RM25.7 million in the immediate preceding financial quarter.

The higher profit in the current financial quarter is primarily due to lower loss on fair value changes of financial assets at fair value through profit or loss of –RM2.2 million (Q1/2016: –RM26.9 million), fair value gain on derivative financial instruments of RM3.9 million (Q1/2016: fair value loss of –RM1.9 million), gain on disposal of quoted securities by the IT unit of RM9.3 million (Q1/2016: Nil), gain on disposal of shares in an associate company of RM26.8 million (Q1/2016: Nil) and gain on foreign exchange of RM1.2 million in the current quarter (Q1/2016: loss on foreign exchange of –RM10.1 million) primarily due to the weakening of the US dollar against the Ringgit.

B3. Prospects for the financial year ending 30 June 2016

Financial services and investment trading division

The Board is of the view that the stock broking and structured finance units are resilient and positioned adequately to meet the challenging market conditions whereas the investment unit is likely to experienced slower growth.

IT-related manufacturing, trading and services division

The Board is cautiously optimistic on the IT unit and Inari Amertron Group in maintaining their positive financial performance in the current financial year amidst the volatility in the global markets in the first half of 2016 which is likely to affect the results for FY2016 of Inari Amertron Group.

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 31 December 2015 is as follows:-

	Individual Quarter ended 31-Dec-2015 RM'000	Quarter Quarter ended 31-Dec-2014 RM'000	Cumulative Period ended 31-Dec-2015 RM'000	Quarter Period ended 31-Dec-2014 RM'000
<u>Income tax:-</u>				
Provision for the current financial quarter/period				
- Malaysian income tax	3,246	3,347	5,691	5,012
- Overseas income tax	23	286	52	202
Overprovision in preceding financial quarter/period	-	(547)	-	(548)
<u>Deferred tax:-</u>				
Transfer (from)/to deferred taxation	(32)	(309)	47	(355)
	<u>3,237</u>	<u>2,777</u>	<u>5,790</u>	<u>4,311</u>

B5. Tax Expense (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 Quarter ended 31-Dec-2015 RM'000	Quarter Quarter ended 31-Dec-2014 RM'000	Cumulative Period ended 31-Dec-2015 RM'000	Quarter Period ended 31-Dec-2014 RM'000
Profit before tax	53,413	10,107	27,687	35,345
Income tax at Malaysian statutory tax rate of 24% (2015: 25%)	12,819	2,526	6,645	8,836
Tax effect in respect of:-				
Non-allowable expenses	3,815	7,279	15,039	13,270
Income not subject to tax	(12,167)	(7,085)	(15,637)	(17,730)
Effect of different tax rates in other countries	(305)	(155)	(215)	(250)
Overseas tax paid on dividend income	21	11	51	272
Effects of change in tax rates	-	32	-	34
Utilisation of previously unrecognised deferred tax assets	(192)	(89)	(224)	(613)
Deferred tax not recognised in the financial statements	(754)	805	131	1,040
Tax expenses for the financial quarter/period	3,237	3,324	5,790	4,859
Overprovision for tax expense in preceding financial quarter/period	-	(547)	-	(548)
	3,237	2,777	5,790	4,311

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 31 December 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	3,530	12,671
To defray expenses relating to the RPS issue	1,400	1,400	-
Total	132,601	119,930	12,671

B8. Group Borrowings and Debts Securities as at 31 December 2015

<u>Borrowings</u>	Foreign Currency ('000)	RM'000
<u>Short term secured borrowings</u>		
- in US dollars	57,364	246,408
- in Hong Kong dollars	37,312	20,682
- in Singapore dollars	21,454	65,130
- in Euro dollars	6,273	29,461
- in Ringgit Malaysia		45,757
		<u>407,438</u>
<u>Long term secured borrowings</u>		
- in US dollars	1,020	4,381
- in Singapore dollars	656	1,991
- in Ringgit Malaysia		7,094
		<u>13,466</u>
Total Group borrowings		<u>420,904</u>

B8. Group Borrowings and Debts Securities as at 31 December 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	5,853
Accumulated RPS dividend paid and payable	<u>(4,454)</u>
RPS issued by the Company – liability portion, disclosed as per MFRS requirements	<u>127,918</u>
Total Group debt securities	<u><u>129,529</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 had declared 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.

The dividend was paid on 24 February 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 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-2015	Quarter ended 31-Dec-2014	Period ended 31-Dec-2015	Period ended 31-Dec-2014
Net profit attributable to owners of the Company for the financial quarter and financial period to-date (RM'000)	51,331	6,832	22,310	30,571
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,007	665,417	663,007	665,417
Basic earnings per share (Sen)	7.74	1.02	3.36	4.59

(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 31 December 2015 and 31 December 2014 are analysed as follows:-

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>		
- Realised	329,650	254,682
- Unrealised	68,812	87,120
	<u>398,462</u>	<u>341,802</u>
<u>Total share of retained earnings from associate companies</u>		
- Realised	83,932	77,458
- Unrealised	(1,914)	3,420
	<u>82,018</u>	<u>80,878</u>
Add: Consolidated adjustments	<u>23,615</u>	<u>14,460</u>
Total Group retained earnings as per consolidated financial statements	<u>504,095</u>	<u>437,140</u>