

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

27 FEBRUARY 2018

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

**UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2018 Quarter ended 31-Dec-17 RM'000	FY2017 Quarter ended 31-Dec-16 RM'000	Changes %	FY2018 Period ended 31-Dec-17 RM'000	FY2017 Period ended 31-Dec-16 RM'000	Changes %
Revenue		<b>93,941</b>	70,684	33%	<b>186,679</b>	122,555	52%
Cost of sales	1	<b>(65,547)</b>	(48,193)	36%	<b>(125,498)</b>	(85,286)	47%
Other income	2	<b>31,495</b>	6,424	>100%	<b>53,798</b>	59,159	-9%
Administration expenses	3	<b>(8,677)</b>	(5,382)	61%	<b>(14,946)</b>	(12,212)	22%
Other operating expenses	4	<b>(16,761)</b>	(8,242)	>100%	<b>(32,557)</b>	(19,199)	70%
Finance costs		<b>(5,554)</b>	(4,915)	13%	<b>(11,321)</b>	(9,433)	20%
Exceptional item	5	<b>(2,732)</b>	176	>-100%	<b>(4,936)</b>	-	>-100%
Share of profits less losses of associate companies		<b>12,915</b>	12,146	6%	<b>29,689</b>	28,813	3%
Profit before tax		<b>39,080</b>	22,698	72%	<b>80,908</b>	84,397	-4%
Tax expense		<b>(3,000)</b>	(1,575)	90%	<b>(5,432)</b>	(4,794)	13%
Profit for the quarter/period		<b>36,080</b>	21,123	71%	<b>75,476</b>	79,603	-5%
Profit attributable to:-							
Owners of the Company		<b>36,174</b>	21,307	70%	<b>75,649</b>	79,893	-5%
Non-controlling interests		<b>(94)</b>	(184)	-49%	<b>(173)</b>	(290)	-40%
		<b>36,080</b>	21,123	71%	<b>75,476</b>	79,603	-5%
Earnings per share (in Sen)							
- Basic		<b>5.46</b>	3.21		<b>11.41</b>	12.05	
- Diluted		<b>n/a</b>	n/a		<b>n/a</b>	n/a	

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**UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (CONT'D)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2018	FY2017	FY2018	FY2017
	Quarter ended	Quarter ended	Period ended	Period ended
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	RM'000	RM'000	RM'000	RM'000
<b>Note 1</b>				
Included in Cost of sales is the following item:-				
Depreciation	<u>(7,149)</u>	<u>(8,294)</u>	<u>(14,638)</u>	<u>(16,650)</u>
<b>Note 2</b>				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	42	28	112	49
Fair value gain/(loss) on derivative financial instruments	6,831	(3,863)	3,237	1,126
Gain on disposal of property, plant and equipment	64	99	114	168
Interest income	4,171	2,924	7,270	5,926
Gain on exchange differences				
- unrealised	-	412	-	6,402
- realised	-	858	-	141
Gain on fair value changes of financial assets at fair value through profit or loss	4,793	1,694	3,396	8,224
Gain on disposal of shares in an associate company	<u>14,603</u>	<u>-</u>	<u>23,762</u>	<u>24,653</u>
<b>Note 3</b>				
Included in Administration expenses is the following item:-				
Depreciation	<u>(150)</u>	<u>(179)</u>	<u>(370)</u>	<u>(346)</u>
<b>Note 4</b>				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(74)	-	(421)	(7)
Bad debt written off	(1)	-	(5)	-
Property, plant and equipment written off	(4)	-	(44)	-
Depreciation	(447)	(550)	(903)	(1,050)
Impairment of held to maturity investments	(27)	-	(27)	-
(Loss)/Gain on exchange differences				
- unrealised	(9,814)	-	(7,170)	-
- realised	<u>128</u>	<u>-</u>	<u>(676)</u>	<u>-</u>
<b>Note 5</b>				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(2,732)</u>	<u>176</u>	<u>(4,936)</u>	<u>-</u>

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**UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2018	FY2017	Changes %	FY2018	FY2017	Changes %
	Quarter ended 31-Dec-17 RM'000	Quarter ended 31-Dec-16 RM'000		Period ended 31-Dec-17 RM'000	Period ended 31-Dec-16 RM'000	
Profit for the quarter/period	36,080	21,123	71%	75,476	79,603	-5%
<b><u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u></b>						
Unrealised gain/(loss) on fair value changes on available for sale investments, net of tax	22,972	(348)	>100%	22,798	(232)	>100%
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	(2,157)	6,428	>-100%	(2,483)	7,439	>-100%
Effect of dilution of equity interests in associate companies	-	(1,861)	-100%	-	(1,861)	-100%
Foreign currency translation of foreign operations, net of tax	(6,677)	7,207	>-100%	(8,751)	12,455	>-100%
<b>Total other comprehensive income for the quarter/period, net of tax</b>	<b>14,138</b>	<b>11,426</b>	<b>24%</b>	<b>11,564</b>	<b>17,801</b>	<b>-35%</b>
<b>Total comprehensive income for the quarter/period, net of tax</b>	<b>50,218</b>	<b>32,549</b>	<b>54%</b>	<b>87,040</b>	<b>97,404</b>	<b>-11%</b>
<b>Attributable to:-</b>						
<b>Owners of the Company</b>	<b>50,421</b>	<b>32,599</b>	<b>55%</b>	<b>87,329</b>	<b>97,461</b>	<b>-10%</b>
<b>Non-controlling interests</b>	<b>(203)</b>	<b>(50)</b>	<b>&gt;100%</b>	<b>(289)</b>	<b>(57)</b>	<b>&gt;100%</b>
	<b>50,218</b>	<b>32,549</b>	<b>54%</b>	<b>87,040</b>	<b>97,404</b>	<b>-11%</b>

**Note 6**

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>As at 31/12/2017 RM'000 (Unaudited)</b>	<b>As at 30/06/2017 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	176,815	184,946
Investment properties	177,337	177,877
Available for sale investments	78,702	42,970
Held to maturity investments	4,593	4,591
Associate companies	344,052	301,303
Intangible assets	26,047	26,047
Deferred tax assets	2,520	2,642
<b>Total non-current assets</b>	<b>810,066</b>	<b>740,376</b>
<b>Current assets</b>		
Property development costs	10,232	10,233
Inventories	14,137	14,107
Trade receivables	413,352	404,778
Amount due from associate companies	90,231	92,702
Other receivables, deposits and prepayments	35,737	28,625
Held to maturity investments	778	2,383
Financial assets at fair value through profit or loss	297,826	330,544
Tax recoverable	1,526	1,881
Deposits with licensed banks and financial institutions	530,789	461,092
Cash and bank balances	117,399	118,258
<b>Total current assets</b>	<b>1,512,007</b>	<b>1,464,603</b>
<b>TOTAL ASSETS</b>	<b>2,322,073</b>	<b>2,204,979</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	741,113	741,113
Treasury shares	(14,499)	(14,499)
Reserves	122,116	93,485
Retained earnings	803,077	734,058
	1,651,807	1,554,157
Non-controlling interests	7,468	7,757
<b>TOTAL EQUITY</b>	<b>1,659,275</b>	<b>1,561,914</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	23,159	21,555
Hire purchase payables	69,089	74,183
Deferred tax liabilities	6,610	6,741
Preference shares	129,124	130,422
<b>Total non-current liabilities</b>	<b>227,982</b>	<b>232,901</b>
<b>Current liabilities</b>		
Derivative financial liabilities	4,334	7,572
Trade payables	68,370	49,086
Other payables and accruals	41,286	30,399
Hire purchase payables	32,606	33,860
Loans and borrowings	286,531	288,593
Tax payable	1,689	654
<b>Total current liabilities</b>	<b>434,816</b>	<b>410,164</b>
<b>TOTAL LIABILITIES</b>	<b>662,798</b>	<b>643,065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,322,073</b>	<b>2,204,979</b>

**Net assets per share attributable to owners of the Company<sup>(7)</sup> (RM)** 2.49 2.34

**Note 7**

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.

**Note 8**

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	< ----- Attributable to Owners of the Company ----- >									
	Share capital RM'000	< ----- Non-Distributable ----- >				< ---- Distributable ---- >			Total RM'000	Non-controlling interests 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				
<b>Period ended 31 December 2017</b>										
As at 1 July 2017	741,113	8,302	4,622	39,834	40,727	(14,499)	734,058	1,554,157	7,757	1,561,914
<b><u>Transactions with owners:-</u></b>										
Post-acquisition reserves - associate companies	-	-	-	16,951	-	-	-	16,951	-	16,951
Cash dividends payable to owners of the Company	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
<b>Total transactions with owners</b>	-	-	-	16,951	-	-	(6,630)	10,321	-	10,321
<b><u>Total comprehensive income/(loss) for the financial period</u></b>										
Profit for the financial period	-	-	-	-	-	-	75,649	75,649	(173)	75,476
Unrealised gain on fair value changes on available for sale investments, net of tax	-	22,798	-	-	-	-	-	22,798	-	22,798
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	-	-	-	6	(2,489)	-	-	(2,483)	-	(2,483)
Foreign currency translation of foreign operations, net of tax	-	-	-	-	(8,635)	-	-	(8,635)	(116)	(8,751)
<b>Total comprehensive income/(loss) for the financial period</b>	-	22,798	-	6	(11,124)	-	75,649	87,329	(289)	87,040
Balance at 31 December 2017	741,113	31,100	4,622	56,791	29,603	(14,499)	803,077	1,651,807	7,468	1,659,275

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**UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	< ----- Attributable to Owners of the Company ----- >											
	< ----- Non-Distributable ----- >						< ----- Distributable ----- >				Non- controlling interests RM'000	Total equity RM'000
	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	Total RM'000			
<b>Period ended 31 December 2016</b>												
As at 1 July 2016	693,334	47,751	5,863	4,622	25,397	27,656	(14,499)	559,540	1,349,664	7,558	1,357,222	
<b>Transactions with owners:-</b>												
Post-acquisition reserves - associate companies	-	-	-	-	2,136	-	-	-	2,136	-	2,136	
Cash dividends payable to owners of the Company	-	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)	
Subscription of shares in subsidiary companies by non-controlling interests	-	-	-	-	-	-	-	-	-	245	245	
Deconsolidation of subsidiary companies on completion of members' voluntary winding up	-	-	-	-	-	-	-	-	-	110	110	
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	(43)	(43)	
<b>Total transactions with owners</b>	-	-	-	-	2,136	-	-	(6,630)	(4,494)	312	(4,182)	
<b>Total comprehensive (loss)/income for the financial period</b>												
Profit for the financial period	-	-	-	-	-	-	-	79,893	79,893	(290)	79,603	
Unrealised loss on fair value changes on available for sale investments, net of tax	-	-	(232)	-	-	-	-	-	(232)	-	(232)	
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	5,196	2,243	-	-	7,439	-	7,439	
Effects of dilution of equity interests in associate companies	-	-	-	-	-	-	-	(1,861)	(1,861)	-	(1,861)	
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	12,222	-	-	12,222	233	12,455	
<b>Total comprehensive (loss)/ income for the financial period</b>	-	-	(232)	-	5,196	14,465	-	78,032	97,461	(57)	97,404	
Balance at 31 December 2016	693,334	47,751	5,631	4,622	32,729	42,121	(14,499)	630,942	1,442,631	7,813	1,450,444	

**Note 9**  
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 2017 and the accompanying explanatory notes attached to the Interim Financial

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**UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Period ended 31/12/2017 RM'000</b>	<b>Period ended 31/12/2016 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	80,908	84,397
Adjustments for:-		
Non-cash items	(36,781)	(56,169)
Finance costs	11,321	9,433
Interest income	(7,270)	(5,926)
Operating profit before working capital changes	<u>48,178</u>	<u>31,735</u>
Changes in working capital:-		
Net changes in current assets	14,077	(55,602)
Net changes in current liabilities	15,976	11,400
<b>Cash from/(used in) operations</b>	<u>78,231</u>	<u>(12,467)</u>
Interest paid	(11,082)	(9,357)
Interest received	7,270	5,926
Tax paid	(3,795)	(3,578)
<b>Net cash from/(used in) operating activities</b>	<u>70,624</u>	<u>(19,476)</u>
<b>Cash flows from investing activities</b>		
Subscription of shares in associate companies	(28,073)	(25)
Purchase of property, plant and equipment	(1,288)	(14,823)
Purchase of held to maturity investments	-	(2,279)
Purchase of available for sale investments	(12,942)	(33)
Purchase of investment properties	(480)	(2,589)
Proceeds from disposal of shares in an associate company	27,783	52,569
Proceeds from disposal of property, plant and equipment	30,320	9,226
Proceeds from redemption of held to maturity investments	1,549	4,228
Capital repayment from an associate company	29	-
Dividend received	25,258	15,961
<b>Net cash from investing activities</b>	<u>42,156</u>	<u>62,235</u>
<b>Cash flows from financing activities</b>		
(Increase)/Decrease in fixed deposits pledged	(22,946)	4,248
Decrease/(Increase) in cash and bank balances pledged	8,175	(12,263)
Net drawdown of loans and borrowings	7,078	8,355
Proceeds from issuance of shares in subsidiary companies to non-controlling interests	-	245
Repayment of hire purchase payables	(36,340)	(21,674)
Capital repayment to non-controlling interests	-	(43)
<b>Net cash used in financing activities</b>	<u>(44,033)</u>	<u>(21,132)</u>
<b>Net increase in cash and cash equivalents</b>	68,747	21,627
<b>Cash and cash equivalents at beginning of the financial period</b>	301,394	258,051
<b>Exchange differences</b>	(2,505)	3,850
<b>Cash and cash equivalents at end of the financial period</b>	<u>367,636</u>	<u>283,528</u>
<b>Cash and cash equivalents comprise of:-</b>		
Bank overdrafts	(3,859)	(8,753)
Cash and bank balances	85,378	71,081
Deposits with licensed banks and financial institutions	286,117	221,200
	<u>367,636</u>	<u>283,528</u>

**Note 10**

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 2017 - 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 2017, 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 2017.

**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 2017 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 2017. The adoption of the new standards, amendments to standards and IC 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 2017.

**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 2017.

**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 Statements of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Period ended	Period ended
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	RM'000	RM'000	RM'000	RM'000
Fair value gain/(loss) on derivative financial instruments	6,831	(3,863)	3,237	1,126
Gain on disposal of shares in an associate company	14,603	-	23,762	24,653
Gain on fair value changes of financial assets at fair value through profit or loss	4,793	1,694	3,396	8,224
Gain/(Loss) on exchange differences				
- realised	128	858	(676)	141
- unrealised	(9,814)	412	(7,170)	6,402
Effects of dilution of equity interests in associate companies	(2,732)	176	(4,936)	-

#### 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 23 November 2017, 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 2017. 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 2017.

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 2017.

## A8. Dividends paid

The Company paid a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the 6 months period ended 31 December 2017, on 2 January 2018.

## A9. Segment Information

The segment analysis for the financial period ended 31 December 2017 is as follows:-

	Financial services and credit & leasing	Investment holding and trading	Technology and IT-related manufacturing, trading and services	Retail trading and car rental	Property investment and development	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External revenue	31,054	111,026	11,693	32,564	342		186,679
Inter-segment revenue	583	3,835	16,606	7,004	258	(28,286)	-
Total segment revenue	31,637	114,861	28,299	39,568	600	(28,286)	186,679
<b>Results</b>							
Segment profit/(loss) from operations	9,997	27,412	20,292	3,162	(181)	(476)	60,206
Interest income	1,734	7,772	3,357	3	20	(5,616)	7,270
Finance costs	(5,234)	(8,429)	(35)	(3,344)	(371)	6,092	(11,321)
Exceptional item	-	-	(4,936)	-	-	-	(4,936)
Share of profits less losses of associate companies	-	5,087	23,480	(1,362)	2,484	-	29,689
Profit/(loss) before tax	6,497	31,842	42,158	(1,541)	1,952	-	80,908
Tax expense	(3,726)	(1,463)	-	(243)	-	-	(5,432)
Profit/(loss) for the financial period	2,771	30,379	42,158	(1,784)	1,952	-	75,476
<b>Attributable to:-</b>							
Owners of the Company							75,649
Non-controlling interests							(173)
Segment assets	550,795	916,703	494,992	198,002	161,581		2,322,073
Segment liabilities	88,502	437,292	4,332	128,453	4,219		662,798

## A9. Segment Information (Cont'd)

The segment analysis for the financial period ended 31 December 2016 is as follows:-

	Financial services and credit & leasing	Investment holding and trading	Technology and IT-related manufacturing, trading and services	Retail trading and car rental	Property investment and development	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External revenue	20,966	65,821	2,348	32,297	1,123	-	122,555
Inter-segment revenue	425	3,867	9,736	7,288	244	(21,560)	-
Total segment revenue	21,391	69,688	12,084	39,585	1,367	(21,560)	122,555
<b>Results</b>							
Segment profit from operations	9,398	32,015	14,737	3,396	165	(620)	59,091
Interest income	1,892	5,153	2,495	12	76	(3,702)	5,926
Finance costs	(3,215)	(6,663)	(99)	(3,418)	(360)	4,322	(9,433)
Share of profits less losses of associate companies	-	5,754	20,604	(621)	3,076	-	28,813
Profit/(loss) before tax	8,075	36,259	37,737	(631)	2,957	-	84,397
Tax expense	(2,554)	(2,323)	-	155	(72)	-	(4,794)
Profit/(loss) for the financial period	5,521	33,936	37,737	(476)	2,885	-	79,603
<b>Attributable to:-</b>							
Owners of the Company							79,893
Non-controlling interests							(290)
Segment assets	468,023	852,471	360,403	212,932	159,617		2,053,446
Segment liabilities	67,852	385,971	5,270	139,668	4,241		603,002

## 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 2017.

## 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 companies and long term investments, restructuring and discontinuing operations other than as disclosed below:-

- (i) In the previous financial quarter, the Company announced that the following dormant subsidiary companies had conducted their final meetings to conclude the members' voluntary winding-up:-

Subsidiary companies:-	Date final meeting was held:-	Return by Liquidators Relating to Final Meeting was lodged on:-
Xota Communications Sdn Bhd	31 July 2017	3 August 2017
Xotapoint Sdn Bhd	31 July 2017	3 August 2017

The above dormant companies have been dissolved as at the date of this Report.

- (ii) On 2 November 2017, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary of the Company had acquired a total of 270,000,000 ordinary shares in Diversified Gateway Solutions Berhad ("DGSB") ("DGSB Shares"), representing 19.91% of the total issued share capital of DGSB via direct business transaction from Omesti Berhad for a total cash consideration of RM12,825,000 which represents a purchase price of RM0.0475 per DGSB Share ("Acquisition").

DGSB was incorporated as a private limited company on 15 December 2004 under the name of ISS Consulting Solutions Sdn Bhd. It was converted to a public limited company on 3 March 2005 and assumed its present name on 22 September 2011. DGSB was listed on the ACE Market of Bursa Malaysia Securities Berhad on 2 August 2006. DGSB's current issued share capital comprises of 1,355,877,090 DGSB Shares.

DGSB is principally engaged in investment holding activities whilst its subsidiaries are involved in the business of computer networking solutions and system integration and in the business of providing computer networking and digital media solutions and services as well as in the business of computer distribution and maintenance of computer networking, network security storage and network management solutions.

ITB's principal business involves, among others investment holding, the provision of information technology and consultancy services and trading of electronic and telecommunications related products. The Acquisition is expected to have synergistic benefits as both ITB and DGSB operates in the business of information technology.

## A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 31 December 2017 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 Group has provided guarantees amounting to RM193,767,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiaries. 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 2017 are as follows:-

	RM'000
To acquire property, plant and equipment	1,868
To acquire investment properties	17,766
Investment commitments in relation to available for sale investments	<u>13,463</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 corresponding financial quarter**

##### Group's summary

The Group reported revenue of RM93.9 million and a pre-tax profit of RM39.1 million in the current financial quarter as compared to revenue of RM70.7 million and a pre-tax profit of RM22.7 million in the preceding year corresponding financial quarter. The review of performance by divisions is as follows:-

##### Financial services and credit & leasing division

The unit reported higher revenue of RM16.3 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM10.7 million due to higher revenue generated by the stock broking's corporate finance advisory unit and structured finance from loans to new clients.

There is no significant variance on pre-tax profit between the current financial quarter as compared to the preceding year corresponding financial quarter.

## **B1. Review of Performance (Cont'd)**

### **Comparison between current financial quarter against preceding year corresponding financial quarter (cont'd)**

#### Investment holding and trading division

The investment unit reported higher revenue of RM62.5 million in the current financial quarter mainly due to higher trading activities as compared to revenue of RM42.8 million in the preceding year corresponding financial quarter.

The unit reported a higher pre-tax profit of RM14.4 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM4.4 million mainly due to fair value gain on derivative financial instruments of RM6.8 million (Q2/2017: loss of -RM3.9 million) and higher gain on fair value changes of financial assets at fair value through profit or loss of RM7.6 million (Q2/2017: RM2.4 million).

#### Technology and IT-related manufacturing, trading and services division

The Technology unit reported higher revenue of RM1.5 million in the current financial quarter mainly due to disposal of quoted securities as compared to revenue of RM0.5 million in the preceding year corresponding financial quarter.

The Technology unit reported higher pre-tax profit of RM19.4 million in the current financial quarter as compared to RM12.9 million in the preceding year corresponding financial quarter primarily due to gain on disposal of shares in an associate company of RM12.5 million in current financial quarter (Q2/2017: RM Nil). For the current financial quarter, Inari Amertron Group contributed after-tax profit of RM13.2 million (Q2/2017: RM13.0 million).

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

#### Group's summary

The Group reported revenue of RM186.7 million and a pre-tax profit of RM80.9 million for the six months period ended 31 December 2017 as compared to revenue of RM122.6 million and a pre-tax profit of RM84.4 million reported in the corresponding period in the preceding year.

Despite the higher revenue, the Group reported lower pre-tax profit for the six months period ended 31 December 2017 as compared to the corresponding period in the preceding year mainly due to:-

#### Financial services and credit & leasing division

The unit reported higher revenue of RM31.1 million for the six months period ended 31 December 2017 as compared to the corresponding period in the preceding year of RM21.0 million due to higher revenue generated by the stock broking's corporate finance advisory unit and structured finance from loans to new clients.

The unit reported lower pre-tax profit of RM6.5 million for the six months period ended 31 December 2017 (six months period ended 31 December 2016: RM8.1 million) mainly due to higher loss on fair value changes of financial assets at fair value through profit or loss of -RM6.9 million (six months period ended 31 December 2016: -RM1.5 million).

## B1. Review of Performance (Cont'd)

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

#### Investment holding and trading division

The unit reported higher revenue of RM111.0 million for the six months period ended 31 December 2017 as compared to the corresponding period in the preceding year of RM65.8 million mainly due to higher trading activities in the current financial period.

Despite the higher revenue, the unit reported lower pre-tax profit of RM31.8 million for the six months period ended 31 December 2017 (six months period ended 31 December 2016: RM36.2 million) mainly due to higher loss on foreign exchange during the current financial period.

#### Technology and IT-related manufacturing, trading and services division

The unit reported higher revenue of RM11.7 million for the six months period ended 31 December 2017 as compared to the corresponding period in the preceding year of RM2.3 million mainly due to revenue from new trading products and disposal of quoted securities.

The unit reported higher pre-tax profit of RM42.2 million for the six months period ended 31 December 2017 (six months period ended 31 December 2016: RM37.7 million) mainly due to gain on disposal of shares in an associate company of RM21.3 million (six months period ended 31 December 2016: RM18.5 million).

The Group's equity accounting for Inari Amertron Group's after-tax profit for the six months period ended 31 December 2017 is RM26.8 million (six months period ended 31 December 2016: RM23.0 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

	Current Quarter 31-Dec-2017 RM'000	Immediate Preceding Quarter 30-Sept-2017 RM'000	Changes (%)
Revenue	93,941	92,738	1.3%
Profit from operations	30,280	29,926	1.2%
Profit before tax	39,080	41,828	-6.6%
Profit after tax	36,080	39,396	-8.4%
Profit attributable to owners of the Company	36,174	39,475	-8.4%

There is no significant variance to revenue and pre-tax profit between the current financial quarter and the immediate preceding financial quarter.

### **B3. Prospects for financial year ending 30 June 2018**

#### Financial services and credit & leasing division

The Board is of the view that the stock broking and structured finance units are positioned adequately and will maintain their positive contribution to the Group. M&A Securities Sdn Bhd will continue its niche in its stock broking and corporate finance advisory role in promoting SME companies to list on the new LEAP Market.

#### Investment trading division

The investment unit's performance for the financial year ending 30 June 2018 is largely dependent on the global economy and financial markets outlook which the Group expects will grow modestly.

#### Technology and IT-related manufacturing, trading and services division

The Board is optimistic the Technology unit and Inari Amertron Group will maintain their positive financial performance in the financial year ending 30 June 2018 due to projected growth in revenue arising from continuing demand for the Technology unit and Inari Amertron Group's existing and new services/products.

### **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 2017 is as follows:-

	Individual Quarter ended 31-Dec-2017 RM'000	Quarter Quarter ended 31-Dec-2016 RM'000	Cumulative Period ended 31-Dec-2017 RM'000	Quarter Period ended 31-Dec-2016 RM'000
<b>Income tax:-</b>				
Provision for current financial quarter/period				
- Malaysian income tax	2,784	1,575	5,156	4,720
- Overseas income tax	152	59	247	300
(Over)/Underprovision in preceding financial quarter/period	(6)	49	(6)	49
<b>Deferred tax:-</b>				
Transfer to/(from) deferred taxation	70	(108)	35	(275)
	3,000	1,575	5,432	4,794

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-2017 RM'000	Quarter Quarter ended 31-Dec-2016 RM'000	Cumulative Period ended 31-Dec-2017 RM'000	Quarter Period ended 31-Dec-2016 RM'000
Profit before tax	39,080	22,698	80,908	84,397
Income tax at Malaysian statutory tax rate of 24%	9,379	5,447	19,418	20,255
<b>Tax effect in respect of:-</b>				
Non-allowable expenses	3,093	1,579	6,224	3,631
Income not subject to tax	(9,089)	(5,648)	(19,850)	(18,950)
Effect of different tax rates in other countries	(238)	86	(485)	(330)
Overseas tax paid on dividend income	26	59	234	300
Utilisation of previously unrecognised deferred tax assets	(1,062)	(76)	(1,103)	(331)
Deferred tax not recognised in the financial statements	897	46	1,000	170
Tax expenses for the financial quarter/period	3,006	1,493	5,438	4,745
(Over)/Underprovision in preceding financial quarter/period	(6)	49	(6)	49
Underprovision for deferred taxation in preceding financial quarter/period	-	33	-	-
	3,000	1,575	5,432	4,794

**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**

There is no unutilised proceeds from any corporate proposal.

**B8. Group Borrowings and Debt Securities as at 31 December 2017**

	As at 31 December 2017					
	Long term		Short term		Total borrowings	
	Foreign Denomination '000	RM Denomination RM'000	Foreign Denomination '000	RM Denomination RM'000	Foreign Denomination '000	RM Denomination RM'000
<b>Secured</b>						
<b>Bank overdrafts</b>						
- RM	-	-	-	3,835	-	3,835
- SGD	-	-	7	22	7	22
<b>Term loans</b>						
- RM	-	12,778	-	602	-	13,380
- SGD	3,418	10,381	18,571	56,396	21,989	66,777
- HKD	-	-	8,458	4,397	8,458	4,397
- USD	-	-	20,071	81,549	20,071	81,549
- GBP	-	-	742	4,052	742	4,052
- EUR	-	-	9,393	45,578	9,393	45,578
<b>Revolving credit facilities</b>	-	-	-	90,100	-	90,100
<b>Total loans and borrowings</b>	-	23,159	-	286,531	-	309,690

**B8. Group Borrowings and Debt Securities as at 31 December 2017 (cont'd)**

	As at 31 December 2016					
	Long term		Short term		Total borrowings	
	Foreign Denomination '000	RM Denomination RM'000	Foreign Denomination '000	RM Denomination RM'000	Foreign Denomination '000	RM Denomination RM'000
<b>Secured</b>						
<b>Bank overdrafts</b>						
- RM	-	-	-	6,420	-	6,420
- SGD	-	-	751	2,331	751	2,331
<b>Term loans</b>						
- RM	-	11,489	-	355	-	11,844
- SGD	3,056	9,480	17,100	53,049	20,156	62,529
- HKD	-	-	47,839	27,665	47,839	27,665
- USD	-	-	22,900	102,684	22,900	102,684
- EUR	-	-	999	4,729	999	4,729
<b>Revolving credit facilities</b>	-	-	-	40,200	-	40,200
<b>Margin financing facility</b>	-	-	-	3,708	-	3,708
<b>Total loans and borrowings</b>	-	20,969	-	241,141	-	262,110

The weighted average interest rates per annum were as follows:-

	Floating (%)	
	As at 31.12.2017	As at 31.12.2016
<b>Secured</b>		
Bank overdrafts	5.50%-9.29%	5.50%-9.29%
Term loans	0.30%-8.00%	0.30%-7.45%
Revolving credit facilities	4.96%-5.88%	4.91%-6.21%
Margin financing facility	NA	6.67%-6.82%

## B8. Group Borrowings and Debt Securities as at 31 December 2017 (Cont'd)

### Debt securities

	RM'000
<u>Redeemable preference shares ("RPS")</u>	
132,601,268 RPS at RM1.00 per RPS	132,601
- Fair value of 265,202,536 free Warrants recognised in equity under warrants reserve	(4,622)
- Effects of deferred tax liabilities	(1,460)
Accumulated RPS dividends charged to statements of profit or loss	17,667
Accumulated RPS dividends paid and payable	<u>(15,062)</u>
<b>RPS issued by the Company – liability component, disclosed as per MFRS requirements</b>	<b><u>129,124</u></b>
<b>Total Group debt securities</b>	<b><u><u>129,124</u></u></b>

In accordance with MFRS 132 Financial Instruments: Disclosure and Presentation, MFRS 112: Income Taxes and FRSIC Consensus 9/2008: Accounting for Rights Issue with Free Warrants, 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 on 21 November 2017 declared an interim single tier dividend of 1.0 sen per ordinary share each in the Company in respect of financial year ending 30 June 2018.

The dividend was paid on 14 February 2018.

## 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.

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 31-Dec-2017	Quarter ended 31-Dec-2016	Period ended 31-Dec-2017	Period ended 31-Dec-2016
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	36,174	21,307	75,649	79,893
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,007	663,007	663,007	663,007
Basic earnings per share (Sen)	5.46	3.21	11.41	12.05

### (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. Trade Receivables

	<u>As at 31.12.2017</u> RM'000	<u>As at 31.12.2016</u> RM'000
Trade receivables	428,415	349,668
Less: Allowance for impairment	(15,063)	(14,768)
	<u>413,352</u>	<u>334,900</u>

The ageing analysis of the Group's trade receivables is as follows:-

	<u>As at 31.12.2017</u> RM'000	<u>As at 31.12.2016</u> RM'000
Neither past due nor impaired	354,471	281,366
Past due but not impaired	58,881	53,534
Impaired	15,063	14,768
	<u>428,415</u>	<u>349,668</u>

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (Q2/2017: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement Trading Rules. The Group's normal credit term in relation to rental receivables is 7 days (Q2/2017: 7 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables that are past due but not impaired are largely secured in nature.

## B13. Derivative Financial Liabilities

Details of derivative financial liabilities as at 31 December 2017 are set out below:-

Type of Derivatives	<u>As at 31.12.2017</u>	
	<u>Contract/ Notional value</u> RM'000	<u>Fair value</u> RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	22,136	(2,872)
<u>Other equity related contracts</u>		
- Less than 1 year	70,903	(1,462)
	<u>93,039</u>	<u>(4,334)</u>

There is no significant changes in respect of the following since the end of the previous financial year ended 30 June 2017:-

- (a) the cash requirements of the derivative financial instruments;
- (b) the policies that is in place for mitigating or controlling the risks associated with these derivative financial instruments; and
- (c) the related accounting policies.

#### **B14. Disclosure of Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

Financial liabilities of the Group are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria.

The fair value changes of the derivative financial instruments are derived from quotes obtained from licensed financial institutions. The resulting gain or loss is recognised in the statements of profit or loss. Fair value gain on derivative financial instruments of RM6.8 million in the current financial quarter and RM3.2 million for the six months period ended 31 December 2017 have been recognised in the statements of profit or loss.

##### Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and accruals, hire purchase payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

There is no gain or loss arising from fair value changes to other financial liabilities.