

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

28 AUGUST 2019

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

UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2019 Quarter ended 30-Jun-19 RM'000	FY2018 Quarter ended 30-Jun-18 RM'000	Changes %	FY2019 Year ended 30-Jun-19 RM'000	FY2018 Year ended 30-Jun-18 RM'000	Changes %
Revenue		78,221	78,394	0%	212,177	341,532	-38%
Cost of sales	1	(57,919)	(62,911)	-8%	(128,354)	(237,632)	-46%
Other income	2	18,334	22,893	-20%	83,358	99,647	-16%
Administration expenses	3	(8,491)	(6,243)	36%	(30,011)	(27,734)	8%
Other operating expenses	4	(8,080)	(30,735)	-74%	(58,702)	(94,381)	-38%
Finance costs		(8,142)	(5,610)	45%	(25,489)	(22,790)	12%
Exceptional item	5	(467)	(1,407)	-67%	(3,509)	(8,134)	-57%
Share of profits less losses of associate companies		9,868	14,886	-34%	44,083	50,365	-12%
Share of losses of a jointly controlled entity		(55)	-	>-100%	(183)	-	>-100%
Profit before tax		23,269	9,267	>100%	93,370	100,873	-7%
Tax expense		(5,303)	(2,231)	>100%	(11,212)	(10,468)	7%
Profit for the quarter/year		17,966	7,036	>100%	82,158	90,405	-9%
Profit attributable to:-							
Owners of the Company		17,948	6,960	>100%	81,855	90,539	-10%
Non-controlling interests		18	76	-76%	303	(134)	>100%
		17,966	7,036	>100%	82,158	90,405	-9%
Earnings per share (in Sen)							
- Basic		2.71	1.05		12.35	13.66	
- Diluted		n/a	n/a		n/a	n/a	

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2019	FY2018	FY2019	FY2018
	Quarter ended	Quarter ended	Year ended	Year ended
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	RM'000	RM'000	RM'000	RM'000
Note 1				
Included in Cost of sales are the following items:-				
(Allowance)/Writeback of allowance for diminution in value of inventories	(14)	62	(14)	62
Depreciation	<u>(6,212)</u>	<u>(6,820)</u>	<u>(25,668)</u>	<u>(28,296)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	26	26	90	136
Bad debts recovered	-	-	205	-
Fair value gain on derivative financial instruments	60	-	10,987	-
Fair value gain on investment properties	1,713	2,404	1,713	2,404
Gain on disposal of property, plant and equipment	620	162	2,233	211
Interest income	6,110	5,664	19,969	16,290
Gain on disposal of available for sale investment	-	10	-	8,972
Gain on disposal of an investment property	-	-	572	-
Gain on disposal of a subsidiary company	-	-	6	-
Gain on disposal of shares in an associate company	<u>382</u>	<u>13,161</u>	<u>24,780</u>	<u>49,273</u>
Note 3				
Included in Administration expenses is the following item:-				
Depreciation	<u>(125)</u>	<u>(121)</u>	<u>(550)</u>	<u>(666)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(1,695)	234	(1,742)	(225)
Bad debt written off	(332)	(415)	(332)	(430)
Inventory written off	(4)	-	(4)	-
Property, plant and equipment written off	(52)	(206)	(95)	(374)
Depreciation	(447)	(425)	(1,753)	(1,778)
Fair value loss on derivative financial instruments	-	(4,045)	-	(4,470)
Provision for impairment loss on investment in associate companies	(1,943)	(3,919)	(1,943)	(3,919)
Gain/(Loss) on fair value changes of financial assets at fair value through profit or loss	3,761	(13,477)	(8,998)	(22,527)
Writeback of impairment/(Impairment) of held to maturity investments	-	20	-	(20)
Impairment of financial assets at amortised cost	(66)	-	(73)	-
Gain/(Loss) on exchange differences				
- unrealised	1,400	1,774	(5,698)	(18,071)
- realised	<u>(1,469)</u>	<u>(3,031)</u>	<u>(1,732)</u>	<u>(3,429)</u>
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(467)</u>	<u>(1,407)</u>	<u>(3,509)</u>	<u>(8,134)</u>

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2019	FY2018	Changes %	FY2019	FY2018	Changes %
	Quarter ended 30-Jun-19 RM'000	Quarter ended 30-Jun-18 RM'000		Year ended 30-Jun-19 RM'000	Year ended 30-Jun-18 RM'000	
Profit for the quarter/year	17,966	7,036	>100%	82,158	90,405	-9%
<u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u>						
Realised fair value gain transferred to Statements of Profit or Loss upon disposal of available for sale investments, net of tax	-	-	-	-	(8,824)	>100%
Unrealised (loss)/gain on fair value changes on available for sale investments, net of tax	-	(5,400)	>100%	-	6,597	-100%
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	1,102	2,226	-50%	2,357	(2,994)	>100%
Foreign currency translation of foreign operations, net of tax	2,810	3,827	-27%	5,595	(12,221)	>100%
Total other comprehensive income/(loss) for the quarter/year, net of tax	3,912	653	>100%	7,952	(17,442)	>100%
Total comprehensive income for the quarter/year, net of tax	21,878	7,689	>100%	90,110	72,963	24%
Attributable to:-						
Owners of the Company	21,778	7,601	>100%	89,644	73,334	22%
Non-controlling interests	100	88	14%	466	(371)	>100%
	21,878	7,689	>100%	90,110	72,963	24%

Note 6

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 Statements of Profit or Loss. These amounts were recognised in Other Comprehensive Income/(Loss) as unrealised gain on fair value changes on available for sale investments, net of tax, in previous financial years.

Note 7

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/06/2019 RM'000 (Unaudited)	As at 30/06/2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	161,021	161,405
Investment properties	187,658	198,304
Financial assets at fair value through other comprehensive income	22,971	-
Available for sale investments	-	45,022
Financial assets at amortised cost	3,096	-
Held to maturity investments	-	3,814
Jointly controlled entity	(33)	-
Associate companies	437,420	357,628
Other receivable	7,345	-
Intangible assets	26,047	26,047
Deferred tax assets	1,141	2,834
Total non-current assets	846,666	795,054
Current assets		
Property development costs	10,691	10,497
Inventories	11,956	12,408
Trade receivables	443,088	376,481
Amount due from associate companies	89,571	80,300
Other receivables, deposits and prepayments	46,907	30,953
Financial assets at amortised cost	1,510	-
Held to maturity investments	-	1,538
Financial assets at fair value through profit or loss	234,233	236,562
Tax recoverable	2,445	941
Deposits with licensed banks and financial institutions	554,786	572,703
Cash and bank balances	94,273	103,763
Total current assets	1,489,460	1,426,146
TOTAL ASSETS	2,336,126	2,221,200
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	741,085	741,085
Treasury shares	(14,499)	(14,499)
Reserves	120,193	104,058
Retained earnings	892,605	817,936
	1,739,384	1,648,580
Non-controlling interests	7,852	7,386
TOTAL EQUITY	1,747,236	1,655,966
LIABILITIES		
Non-current liabilities		
Loans and borrowings	20,280	20,909
Hire purchase payables	53,929	55,052
Deferred tax liabilities	8,789	7,395
Preference shares	-	129,444
Total non-current liabilities	82,998	212,800
Current liabilities		
Derivative financial liabilities	1,056	12,030
Trade payables	23,656	35,550
Preference shares	130,106	-
Other payables and accruals	39,284	29,173
Hire purchase payables	28,791	30,932
Loans and borrowings	281,654	243,751
Tax payable	1,345	998
Total current liabilities	505,892	352,434
TOTAL LIABILITIES	588,890	565,234
TOTAL EQUITY AND LIABILITIES	2,336,126	2,221,200
Net assets per share attributable to owners of the Company⁽⁸⁾ (RM)	2.62	2.49

Note 8

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 9

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Attributable to Owners of the Company ----- >										
	< ----- Non-Distributable ----- >						< ---- Distributable ---- >				
	Share capital RM'000	Available for sale investments fair value reserve RM'000	Fair value through other comprehensive income 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	Non- controlling interests RM'000	Total equity RM'000
Year ended 30 June 2019											
As at 1 July 2018	741,085	6,075	-	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966
Effect of adoption of MFRS 9	-	(6,075)	6,075	-	-	-	-	-	-	-	-
Restated total equity as at 1 July 2018	741,085	-	6,075	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966
Transactions with owners:-											
Post-acquisition reserves - associate companies	-	-	-	-	14,420	-	-	-	14,420	-	14,420
Cash dividends paid to owners of the Company	-	-	-	-	-	-	-	(13,260)	(13,260)	-	(13,260)
Effect of fair value adjustment on initial recognition of investment in an associate company arising from increase in ownership interest in an equity instrument	-	-	(6,075)	-	-	-	-	6,075	-	-	-
Total transactions with owners	-	-	(6,075)	-	14,420	-	-	(7,185)	1,160	-	1,160
Total comprehensive income for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	81,855	81,855	303	82,158
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	-	-	-	-	-	2,358	-	(1)	2,357	-	2,357
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	5,432	-	-	5,432	163	5,595
Total comprehensive income for the financial year	-	-	-	-	-	7,790	-	81,854	89,644	466	90,110
Balance at 30 June 2019	741,085	-	-	4,622	81,848	33,723	(14,499)	892,605	1,739,384	7,852	1,747,236

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

	< ----- Attributable to Owners of the Company ----- >							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital 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			
Year ended 30 June 2018										
As at 1 July 2017	741,085	8,302	4,622	39,862	40,727	(14,499)	734,058	1,554,157	7,757	1,561,914
Transactions with owners:-										
Post-acquisition reserves - associate companies	-	-	-	27,719	-	-	-	27,719	-	27,719
Cash dividends paid to owners of the Company	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
Total transactions with owners	-	-	-	27,719	-	-	(6,630)	21,089	-	21,089
Total comprehensive (loss)/income for the financial year										
Profit for the financial year	-	-	-	-	-	-	90,539	90,539	(134)	90,405
Realised fair value gain transferred to Statements of Profit or Loss upon disposal of available for sale investments, net of tax	-	(8,824)	-	-	-	-	-	(8,824)	-	(8,824)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	6,597	-	-	-	-	-	6,597	-	6,597
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	(153)	(2,810)	-	(31)	(2,994)	-	(2,994)
Foreign currency translation of foreign operations, net of tax	-	-	-	-	(11,984)	-	-	(11,984)	(237)	(12,221)
Total comprehensive (loss)/income for the financial year	-	(2,227)	-	(153)	(14,794)	-	90,508	73,334	(371)	72,963
Balance at 30 June 2018	741,085	6,075	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966

Note 10

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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30/06/2019 RM'000	Year ended 30/06/2018 RM'000
Cash flows from operating activities		
Profit before tax	93,370	100,873
Adjustments for:-		
Non-cash items	(40,816)	(32,384)
Finance costs	25,489	22,790
Interest income	(19,969)	(16,290)
Operating profit before working capital changes	<u>58,074</u>	<u>74,989</u>
Changes in working capital:-		
Net changes in current assets	(85,716)	96,816
Net changes in current liabilities	(4,091)	(16,252)
Cash (used in)/from operations	<u>(31,733)</u>	<u>155,553</u>
Interest paid	(24,881)	(19,845)
Interest received	19,969	16,290
Tax paid	(8,928)	(8,170)
Net cash (used in)/from operating activities	<u>(45,573)</u>	<u>143,828</u>
Cash flows from investing activities		
Acquisition/Subscription of shares in associate companies	(45,199)	(52,739)
Subscription of shares in a jointly controlled entity	(150)	-
Purchase of property, plant and equipment	(5,302)	(4,141)
Purchase of financial assets at amortised cost	(767)	-
Purchase of financial assets at fair value through other comprehensive income	(1,850)	-
Purchase of available for sale investments	-	(13,020)
Purchase of investment properties	(406)	(3,840)
Proceeds from disposal of shares in an associate company	31,820	57,454
Proceeds from disposal of property, plant and equipment	16,040	9,803
Proceeds from disposal of an investment property	492	-
Proceeds from redemption of financial assets at amortised cost	1,610	-
Proceeds from redemption of held to maturity investments	-	1,515
Proceeds from disposal of available for sale investments	-	17,334
Capital repayment from an associate company	-	29
Dividend received	42,999	49,590
Net cash from investing activities	<u>39,287</u>	<u>61,985</u>
Cash flows from financing activities		
Increase in fixed deposits pledged	(14,385)	(13,447)
Decrease in cash and bank balances pledged	5,410	15,179
Net drawdown/(repayment) of loans and borrowings	31,991	(40,003)
Repayment of hire purchase payables	(36,025)	(39,619)
Cash dividends paid to owners of the Company	(13,260)	(6,630)
Net cash used in financing activities	<u>(26,269)</u>	<u>(84,520)</u>
Net (decrease)/increase in cash and cash equivalents	(32,555)	121,293
Cash and cash equivalents at beginning of the financial year	418,590	301,394
Exchange differences	2,031	(4,097)
Cash and cash equivalents at end of the financial year	<u>388,066</u>	<u>418,590</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(3,082)	(3,862)
Cash and bank balances	74,621	78,651
Deposits with licensed banks and financial institutions	316,527	343,801
	<u>388,066</u>	<u>418,590</u>

Note 11

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019 - 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 2018, 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 2018.

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 2018 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 2018. 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, except as follows:-

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and amends the previous requirements in three main areas: (a) classification and measurement of financial assets; (b) impairment of financial assets, mainly by introducing a forward-looking expected loss impairment model; and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of the adoption of MFRS 9 on the financial statements of the Group are described below:-

1) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”).

A2. Changes in Accounting Policies (Cont'd)

MFRS 9 Financial Instruments (cont'd)

1) Classification and measurement (cont'd)

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in fair value in other comprehensive income ("OCI") (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

The Group has elected to classify its equity investments previously classified as available for sale investments as financial assets at FVOCI. Fair value changes on equity investments at FVOCI are presented in OCI and are not subsequently transferred to profit or loss. Upon sale of equity instruments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

The other financial assets held by the Group include:-

- equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9; and
- debts instruments currently classified as loans and receivables is measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

The classification of financial liabilities under MFRS 9 remains broadly the same as under MFRS 139 whereby financial liabilities are measured at amortised cost or at fair value through profit or loss. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI, with the remainder recognised in the statement of profit or loss, unless this creates an accounting mismatch. There is no change to the classification and measurement of the Group's financial liabilities.

2) Impairment

MFRS 9 sought to address the key concern that the incurred loss model in MFRS 139 contributed to the delayed recognition of credit losses. As such, it has introduced a forward-looking expected credit loss model ("ECL"). The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of the financial instruments. The amount of ECL recognised as a loss allowance depends on the extent of credit deterioration since initial recognition. Under the two measurement bases, the 12-months ECL is applied to all items from initial recognition as long as there is not significant deterioration in credit quality; whereas lifetime ECL is applied if at the reporting date, the credit risk on the financial instrument has increased significantly since its initial recognition.

The Group's trade receivables mainly consist of creditworthy debtors with good payment records and debtors which are adequately securitised. The Group minimise credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. There is no significant financial impact to the Group's financial statements arising from impairment based on the expected credit loss model on the Group's trade and non-trade receivables and other financial assets measured at amortised cost.

A2. Changes in Accounting Policies (Cont'd)

MFRS 9 Financial Instruments (cont'd)

The Group applied MFRS 9 for the first time in the current financial year. The Standard is applied retrospectively. In accordance with the transitional provisions in MFRS 9, comparative figures have not been restated. There is no impact to the opening balance of retained earnings as at 1 July 2018 on the adoption of MFRS 9 as the cumulative effects of initial application of MFRS were not significant. The adoption of MFRS 9 affects mainly the Group's classification of financial assets in statement of financial position as follows:-

	As at 30/06/2018	Effects of adoption of MFRS 9	As at 01/07/2018
	RM'000	RM'000	RM'000
Non-current assets			
Available for sale investments	45,022	(45,022)	-
Financial assets at fair value through other comprehensive income	-	45,022	45,022
Held to maturity investments	3,814	(3,814)	-
Financial assets at amortised cost	-	3,814	3,814
Current assets			
Held to maturity investments	1,538	(1,538)	-
Financial assets at amortised cost	-	1,538	1,538
Equity			
Available for sale investments fair value reserve	6,075	(6,075)	-
Fair value through other comprehensive income reserve	-	6,075	6,075

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 2018.

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 2018.

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 year 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	Year ended	Year ended
	30-June-2019	30-June-2018	30-June-2019	30-June-2018
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts	(1,695)	234	(1,742)	(225)
Bad debt written off	(332)	(415)	(332)	(430)
Fair value gain/(loss) on derivative financial instruments	60	(4,045)	10,987	(4,470)
Fair value gain on Investment properties	1,713	2,404	1,713	2,404
Gain on disposal of available for sale investment	-	10	-	8,972
Gain on disposal of shares in an associate company	382	13,161	24,780	49,273
Gain on disposal of an investment property	-	-	572	-
Gain/(Loss) on fair value changes of financial assets at fair value through profit or loss	3,761	(13,477)	(8,998)	(22,527)
(Loss)/Gain on exchange differences				
- realised	(1,469)	(3,031)	(1,732)	(3,429)
- unrealised	1,400	1,774	(5,698)	(18,071)
Provision for impairment loss on investment in associate companies	(1,943)	(3,919)	(1,943)	(3,919)
Effects of dilution of equity interests in associate companies	(467)	(1,407)	(3,509)	(8,134)

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 year as compared to the preceding corresponding financial quarter and financial year.

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 28 November 2018, 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 financial year ended 30 June 2019. 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 June 2019.

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 year ended 30 June 2019.

A8. Dividends paid

During the financial year ended 30 June 2019, the Company paid the following dividends:-

- (i) a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the period from 31 December 2017 to 29 June 2018, paid on 2 July 2018;
- (ii) a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the period from 30 June 2018 to 30 December 2018, paid on 31 December 2018; and
- (iii) an interim single tier cash dividend of 2.0 sen per ordinary share amounting to RM13,260,127 in respect of the financial year ended 30 June 2019, paid on 10 January 2019.

A9. Segment Information

The segment analysis on the Group's results for the financial year ended 30 June 2019 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
Revenue							
External revenue	59,862	63,692	24,803	62,178	1,642	-	212,177
Inter-segment revenue	781	24,392	27,845	15,633	628	(69,279)	-
Total segment revenue	60,643	88,084	52,648	77,811	2,270	(69,279)	212,177
Results							
Segment profit from operations	33,798	356	16,465	7,683	719	(522)	58,499
Interest income	4,116	18,618	10,516	22	1,690	(14,993)	19,969
Finance costs	(12,566)	(19,591)	(70)	(5,679)	(3,098)	15,515	(25,489)
Exceptional item	-	-	(3,509)	-	-	-	(3,509)
Share of profits less losses of associate companies	-	2,036	39,516	(409)	2,940	-	44,083
Share of losses of a jointly controlled entity	(183)	-	-	-	-	-	(183)
Profit before tax	25,165	1,419	62,918	1,617	2,251	-	93,370
Tax expense	(5,815)	(3,523)	(1,043)	(291)	(540)	-	(11,212)
Profit/(Loss) for the financial year	19,350	(2,104)	61,875	1,326	1,711	-	82,158
Attributable to:-							
Owners of the Company							81,855
Non-controlling interests							303
Segment assets	563,650	849,992	554,760	186,291	181,433	-	2,336,126
Segment liabilities	37,818	425,060	4,243	117,457	4,312	-	588,890

A9. Segment Information (Cont'd)

The segment analysis on the Group's results for the financial year ended 30 June 2018 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
Revenue							
External revenue	65,270	192,602	18,900	64,031	729	-	341,532
Inter-segment revenue	1,099	18,204	32,098	14,592	516	(66,509)	-
Total segment revenue	66,369	210,806	50,998	78,623	1,245	(66,509)	341,532
Results							
Segment profit/(loss) from operations	19,774	5,679	35,021	6,652	(1,240)	(744)	65,142
Interest income	3,434	15,516	7,860	10	51	(10,581)	16,290
Finance costs	(10,407)	(16,465)	(70)	(6,420)	(753)	11,325	(22,790)
Exceptional item	-	-	(8,134)	-	-	-	(8,134)
Share of profits less losses of associate companies	-	(1,919)	42,773	(3,015)	12,526	-	50,365
Profit/(Loss) before tax	12,801	2,811	77,450	(2,773)	10,584	-	100,873
Tax expense	(5,216)	(3,883)	(880)	(567)	78	-	(10,468)
Profit/(Loss) for the financial year	7,585	(1,072)	76,570	(3,340)	10,662	-	90,405
Attributable to:-							
Owners of the Company							90,539
Non-controlling interests							(134)
Segment assets	526,489	821,200	517,123	181,983	174,405	-	2,221,200
Segment liabilities	50,183	392,841	3,620	114,467	4,123	-	565,234

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 2018.

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 year, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations other than as disclosed below:-

- (i) On 25 July 2018, Insas Technology Berhad (“ITB”), a wholly-owned subsidiary of the Group had disposed off 12,000 ordinary shares, representing the entire shareholding in Vigcashlimited LLC (“Vigcash”), to Mr. Sanj Natsagdorj for a total cash consideration of USD1,500 (“Disposal”). Arising from the Disposal, Vigcash ceased to be an indirect subsidiary company of the Group.

Vigcash was incorporated in Mongolia on 7 December 2005 and its issued and paid-up share capital is USD10,000. The Company is currently dormant and the net asset value of the Company is USD31.

There is no material financial impact to the Group arising from the Disposal.

- (ii) On 17 August 2018, ITB acquired an additional 110,000,000 ordinary shares in Diversified Gateway Solutions Berhad (“DGSB”) via direct business transaction from Omesti Holdings Berhad for a total cash consideration of RM6,930,000.

Arising from this acquisition, ITB’s shareholding in DGSB has increased from 19.91% to 25.48%, and DGSB became an associate company of the Group.

- (iii) On 21 November 2018, Insas Corporate Services Sdn. Bhd. (“ICSSB”), a wholly-owned subsidiary of the Company, had entered into a shareholders’ agreement with Omesti Holdings Berhad and Quadrant Biz Solutions Sdn. Bhd. (“QBS”) to acquire/subscribe for 150,000 ordinary shares, representing 50% of the enlarged share capital in QBS for a total cash consideration of RM150,000. Arising thereon, QBS became a jointly controlled entity of the Group.

QBS is a private limited liability company incorporated in Malaysia on 13 September 2018 and its principal activities are provision of corporate secretarial, share registration and management services.

A12. Material Subsequent Events

There were no material events subsequent to the financial year ended 30 June 2019 and up to the date of this Report, which affects substantially the results or the operation of the Group.

A13. Contingent Assets or Liabilities

As at the date of this Report, the Group has provided guarantees amounting to RM145,509,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiary companies and an associate company. 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 June 2019 are as follows:-

	RM'000
To acquire property, plant and equipment	1,999
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>11,130</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

There is no significant variance on revenue reported between the current financial quarter (Q4/2019: RM78.2 million) as compared to the preceding year corresponding financial quarter (Q4/2018: RM78.4 million).

The Group reported higher pre-tax profit of RM23.3 million in Q4/2019 as compared to RM9.3 million in Q4/2018, review of performance by division is as follows:-

Financial services and credit & leasing division

The unit reported lower revenue of RM17.7 million in Q4/2019 as compared to RM19.8 million in Q4/2018 mainly due to lower disposal of quoted investments.

The unit reported higher pre-tax profit of RM10.5 million in Q4/2019 as compared to RM3.1 million in Q4/2018 mainly due to higher unrealised gain on fair value changes of financial assets at fair value through profit or loss and higher interest income.

Investment holding and trading division

The investment unit reported lower revenue of RM25.7 million in the Q4/2019 mainly due to lower trading activities as compared to revenue of RM36.6 million in Q4/2018.

The unit reported pre-tax profit of RM5.4 million in Q4/2019 as compared to pre-tax loss of -RM16.0 million in Q4/2018 mainly due to unrealised gain on fair value changes of financial assets at fair value through profit or loss in Q4/2019 as compared to unrealised loss of -RM15.5 million in Q4/2018.

B1. Review of Performance (Cont'd)

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

Technology and IT-related manufacturing, trading and services division

The Technology unit reported higher revenue of RM18.5 million in Q4/2019 as compared to revenue of RM4.9 million in Q4/2018 mainly due to higher sales of trading products in the current financial quarter.

The Technology unit reported lower pre-tax profit of RM7.8 million in Q4/2019 as compared to RM14.6 million in Q4/2018 mainly due to lower gain on disposal of shares in an associate company and lower contribution from Inari Amertron Berhad.

Current financial year against preceding financial year

Group's summary

The Group reported revenue of RM212.2 million and a pre-tax profit of RM93.4 million for the financial year ended 30 June 2019 as compared to revenue of RM341.5 million and a pre-tax profit of RM100.9 million reported in the preceding financial year. The review of performance by divisions is as follows:-

Financial services and credit & leasing division

The unit reported lower revenue of RM59.9 million for the financial year ended 30 June 2019 as compared to the preceding year of RM65.3 million mainly due to lower brokerage and corporate advisory fee income generated by the stock broking and corporate finance advisory units.

Despite lower revenue, the unit reported higher pre-tax profit of RM25.2 million for the financial year ended 30 June 2019 as compared to the preceding year of RM12.8 million mainly due to unrealised gain on fair value changes of financial assets at fair value through profit or loss as compared to unrealised loss of -RM8.3 million in FY2018.

Investment holding and trading division

The unit reported lower revenue of RM63.7 million for the financial year ended 30 June 2019 as compared to the preceding year of RM192.6 million mainly due to lower trading activities in the current financial year.

Despite lower revenue, there is no significant variance on pre-tax profit reported by the unit for current financial year as compared to preceding financial year.

Technology and IT-related manufacturing, trading and services division

The unit reported higher revenue of RM24.8 million for the financial year ended 30 June 2019 as compared to the preceding year of RM18.9 million mainly due to higher sales of trading products.

The unit reported lower pre-tax profit of RM62.9 million for the financial year ended 30 June 2019 (2018: RM77.5 million) mainly due to lower gain on disposal of shares in an associate company and lower contribution from Inari Amertron Berhad.

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 30-June-2019 RM'000	Immediate Preceding Quarter 31-Mac-2019 RM'000	Changes (%)
Revenue	78,221	37,121	>100%
Profit from operations	15,955	18,733	-15%
Profit before tax	23,269	30,643	-24%
Profit after tax	17,966	28,645	-37%
Profit attributable to owners of the Company	17,948	28,543	-37%

The Group reported lower pre-tax profit of RM23.3 million as compared to the immediate preceding financial quarter of RM30.6 million mainly due to a lower unrealised gain on fair value changes of financial assets at fair value through profit or loss of RM3.8 million (Q3/2019: RM10.4 million).

B3. Prospects for financial year ending 30 June 2020

Financial services and credit & leasing division

The Board regards that the stock broking and structured finance units will continue 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 ACE and LEAP Market.

Investment trading division

The investment unit's performance for the new financial year ending 30 June 2020 is largely dependent on the global economy and the financial markets outlook remains moderate with the possibility of disorderly financial market movements due to the current geo-political and geo-economic uncertainties.

Technology and IT-related manufacturing, trading and services division

The outlook of the Technology unit is clouded by the on-going trade-war between the United States and China.

B4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

This note is not applicable for the financial year 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 year ended 30 June 2019 is as follows:-

	Individual Quarter ended 30-June-2019 RM'000	Quarter Quarter ended 30-June-2018 RM'000	Cumulative Year ended 30-June-2019 RM'000	Quarter Year ended 30-June-2018 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/year				
- Malaysian income tax	1,624	1,959	7,733	9,809
- Overseas income tax	91	(188)	246	214
Under/(Over)provision in preceding financial quarter/year	2	(101)	(266)	(110)
Real Property Gains Tax	-	-	480	-
<u>Deferred tax:-</u>				
Transfer from deferred taxation	406	496	290	490
Underprovision in previous financial year	72	25	72	25
Deferred Real Property Gains Tax	3,108	40	2,657	40
	<u>5,303</u>	<u>2,231</u>	<u>11,212</u>	<u>10,468</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 30-June-2019 RM'000	Quarter Quarter ended 30-June-2018 RM'000	Cumulative Year ended 30-June-2019 RM'000	Quarter Year ended 30-June-2018 RM'000
Profit before tax	23,269	9,267	93,370	100,873
Income tax at Malaysian statutory tax rate of 24%	5,585	2,225	22,409	24,210
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	3,860	(406)	9,213	9,854
Income not subject to tax	(8,695)	405	(25,033)	(22,759)
Real Property Gains Tax on investment property	-	-	480	-
Effect of different tax rates in other countries	312	235	54	(379)
Overseas tax paid on dividend income	134	98	445	487
Utilisation of previously unrecognised deferred tax assets	(813)	1,005	(876)	(998)
Deferred Real Property Gains Tax on fair value adjustment of investment properties	3,108	40	2,657	40
Deferred tax not recognised in the financial statements	1,738	(1,295)	2,057	98
Tax expenses for the financial quarter/year	5,229	2,307	11,406	10,553
Under/(Over)provision in preceding financial quarter/year	2	(101)	(266)	(110)
Underprovision for deferred taxation in preceding financial quarter/year	72	25	72	25
	5,303	2,231	11,212	10,468

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 30 June 2019

	As at 30 June 2019					
	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
Secured						
Bank overdrafts						
- RM	-	-	-	511	-	511
- SGD	-	-	840	2,571	840	2,571
Term loans						
- RM	-	12,315	-	737	-	13,052
- SGD	2,602	7,965	23,343	71,452	25,945	79,417
- AUD	-	-	2,427	7,048	2,427	7,048
- USD	-	-	14,005	58,030	14,005	58,030
- GBP	-	-	759	3,986	759	3,986
- EUR	-	-	4,557	21,466	4,557	21,466
Revolving credit facilities	-	-	-	96,000	-	96,000
Margin financing facility	-	-	-	19,853	-	19,853
Total loans and borrowings		20,280		281,654	-	301,934

	As at 30 June 2018					
	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
Secured						
Bank overdrafts						
- RM	-	-	-	2,503	-	2,503
- SGD	-	-	460	1,359	460	1,359
Term loans						
- RM	-	11,028	-	2,469	-	13,497
- SGD	3,343	9,881	22,024	65,115	25,367	74,996
- HKD	-	-	5,974	3,078	5,974	3,078
- USD	-	-	11,849	47,901	11,849	47,901
- GBP	-	-	2,587	13,681	2,587	13,681
- EUR	-	-	4,993	23,360	4,993	23,360
Revolving credit facilities	-	-	-	82,300	-	82,300
Margin financing facility	-	-	-	1,985	-	1,985
Total loans and borrowings	-	20,909	-	243,751	-	264,660

B8. Group Borrowings and Debt Securities as at 30 June 2019 (cont'd)

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

	Floating (%)	
	As at 30.06.2019	As at 30.06.2018
Secured		
Bank overdrafts	8.14%-11.50%	8.20%-9.54%
Term loans	0.40%-8.00%	0.40%-8.00%
Revolving credit facilities	5.19%-6.13%	4.96%-6.14%
Margin financing facility	6.67%-6.92%	6.69%

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 liability	(1,460)
Accumulated RPS dividends charged to statements of profit or loss	26,605
Accumulated RPS dividends paid and payable	<u>(23,018)</u>
RPS issued by the Company – liability component, disclosed as per MFRS requirements	<u>130,106</u>
Total Group debt securities	<u><u>130,106</u></u>

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 liability, net of fair value for the free Warrants issued and the effects of deferred tax liability. 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 26 November 2018 declared an interim single tier dividend of 2.0 sen per ordinary share each in the Company in respect of financial year ending 30 June 2019. The dividend was paid on 10 January 2019.

The Board of Directors do not recommend any final dividend for the financial year ended 30 June 2019.

B11. Earnings per share

(a) Basic earnings per share

The basic earnings per share for the current financial quarter and financial year have been calculated by dividing the profit attributable to owners of the Company for the financial quarter and financial year by the weighted average number of ordinary shares in issue during the financial quarter and financial year.

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 30-June-2019	Quarter ended 30-June-2018	Year ended 30-June-2019	Year ended 30-June-2018
Net profit attributable to owners of the Company for the financial quarter and financial year (RM'000)	17,948	6,960	81,855	90,539
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)	2.71	1.05	12.35	13.66

(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. Derivative Financial Liabilities

Details of derivative financial liabilities as at 30 June 2019 are set out below:-

Type of Derivatives	As at 30.06.2019	
	Contract/ Notional value RM'000	Fair value RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	2,045	(639)
<u>Other equity related contracts</u>		
- Less than 1 year	(4,086)	(417)
	(2,041)	(1,056)

There is no significant changes in respect of the following since the end of the previous financial year ended 30 June 2018:-

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

B13. 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 RM0.1 million in the current financial quarter and RM11.0 million for the financial year ended 30 June 2019 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.

The carrying amounts of other financial liabilities as at the end of the reporting period approximate to their fair values due to their short term nature, or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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