

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

26 NOVEMBER 2019

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

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|--|------|--|--|--------------|---|---|--------------|
| | | FY2020 Quarter ended 30-Sep-19 RM'000 | FY2019 Quarter ended 30-Sep-18 RM'000 | Changes % | FY2020 Period ended 30-Sep-19 RM'000 | FY2019 Period ended 30-Sep-18 RM'000 | Changes % |
| Revenue | | 39,179 | 40,688 | -4% | 39,179 | 40,688 | -4% |
| Cost of sales | 1 | (15,951) | (19,696) | -19% | (15,951) | (19,696) | -19% |
| Other income | 2 | 23,346 | 29,587 | -21% | 23,346 | 29,587 | -21% |
| Administration expenses | 3 | (6,017) | (6,008) | 0% | (6,017) | (6,008) | 0% |
| Other operating expenses | 4 | (21,588) | (18,952) | 14% | (21,588) | (18,952) | 14% |
| Finance costs | | (5,451) | (5,911) | -8% | (5,451) | (5,911) | -8% |
| Exceptional item | 5 | (725) | (1,564) | -54% | (725) | (1,564) | -54% |
| Share of profits less losses of associate companies | | 8,480 | 10,646 | -20% | 8,480 | 10,646 | -20% |
| Share of profits of a jointly controlled entity | | 10 | - | >100% | 10 | - | >100% |
| Profit before tax | | 21,283 | 28,790 | -26% | 21,283 | 28,790 | -26% |
| Tax expense | | (3,390) | (2,146) | 58% | (3,390) | (2,146) | 58% |
| Profit for the quarter/period | | 17,893 | 26,644 | -33% | 17,893 | 26,644 | -33% |
| Profit attributable to:- | | | | | | | |
| Owners of the Company | | 17,857 | 26,632 | -33% | 17,857 | 26,632 | -33% |
| Non-controlling interests | | 36 | 12 | >100% | 36 | 12 | >100% |
| | | 17,893 | 26,644 | -33% | 17,893 | 26,644 | -33% |
| Earnings per share (in Sen) | | | | | | | |
| - Basic | | 2.69 | 4.02 | | 2.69 | 4.02 | |
| - 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 | |
|--|--|--|---|---|
| | FY2020 Quarter ended 30-Sep-19 RM'000 | FY2019 Quarter ended 30-Sep-18 RM'000 | FY2020 Period ended 30-Sep-19 RM'000 | FY2019 Period ended 30-Sep-18 RM'000 |
| Note 1 | | | | |
| Included in Cost of sales is the following item:- | | | | |
| Depreciation | <u>(6,142)</u> | <u>(6,650)</u> | <u>(6,142)</u> | <u>(6,650)</u> |
| Note 2 | | | | |
| Included in Other income are the following items:- | | | | |
| Allowance for doubtful debts no longer required | 33 | 14 | 33 | 14 |
| Bad debts recovered | - | 200 | - | 200 |
| Fair value gain on derivative financial instruments | - | 4,300 | - | 4,300 |
| Gain on disposal of property, plant and equipment | 689 | 302 | 689 | 302 |
| Interest income | 4,011 | 4,530 | 4,011 | 4,530 |
| Gain on exchange differences | | | | |
| - unrealised | - | 986 | - | 986 |
| - realised | 267 | - | 267 | - |
| Gain on disposal of a subsidiary company | - | 6 | - | 6 |
| Gain on disposal of shares in an associate company | <u>6,616</u> | <u>12,381</u> | <u>6,616</u> | <u>12,381</u> |
| Note 3 | | | | |
| Included in Administration expenses are the following items:- | | | | |
| Amortisation of rights-of-use assets | (97) | - | (97) | - |
| Depreciation | <u>(113)</u> | <u>(201)</u> | <u>(113)</u> | <u>(201)</u> |
| Note 4 | | | | |
| Included in Other operating expenses are the following items:- | | | | |
| Allowance for doubtful debts | (13) | (30) | (13) | (30) |
| Depreciation | (423) | (430) | (423) | (430) |
| Fair value loss on derivative financial instruments | (34) | - | (34) | - |
| Loss on fair value changes of financial assets at fair value through profit or loss | (5,200) | (7,595) | (5,200) | (7,595) |
| Loss on exchange differences | | | | |
| - unrealised | (3,179) | - | (3,179) | - |
| - realised | <u>-</u> | <u>(139)</u> | <u>-</u> | <u>(139)</u> |
| Note 5 | | | | |
| Exceptional item represents:- | | | | |
| Effects of dilution of equity interests in an associate company | <u>(725)</u> | <u>(1,564)</u> | <u>(725)</u> | <u>(1,564)</u> |

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|--|--------------------------------------|--------------------------------------|---------|-------------------------------------|-------------------------------------|---------|
| | FY2020 | FY2019 | Changes | FY2020 | FY2019 | Changes |
| | Quarter ended 30-Sep-19 RM'000 | Quarter ended 30-Sep-18 RM'000 | | Period ended 30-Sep-19 RM'000 | Period ended 30-Sep-18 RM'000 | |
| Profit for the quarter/period | 17,893 | 26,644 | -33% | 17,893 | 26,644 | -33% |
| <u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u> | | | | | | |
| Share of other comprehensive income of investments accounted for using equity method, net of tax | 558 | 1,571 | -64% | 558 | 1,571 | -64% |
| Foreign currency translation of foreign operations, net of tax | (28) | 4,666 | >-100% | (28) | 4,666 | >-100% |
| Total other comprehensive income for the quarter/period, net of tax | 530 | 6,237 | -92% | 530 | 6,237 | -92% |
| Total comprehensive income for the quarter/period, net of tax | 18,423 | 32,881 | -44% | 18,423 | 32,881 | -44% |
| Attributable to:- | | | | | | |
| Owners of the Company | 18,434 | 32,759 | -44% | 18,434 | 32,759 | -44% |
| Non-controlling interests | (11) | 122 | >-100% | (11) | 122 | >-100% |
| | 18,423 | 32,881 | -44% | 18,423 | 32,881 | -44% |

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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As at 30/09/2019 RM'000 (Unaudited) | As at 30/06/2019 RM'000 (Audited) |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 165,251 | 161,021 |
| Investment properties | 187,247 | 187,658 |
| Financial assets at fair value through other comprehensive income | 23,958 | 22,971 |
| Financial assets at amortised cost | 3,096 | 3,096 |
| Jointly controlled entity | (22) | (33) |
| Associate companies | 446,765 | 437,421 |
| Other receivables | 7,397 | 7,345 |
| Intangible assets | 26,047 | 26,047 |
| Deferred tax assets | 3,195 | 3,207 |
| Total non-current assets | 862,934 | 848,733 |
| Current assets | | |
| Property development costs | 10,690 | 10,691 |
| Inventories | 11,929 | 11,956 |
| Trade receivables | 475,331 | 443,096 |
| Amount due from associate companies | 95,460 | 89,571 |
| Other receivables, deposits and prepayments | 49,002 | 47,024 |
| Financial assets at amortised cost | - | 1,510 |
| Financial assets at fair value through profit or loss | 227,474 | 234,233 |
| Tax recoverable | 2,782 | 2,445 |
| Deposits with licensed banks and financial institutions | 506,761 | 554,552 |
| Cash and bank balances | 98,266 | 95,148 |
| Total current assets | 1,477,695 | 1,490,226 |
| TOTAL ASSETS | 2,340,629 | 2,338,959 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Share capital | 741,085 | 741,085 |
| Treasury shares | (14,499) | (14,499) |
| Reserves | 121,347 | 120,191 |
| Retained earnings | 910,872 | 892,581 |
| | 1,758,805 | 1,739,358 |
| Non-controlling interests | 7,825 | 7,836 |
| TOTAL EQUITY | 1,766,630 | 1,747,194 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Loans and borrowings | 20,181 | 20,280 |
| Hire purchase payables | 60,280 | 53,931 |
| Deferred tax liabilities | 10,631 | 10,855 |
| Total non-current liabilities | 91,092 | 85,066 |
| Current liabilities | | |
| Derivative financial liabilities | 1,090 | 1,056 |
| Trade payables | 31,328 | 24,001 |
| Preference shares | 130,267 | 130,106 |
| Other payables, deposits received and accruals | 34,843 | 39,752 |
| Hire purchase payables | 28,059 | 28,789 |
| Loans and borrowings | 253,482 | 281,653 |
| Lease liabilities on rights-of-use assets | 631 | - |
| Tax payable | 3,207 | 1,342 |
| Total current liabilities | 482,907 | 506,699 |
| TOTAL LIABILITIES | 573,999 | 591,765 |
| TOTAL EQUITY AND LIABILITIES | 2,340,629 | 2,338,959 |
| Net assets per share attributable to owners of the Company⁽⁷⁾ (RM) | 2.65 | 2.62 |

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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | < ----- Attributable to Owners of the Company ----- > | | | | | | | | |
|--|---|-------------------------------|-----------------------------|--|------------------------------|--------------------------------|-----------------|--|---------------------------|
| | < ----- Non-distributable reserves----- > | | | < - Distributable reserves- > | | | | | |
| | Share capital 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 |
| Period ended 30 September 2019 | | | | | | | | | |
| As at 1 July 2019 | 741,085 | 4,622 | 81,848 | 33,721 | (14,499) | 892,581 | 1,739,358 | 7,836 | 1,747,194 |
| Effect of adoption of MFRS 16 by an associate company | - | - | - | - | - | 434 | 434 | - | 434 |
| Restated total equity as at 1 July 2019 | 741,085 | 4,622 | 81,848 | 33,721 | (14,499) | 893,015 | 1,739,792 | 7,836 | 1,747,628 |
| Transaction with owners:- | | | | | | | | | |
| Post-acquisition reserves - associate companies | - | - | 579 | - | - | - | 579 | - | 579 |
| Total transaction with owners | - | - | 579 | - | - | - | 579 | - | 579 |
| Total comprehensive income for the financial period | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | 17,857 | 17,857 | 36 | 17,893 |
| Share of other comprehensive income of investments accounted for using equity method, net of tax | - | - | - | 558 | - | - | 558 | - | 558 |
| Foreign currency translation of foreign operations, net of tax | - | - | - | 19 | - | - | 19 | (47) | (28) |
| Total comprehensive income for the financial period | - | - | - | 577 | - | 17,857 | 18,434 | (11) | 18,423 |
| Balance at 30 September 2019 | 741,085 | 4,622 | 82,427 | 34,298 | (14,499) | 910,872 | 1,758,805 | 7,825 | 1,766,630 |

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

| | < ----- Attributable to Owners of the Company ----- > | | | | | | | | | | |
|--|---|---|--|-------------------------------|-----------------------------|--|------------------------------|--------------------------------|-----------------|--|---------------------------|
| | < ----- Non-distributable reserves ----- > | | | | | < - Distributable reserves - > | | | | | |
| | 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 |
| Period ended 30 September 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 | - | - | - | - | 4,986 | - | - | - | 4,986 | - | 4,986 |
| 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) | - | 4,986 | - | - | 6,075 | 4,986 | - | 4,986 |
| Total comprehensive income for the financial period | | | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | 26,632 | 26,632 | 12 | 26,644 |
| Share of other comprehensive income of investments accounted for using equity method, net of tax | - | - | - | - | - | 1,571 | - | - | 1,571 | - | 1,571 |
| Foreign currency translation of foreign operations, net of tax | - | - | - | - | - | 4,556 | - | - | 4,556 | 110 | 4,666 |
| Total comprehensive income for the financial period | - | - | - | - | - | 6,127 | - | 26,632 | 32,759 | 122 | 32,881 |
| Balance at 30 September 2018 | 741,085 | - | - | 4,622 | 72,414 | 32,060 | (14,499) | 850,643 | 1,686,325 | 7,508 | 1,693,833 |

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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Period ended 30/09/2019 RM'000 | Period ended 30/09/2018 RM'000 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 21,283 | 28,790 |
| Adjustments for:- | | |
| Non-cash items | (1,173) | (14,023) |
| Finance costs | 5,451 | 5,911 |
| Interest income | (4,011) | (4,530) |
| Operating profit before working capital changes | <u>21,550</u> | <u>16,148</u> |
| Changes in working capital:- | | |
| Net changes in current assets | (40,244) | (115,039) |
| Net changes in current liabilities | 4,280 | 9,365 |
| Cash used in operations | <u>(14,414)</u> | <u>(89,526)</u> |
| Interest paid | (5,280) | (5,798) |
| Interest received | 3,964 | 4,530 |
| Tax paid | (1,940) | (2,248) |
| Net cash used in operating activities | <u>(17,670)</u> | <u>(93,042)</u> |
| Cash flows from investing activities | | |
| Acquisition of shares in associate companies | (7,764) | (20,930) |
| Purchase of property, plant and equipment | (1,947) | (2,946) |
| Purchase of financial assets at fair value through other comprehensive income | (986) | (1,037) |
| Purchase of investment properties | - | (97) |
| Proceeds from disposal of shares in an associate company | 7,750 | 14,000 |
| Proceeds from disposal of property, plant and equipment | 4,465 | 2,548 |
| Proceeds from redemption of financial assets at amortised cost | 1,512 | - |
| Dividend received | 8,341 | 13,783 |
| Net cash from investing activities | <u>11,371</u> | <u>5,321</u> |
| Cash flows from financing activities | | |
| Decrease/(Increase) in fixed deposits pledged | 30,665 | (20,165) |
| Decrease in cash and bank balances pledged | 301 | 4,564 |
| Net (repayment)/drawdown of loans and borrowings | (26,927) | 46,378 |
| Repayment of hire purchase payables | (8,633) | (8,480) |
| Repayment of lease liabilities on rights-of-use assets | (114) | - |
| Net cash (used in)/from financing activities | <u>(4,708)</u> | <u>22,297</u> |
| Net decrease in cash and cash equivalents | (11,007) | (65,424) |
| Cash and cash equivalents at beginning of the financial period | 388,695 | 418,590 |
| Exchange differences | (422) | 1,835 |
| Cash and cash equivalents at end of the financial period | <u>377,266</u> | <u>355,001</u> |
| Cash and cash equivalents comprise of:- | | |
| Bank overdrafts | (2,841) | (3,777) |
| Cash and bank balances | 78,835 | 85,892 |
| Deposits with licensed banks and financial institutions | 301,272 | 272,886 |
| | <u>377,266</u> | <u>355,001</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 2019, 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 2019.

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 2019 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 2019. 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 on the Group’s adoption of MFRS 16 Leases as follows:-

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases and its related interpretations.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Lessees will apply a single accounting model for all leases and are to recognise assets and liabilities arising from operating leases in the statements of financial position.

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application on 1 July 2019. Under this Standard, the Group initially measured its rights-of-use assets to be equal to the lease liability, which is the present value of the remaining total lease payments discounted at the date of initial application (i.e. 1 July 2019). The Group recognised the interest expense on the lease liability and the depreciation/amortisation expense on the rights-of-use assets separately. The Group does not restate the comparative information, which continues to be reported under MFRS 117.

A2. Changes in Accounting Policies (Cont'd)

Under the Standard, there are two recognition exemptions for lessees: leases of low value assets and short-term leases, on a lease-to-lease basis. Lessor accounting under MFRS 16 is substantially unchanged when compared to MFRS 117.

The aim of MFRS 16 is to improve comparability between entities that borrow to purchase assets and entities that leases assets by circumventing off-balance sheet leasing activities. This new requirement will lead to a gross-up of assets and liabilities which will impact an entity's financial metrics and deferred tax position. Rent expenses will be replaced by depreciation and interest expenses in the statements of profit or loss, similar to finance lease under MFRS 117.

The recognition and measurement of the assets, liabilities and expenses in the consolidated financial statements arising from the adoption of MFRS 16 Leases for the financial year beginning 1 July 2019 are as follows:

In the Statements of Financial Position

| | As at 1.7.2019 <u>RM'000</u> | As at 30.9.2019 <u>RM'000</u> |
|---|------------------------------------|-------------------------------------|
| Property, plant and equipment: Rights-of-use assets | 735 | 638 |
| Net impact on total assets | 735 | 638 |
| Lease liabilities on rights-of-use assets | (735) | (631) |
| Net impact on total liabilities | (735) | (631) |

In the Statements of Profit or Loss

| | As at 1.7.2019 <u>RM'000</u> | 3 months period ended 30.9.2019 <u>RM'000</u> |
|--|------------------------------------|---|
| Amortisation of rights-of-use assets | - | (97) |
| Interest expense on the lease liability | - | (10) |
| Net impact on profit for the period | - | (107) |

The Group has not early adopted any new or revised Standards and amendments to Standards that have been issued but are not yet effective for the accounting period beginning 1 July 2019.

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 2019.

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 |
| | 30-Sep-2019 | 30-Sep-2018 | 30-Sep-2019 | 30-Sep-2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fair value (loss)/gain on derivative financial instruments | (34) | 4,300 | (34) | 4,300 |
| Gain on disposal of a subsidiary company | - | 6 | - | 6 |
| Gain on disposal of shares in an associate company | 6,616 | 12,381 | 6,616 | 12,381 |
| Loss on fair value changes of financial assets at fair value through profit or loss | (5,200) | (7,595) | (5,200) | (7,595) |
| Gain/(Loss) on exchange differences | | | | |
| - realised | 267 | (139) | 267 | (139) |
| - unrealised | (3,179) | 986 | (3,179) | 986 |
| Effects of dilution of equity interests in an associate company | (725) | (1,564) | (725) | (1,564) |

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 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 period ended 30 September 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 September 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 period ended 30 September 2019.

A8. Dividends paid

During the current financial quarter and financial period-to-date, the Company paid 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 2018 to 29 June 2019, paid on 1 July 2019.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 30 September 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 | 18,270 | 5,128 | 25 | 15,513 | 243 | - | 39,179 |
| Inter-segment revenue | 165 | 1,908 | 4,942 | 3,580 | 165 | (10,760) | - |
| Total segment revenue | 18,435 | 7,036 | 4,967 | 19,093 | 408 | (10,760) | 39,179 |
| Results | | | | | | | |
| Segment profit/(loss) from operations | 13,765 | (5,185) | 5,090 | 1,592 | (175) | (129) | 14,958 |
| Interest income | 902 | 4,602 | 2,579 | 1 | 83 | (4,156) | 4,011 |
| Finance costs | (3,175) | (4,914) | (17) | (1,409) | (221) | 4,285 | (5,451) |
| Exceptional item | - | - | (725) | - | - | - | (725) |
| Share of profits less losses of associate companies | - | (1,585) | 8,588 | (38) | 1,515 | - | 8,480 |
| Share of profits of a jointly controlled entity | 10 | - | - | - | - | - | 10 |
| Profit/(Loss) before tax | 11,502 | (7,082) | 15,515 | 146 | 1,202 | - | 21,283 |
| Tax expense | (2,900) | (86) | (393) | (10) | (1) | - | (3,390) |
| Profit/(Loss) for the financial period | 8,602 | (7,168) | 15,122 | 136 | 1,201 | - | 17,893 |
| Attributable to:- | | | | | | | |
| Owners of the Company | | | | | | | 17,857 |
| Non-controlling interests | | | | | | | 36 |
| Segment assets | 594,503 | 803,440 | 568,279 | 191,371 | 183,036 | - | 2,340,629 |
| Segment liabilities | 50,933 | 394,148 | 1,781 | 122,798 | 4,339 | - | 573,999 |

A9. Segment Information (Cont'd)

The segment analysis on the Group's results for the financial period ended 30 September 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 | 14,858 | 9,206 | 1,103 | 15,317 | 204 | - | 40,688 |
| Inter-segment revenue | 238 | 1,911 | 9,261 | 3,940 | 154 | (15,504) | - |
| Total segment revenue | 15,096 | 11,117 | 10,364 | 19,257 | 358 | (15,504) | 40,688 |
| | | | | | | | |
| Results | | | | | | | |
| Segment profit/(loss) from operations | 8,073 | (772) | 12,315 | 1,763 | (158) | (132) | 21,089 |
| Interest income | 1,122 | 4,653 | 2,642 | - | 14 | (3,901) | 4,530 |
| Finance costs | (3,667) | (4,640) | (18) | (1,416) | (203) | 4,033 | (5,911) |
| Exceptional item | - | - | (1,564) | - | - | - | (1,564) |
| Share of profits less losses of associate companies | - | 677 | 9,305 | (1) | 665 | - | 10,646 |
| Profit/(Loss) before tax | 5,528 | (82) | 22,680 | 346 | 318 | - | 28,790 |
| Tax expense | (1,941) | (205) | - | - | - | - | (2,146) |
| Profit/(Loss) for the financial period | 3,587 | (287) | 22,680 | 346 | 318 | - | 26,644 |
| Attributable to:- | | | | | | | |
| Owners of the Company | | | | | | | 26,632 |
| Non-controlling interests | | | | | | | 12 |
| | | | | | | | |
| Segment assets | 596,170 | 875,836 | 482,988 | 182,316 | 175,322 | - | 2,312,632 |
| Segment liabilities | 59,229 | 438,711 | 2,426 | 113,895 | 4,538 | - | 618,799 |

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 2019.

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.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2019 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 RM116,289,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiary companies. There is no contingent asset as at the date of this Report.

A14. Commitments

Contractual commitments not provided for in the financial statements as at 30 September 2019 are as follows:-

| | RM'000 |
|---|--------------|
| To acquire property, plant and equipment | 499 |
| Investment commitments in relation to financial assets at fair value through other comprehensive income | <u>9,932</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 (Q1/2020: RM39.2 million) as compared to the preceding year corresponding financial quarter (Q1/2019: RM40.7 million).

The Group reported lower pre-tax profit of RM21.3 million in Q1/2020 as compared to RM28.8 million in Q1/2019. The review of performance by division is as follows:-

Financial services and credit & leasing division

The unit reported higher revenue and pre-tax profit of RM18.3 million and RM11.5 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM14.9 million and RM5.5 million respectively, mainly due to higher revenue generated by the structure finance unit and higher brokerage and corporate advisory fee income generated by the stock broking and corporate finance advisory units.

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 lower revenue of RM5.1 million in the Q1/2020 mainly due to lower trading activities as compared to revenue of RM9.2 million in Q1/2019.

The unit reported a higher pre-tax loss of -RM7.1 million in Q1/2020 as compared to pre-tax loss of -RM0.1 million in Q1/2019, mainly due to unrealised fair value loss on derivative financial instruments of -RM0.1 million and unrealised loss on foreign exchange of -RM2.6 million in the current period as compared to a gain of RM4.3 million and RM0.5 million respectively in the preceding Q1/2019.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM0.1 million in Q1/2020 as compared to revenue of RM1.1 million in Q1/2019 mainly due to lower sales of trading products in the current financial quarter.

The Technology unit reported lower pre-tax profit of RM15.5 million in Q1/2020 as compared to RM22.7 million in Q1/2019 mainly due to lower gain on disposal of shares in an associate company of RM6.6 million reported in Q1/2020 (Q1/2019: gain on disposal of RM12.4 million) and lower contribution from Inari Amertron Berhad Group of RM9.0 million (Q1/2019: RM11.4 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 30-Sep-2019 RM'000 | Immediate Preceding Quarter 30-June-2019 RM'000 | Changes (%) |
|---|--|---|----------------|
| Revenue | 39,179 | 78,058 | -50% |
| Profit from operations | 14,958 | 13,638 | 10% |
| Profit before tax | 21,283 | 23,227 | -8% |
| Profit after tax | 17,893 | 17,927 | 0% |
| Profit attributable to owners of the Company | 17,857 | 17,924 | 0% |

The Group reported lower pre-tax profit of RM21.3 million as compared to the immediate preceding financial quarter of RM23.2 million mainly due to unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM5.2 million in the current period as compared to unrealised gain of RM3.8 million in the preceding Q4/2019. The Group reported lower revenue of RM39.2 million as compared to RM78.1 million in the immediate preceding quarter mainly due to lower trading activities reported by the investment and Technology units in the current quarter.

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 to promote and source for new clients for fund raising and corporate finance exercises to secure revenue for the Group.

Investment trading division

The investment unit's performance for the current 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 period under review as the Group did not enter into any scheme that requires it to present forecast results or guarantee any profit.

B5. Tax Expense

The tax expense for the current financial quarter and financial period ended 30 September 2019 is as follows:-

| | Individual Quarter ended 30-Sep-2019 RM'000 | Quarter Quarter ended 30-Sep-2018 RM'000 | Cumulative Period ended 30-Sep-2019 RM'000 | Quarter Period ended 30-Sep-2018 RM'000 |
|---|--|---|---|--|
| <u>Income tax:-</u> | | | | |
| Provision for current financial quarter/period | | | | |
| - Malaysian income tax | 3,475 | 2,065 | 3,475 | 2,065 |
| - Overseas income tax | 105 | 117 | 105 | 117 |
| <u>Deferred tax:-</u> | | | | |
| Transfer from deferred taxation | (190) | (36) | (190) | (36) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 3,390 | 2,146 | 3,390 | 2,146 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

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-Sep-2019 RM'000 | Quarter Quarter ended 30-Sep-2018 RM'000 | Cumulative Period ended 30-Sep-2019 RM'000 | Quarter Period ended 30-Sep-2018 RM'000 |
|--|--|---|---|--|
| Profit before tax | 21,283 | 28,790 | 21,283 | 28,790 |
| Income tax at Malaysian statutory tax rate of 24% | 5,108 | 6,910 | 5,108 | 6,910 |
| <u>Tax effects in respect of:-</u> | | | | |
| Non-allowable expenses | 2,395 | 2,360 | 2,395 | 2,360 |
| Income not subject to tax | (4,056) | (7,404) | (4,056) | (7,404) |
| Effect of different tax rates in other countries | 21 | (70) | 21 | (70) |
| Overseas tax paid on dividend income | 140 | 119 | 140 | 119 |
| Utilisation of previously unrecognised deferred tax assets | (73) | (69) | (73) | (69) |
| Deferred tax on lease liabilities | (152) | - | (152) | - |
| Deferred tax not recognised in the financial statements | 7 | 300 | 7 | 300 |
| Tax expenses for the financial quarter/period | 3,390 | 2,146 | 3,390 | 2,146 |

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 September 2019

| | As at 30 September 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 | - | - | - | 516 | - | 516 |
| - SGD | - | - | 767 | 2,326 | 767 | 2,326 |
| Term loans | | | | | | |
| - RM | - | 12,126 | - | 737 | - | 12,863 |
| - SGD | 2,657 | 8,055 | 18,765 | 56,887 | 21,422 | 64,942 |
| - AUD | - | - | 5,512 | 15,622 | 5,512 | 15,622 |
| - USD | - | - | 9,288 | 38,921 | 9,288 | 38,921 |
| - GBP | - | - | 762 | 3,926 | 762 | 3,926 |
| - EUR | - | - | 4,263 | 19,535 | 4,263 | 19,535 |
| Revolving credit facilities | - | - | - | 96,000 | - | 96,000 |
| Margin financing facility | - | - | - | 19,012 | - | 19,012 |
| | | | | | | |
| Total loans and borrowings | | 20,181 | | 253,482 | - | 273,663 |

| | As at 30 September 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 | - | - | - | 1,284 | - | 1,284 |
| - SGD | - | - | 823 | 2,493 | 823 | 2,493 |
| Term loans | | | | | | |
| - RM | - | 12,736 | - | 697 | - | 13,433 |
| - SGD | 2,708 | 8,202 | 24,915 | 75,470 | 27,623 | 83,672 |
| - HKD | - | - | 8,809 | 4,672 | 8,809 | 4,672 |
| - USD | - | - | 21,664 | 89,788 | 21,664 | 89,788 |
| - GBP | - | - | 750 | 4,064 | 750 | 4,064 |
| - EUR | - | - | 2,725 | 13,147 | 2,725 | 13,147 |
| Revolving credit facilities | - | - | - | 91,700 | - | 91,700 |
| Margin financing facility | - | - | - | 12,042 | - | 12,042 |
| | | | | | | |
| Total loans and borrowings | - | 20,938 | - | 295,357 | - | 316,295 |

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

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

| | Floating (%) | |
|-----------------------------|------------------|------------------|
| | As at 30.09.2019 | As at 30.09.2018 |
| Secured | | |
| Bank overdrafts | 8.14%-11.50% | 8.29%-9.54% |
| Term loans | 0.53%-8.00% | 0.40%-8.00% |
| Revolving credit facilities | 5.27%-5.89% | 5.52%-6.13% |
| Margin financing facility | 6.67% | 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 | 28,103 |
| Accumulated RPS dividends paid and payable | <u>(24,355)</u> |
| RPS issued by the Company – liability component, disclosed as per MFRS requirements | <u>130,267</u> |
| Total Group debt securities | <u><u>130,267</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 is pleased to declare an interim single tier dividend of 2.0 sen per ordinary share each in the Company in respect of the financial year ending 30 June 2020.

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 30-Sep-2019 | Quarter ended 30-Sep-2018 | Period ended 30-Sep-2019 | Period ended 30-Sep-2018 |
| Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000) | 17,857 | 26,632 | 17,857 | 26,632 |
| 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) | 2.69 | 4.02 | 2.69 | 4.02 |

(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 September 2019 are set out below:-

| Type of Derivatives | As at 30.09.2019 | |
|--|---------------------------------------|----------------------|
| | Contract/ Notional value RM'000 | Fair value RM'000 |
| <u>Currency Forward Contract and Options</u> | | |
| - Less than 1 year | 5,357 | (651) |
| <u>Other equity related contracts</u> | | |
| - Less than 1 year | 9,047 | (439) |
| | 14,404 | (1,090) |

There is no significant changes in respect of the following since the end of the previous financial year ended 30 June 2019:-

- 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 loss on derivative financial instruments of -RM0.1 million in the current financial quarter and for the financial period ended 30 September 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.