

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

25 FEBRUARY 2020

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

UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2020 Quarter ended 31-Dec-19 RM'000	FY2019 Quarter ended 31-Dec-18 RM'000	Changes %	FY2020 Period ended 31-Dec-19 RM'000	FY2019 Period ended 31-Dec-18 RM'000	Changes %
Revenue		46,056	56,147	-18%	85,235	96,835	-12%
Cost of sales	1	(22,396)	(34,296)	-35%	(38,347)	(53,992)	-29%
Other income	2	17,696	23,468	-25%	41,042	53,055	-23%
Administration expenses	3	(8,470)	(8,709)	-3%	(14,487)	(14,717)	-2%
Other operating expenses	4	(5,693)	(29,459)	-81%	(27,281)	(48,411)	-44%
Finance costs		(5,181)	(5,591)	-7%	(10,632)	(11,502)	-8%
Exceptional item	5	(2,428)	(1,128)	>100%	(3,153)	(2,692)	17%
Share of profits less losses of associate companies		13,932	10,236	36%	22,412	20,882	7%
Share of profits of a jointly controlled entity		14	-	>100%	24	-	>100%
Profit before tax		33,530	10,668	>100%	54,813	39,458	39%
Tax expense		(2,095)	(1,765)	19%	(5,485)	(3,911)	40%
Profit for the quarter/period		31,435	8,903	>100%	49,328	35,547	39%
Profit attributable to:-							
Owners of the Company		31,207	8,732	>100%	49,064	35,364	39%
Non-controlling interests		228	171	33%	264	183	44%
		31,435	8,903	>100%	49,328	35,547	39%
Earnings per share (in Sen)							
- Basic		4.71	1.31		7.40	5.33	
- Diluted		n/a	n/a		n/a	n/a	

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UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2020 Quarter ended 31-Dec-19 RM'000	FY2019 Quarter ended 31-Dec-18 RM'000	FY2020 Period ended 31-Dec-19 RM'000	FY2019 Period ended 31-Dec-18 RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(4,958)</u>	<u>(6,548)</u>	<u>(11,100)</u>	<u>(13,198)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	25	39	58	53
Bad debts recovered	-	5	-	205
Excess of fair value of net assets over cost of investment on acquisition of additional interest in an associate company	952	-	952	-
Fair value gain on derivative financial instruments	286	3,028	252	7,328
Gain on disposal of property, plant and equipment	790	635	1,479	937
Interest income	3,679	4,429	7,690	8,959
Gain on exchange differences				
- realised	615	322	882	183
Gain on fair value changes of financial assets at fair value through profit or loss	8,287	-	3,087	-
Gain on disposal of an investment property	-	572	-	572
Gain on disposal of subsidiary companies	1,626	-	1,626	6
Gain on disposal of shares in an associate company	<u>-</u>	<u>12,017</u>	<u>6,616</u>	<u>24,398</u>
Note 3				
Included in Administration expenses are the following items:-				
Amortisation of rights-of-use assets	(113)	-	(210)	-
Depreciation	<u>(84)</u>	<u>(93)</u>	<u>(197)</u>	<u>(294)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	1	(22)	(12)	(52)
Depreciation	(428)	(439)	(851)	(869)
Loss on fair value changes of financial assets at fair value through profit or loss	-	(15,605)	-	(23,200)
Gain/(Loss) on exchange differences				
- unrealised	<u>2,750</u>	<u>(6,900)</u>	<u>(429)</u>	<u>(5,914)</u>
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(2,428)</u>	<u>(1,128)</u>	<u>(3,153)</u>	<u>(2,692)</u>

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UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2020	FY2019	Changes %	FY2020	FY2019	Changes %
	Quarter ended 31-Dec-19 RM'000	Quarter ended 31-Dec-18 RM'000		Period ended 31-Dec-19 RM'000	Period ended 31-Dec-18 RM'000	
Profit for the quarter/period	31,435	8,903	>100%	49,328	35,547	39%
<u>Other comprehensive (loss)/income may be reclassified to profit or loss subsequently:-</u>						
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	(1,346)	(112)	>100%	(788)	1,459	>-100%
Foreign currency translation of foreign operations, net of tax	(1,407)	(8)	>100%	(1,435)	4,658	>-100%
Total other comprehensive (loss)/income for the quarter/period, net of tax	(2,753)	(120)	>100%	(2,223)	6,117	>-100%
Total comprehensive income for the quarter/period, net of tax	28,682	8,783	>100%	47,105	41,664	13%
Attributable to:-						
Owners of the Company	28,438	8,606	>100%	46,872	41,365	13%
Non-controlling interests	244	177	38%	233	299	-22%
	28,682	8,783	>100%	47,105	41,664	13%

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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2019 RM'000 (Unaudited)	As at 30/06/2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	62,508	161,021
Investment properties	187,380	187,658
Financial assets at fair value through other comprehensive income	29,792	22,971
Financial assets at amortised cost	3,096	3,096
Jointly controlled entity	(9)	(33)
Associate companies	462,352	437,421
Other receivables	7,449	7,345
Intangible assets	26,047	26,047
Deferred tax assets	1,147	3,207
Total non-current assets	779,762	848,733
Current assets		
Property development costs	10,690	10,691
Inventories	12,087	11,956
Trade receivables	432,185	443,096
Amount due from associate companies	80,873	89,571
Other receivables, deposits and prepayments	70,172	47,024
Financial assets at amortised cost	-	1,510
Financial assets at fair value through profit or loss	234,104	234,233
Tax recoverable	3,317	2,445
Deposits with licensed banks and financial institutions	545,654	554,552
Cash and bank balances	119,245	95,148
Total current assets	1,508,327	1,490,226
TOTAL ASSETS	2,288,089	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	120,649	120,191
Retained earnings	929,291	892,581
	1,776,526	1,739,358
Non-controlling interests	5,456	7,836
TOTAL EQUITY	1,781,982	1,747,194
LIABILITIES		
Non-current liabilities		
Loans and borrowings	15,806	20,280
Hire purchase payables	15,888	53,931
Lease liabilities on rights-of-use assets	129	-
Deferred tax liabilities	6,398	10,855
Total non-current liabilities	38,221	85,066
Current liabilities		
Derivative financial liabilities	804	1,056
Trade payables	39,881	24,001
Preference shares	130,427	130,106
Other payables, deposits received and accruals	55,076	39,752
Hire purchase payables	8,304	28,789
Loans and borrowings	229,322	281,653
Lease liabilities on rights-of-use assets	400	-
Tax payable	3,672	1,342
Total current liabilities	467,886	506,699
TOTAL LIABILITIES	506,107	591,765
TOTAL EQUITY AND LIABILITIES	2,288,089	2,338,959
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	2.68	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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 31 December 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
Transactions with owners:-									
Post-acquisition reserves - associate companies	-	-	3,660	-	-	(622)	3,038	-	3,038
Cash dividends payable to owners of the Company	-	-	-	-	-	(13,260)	(13,260)	-	(13,260)
Acquisition of equity interests in a subsidiary company by non-controlling interests	-	-	-	-	-	-	-	18	18
Dividends paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	-	(701)	(701)
Disposal of equity interests in subsidiary companies	-	-	-	(1,004)	-	-	(1,004)	(842)	(1,846)
Non-controlling interests' changes in ownership interests in subsidiary companies	-	-	7	(13)	-	1,094	1,088	(1,088)	-
Total transactions with owners	-	-	3,667	(1,017)	-	(12,788)	(10,138)	(2,613)	(12,751)
Total comprehensive (loss)/income for the financial period									
Profit for the financial period	-	-	-	-	-	49,064	49,064	264	49,328
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	(788)	-	-	(788)	-	(788)
Foreign currency translation of foreign operations, net of tax	-	-	-	(1,404)	-	-	(1,404)	(31)	(1,435)
Total comprehensive (loss)/income for the financial period	-	-	-	(2,192)	-	49,064	46,872	233	47,105
Balance at 31 December 2019	741,085	4,622	85,515	30,512	(14,499)	929,291	1,776,526	5,456	1,781,982

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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 31 December 2018											
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	-	-	-	-	10,564	-	-	-	10,564	-	10,564
Cash dividends payable 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)	-	10,564	-	-	(7,185)	(2,696)	-	(2,696)
Total comprehensive income for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	35,364	35,364	183	35,547
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	-	1,459	-	-	1,459	-	1,459
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	4,542	-	-	4,542	116	4,658
Total comprehensive income for the financial period	-	-	-	-	-	6,001	-	35,364	41,365	299	41,664
Balance at 31 December 2018	741,085	-	-	4,622	77,992	31,934	(14,499)	846,115	1,687,249	7,685	1,694,934

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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 31/12/2019 RM'000	Period ended 31/12/2018 RM'000
Cash flows from operating activities		
Profit before tax	54,813	39,458
Adjustments for:-		
Non-cash items	(23,110)	(10,943)
Finance costs	10,632	11,502
Interest income	(7,690)	(8,959)
Operating profit before working capital changes	<u>34,645</u>	<u>31,058</u>
Changes in working capital:-		
Net changes in current assets	(5,929)	(66,207)
Net changes in current liabilities	46,520	11,058
Cash from/(used in) operations	<u>75,236</u>	<u>(24,091)</u>
Interest paid	(10,290)	(11,250)
Interest received	7,588	8,959
Tax paid	(4,037)	(4,807)
Net cash from/(used in) operating activities	<u>68,497</u>	<u>(31,189)</u>
Cash flows from investing activities		
Acquisition/Subscription of shares in associate companies	(17,562)	(35,230)
Subscription of shares in a jointly controlled entity	-	(150)
Payment for intangible asset	-	(11)
Purchase of property, plant and equipment	(5,185)	(2,959)
Purchase of financial assets at amortised cost	-	(767)
Purchase of financial assets at fair value through other comprehensive income	(6,820)	(1,037)
Purchase of investment properties	-	(250)
Proceeds from disposal of shares in an associate company	7,750	28,300
Proceeds from disposal of property, plant and equipment	7,592	6,264
Proceeds from disposal of an investment property	-	492
Proceeds from redemption of financial assets at amortised cost	1,512	767
Dividend received	17,243	24,426
Net cash inflow on disposal of equity interest in subsidiary companies	10,075	-
Net cash from investing activities	<u>14,605</u>	<u>19,845</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	36,548	(20,866)
(Increase)/Decrease in cash and bank balances pledged	(4,359)	3,271
Net (repayment)/drawdown of loans and borrowings	(48,474)	45,415
Proceeds from acquisition of equity interests in a subsidiary company by non-controlling interests	18	-
Repayment of hire purchase payables	(14,648)	(17,590)
Dividends paid to non-controlling interests of a subsidiary company	(701)	-
Repayment of lease liabilities on rights-of-use assets	(227)	-
Net cash (used in)/from financing activities	<u>(31,843)</u>	<u>10,230</u>
Net increase/(decrease) in cash and cash equivalents	51,259	(1,114)
Cash and cash equivalents at beginning of the financial period	388,695	418,590
Exchange differences	(454)	1,792
Cash and cash equivalents at end of the financial period	<u>439,500</u>	<u>419,268</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(527)	(3,341)
Cash and bank balances	95,127	99,094
Deposits with licensed banks and financial institutions	344,900	323,515
	<u>439,500</u>	<u>419,268</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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 31.12.2019 <u>RM'000</u>
Property, plant and equipment: Rights-of-use assets	735	525
Net impact on total assets	735	525
Lease liabilities on rights-of-use assets	(735)	(529)
Net impact on total liabilities	(735)	(529)

In the Statements of Profit or Loss

	As at 1.7.2019 <u>RM'000</u>	6 months period ended 31.12.2019 <u>RM'000</u>
Amortisation of rights-of-use assets	-	(210)
Interest expense on the lease liabilities	-	(21)
Net impact on profit for the period	-	(231)

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
	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
	RM'000	RM'000	RM'000	RM'000
Excess of fair value of net assets over cost of investment on acquisition of additional interest in an associate company	952	-	952	-
Fair value gain on derivative financial instruments	286	3,028	252	7,328
Gain on disposal of an investment property	-	572	-	572
Gain on disposal of subsidiary companies	1,626	-	1,626	6
Gain on disposal of shares in an associate company	-	12,017	6,616	24,398
Gain/(Loss) on fair value changes of financial assets at fair value through profit or loss	8,287	(15,605)	3,087	(23,200)
Gain/(Loss) on exchange differences				
- realised	615	322	882	183
- unrealised	2,750	(6,900)	(429)	(5,914)
Effects of dilution of equity interests in associate companies	(2,428)	(1,128)	(3,153)	(2,692)

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 2019, 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 31 December 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 31 December 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 31 December 2019.

A8. Dividends Paid

During the current financial quarter and financial period-to-date, 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 2018 to 29 June 2019, paid on 1 July 2019; and
- (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 2019 to 30 December 2019, paid on 31 December 2019.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 31 December 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	36,177	13,890	2,403	32,095	670	-	85,235
Inter-segment revenue	309	10,447	10,701	6,499	327	(28,283)	-
Total segment revenue	36,486	24,337	13,104	38,594	997	(28,283)	85,235
Results							
Segment profit from operations	23,624	7,676	2,923	3,646	855	(252)	38,472
Interest income	1,937	8,378	4,844	14	154	(7,637)	7,690
Finance costs	(6,298)	(9,196)	(31)	(2,546)	(450)	7,889	(10,632)
Exceptional item	-	-	(1,486)	-	(1,667)	-	(3,153)
Share of profits less losses of associate companies	-	1,386	15,394	1,138	4,494	-	22,412
Share of profits of a jointly controlled entity	24	-	-	-	-	-	24
Profit before tax	19,287	8,244	21,644	2,252	3,386	-	54,813
Tax expense	(4,598)	(445)	(393)	(41)	(8)	-	(5,485)
Profit for the financial period	14,689	7,799	21,251	2,211	3,378	-	49,328
Attributable to:-							
Owners of the Company							49,064
Non-controlling interests							264
Segment assets	592,908	827,457	573,519	99,635	194,570	-	2,288,089
Segment liabilities	68,394	388,658	1,742	42,900	4,413	-	506,107

A9. Segment Information (Cont'd)

The segment analysis on the Group's results for the financial period ended 31 December 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	28,068	30,845	6,220	31,282	420	-	96,835
Inter-segment revenue	458	9,822	16,588	7,809	313	(34,990)	-
Total segment revenue	28,526	40,667	22,808	39,091	733	(34,990)	96,835
Results							
Segment profit/(loss) from operations	15,019	(16,796)	21,542	3,946	370	(270)	23,811
Interest income	2,065	9,047	5,259	1	29	(7,442)	8,959
Finance costs	(6,608)	(9,349)	(36)	(2,812)	(409)	7,712	(11,502)
Exceptional item	-	-	(2,692)	-	-	-	(2,692)
Share of profits less losses of associate companies	-	(4,494)	23,345	620	1,411	-	20,882
Profit/(Loss) before tax	10,476	(21,592)	47,418	1,755	1,401	-	39,458
Tax expense	(2,892)	(457)	(488)	(42)	(32)	-	(3,911)
Profit/(Loss) for the financial period	7,584	(22,049)	46,930	1,713	1,369	-	35,547
Attributable to:-							
Owners of the Company							35,364
Non-controlling interests							183
Segment assets	531,764	855,732	572,930	186,905	176,648	-	2,323,979
Segment liabilities	57,132	447,060	3,217	117,033	4,603	-	629,045

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 other than as disclosed below:-

On 21 November 2019, the Company announced that Roset Logistics Holdings Pte Ltd ("RLH"), a 79.46% indirect subsidiary of the Company, had entered into a share sale agreement with Epica Holdings Pte Ltd ("Epica") for the disposal of its 100% equity interest in Roset Limousine Services Pte Ltd ("RLS") and Roset Auto Care Services Pte Ltd ("RAC") for a total cash consideration of SGD3,773,434 ("Disposal").

Epica was incorporated in Singapore on 6 August 2019 and its issued and paid-up share capital is SGD 1. Epica's principal activities are holding company and value added logistics provider.

A11. Changes in the Composition of the Group (Cont'd)

Wong Yew Kiang (“AW”) is the managing director of RLH and owns 956,469 ordinary shares representing 17.06% of RLH, and AW is deemed to be a related party by virtue of him being the sole director and sole shareholder of Epica.

Upon completion of the Disposal, RLS and RAC ceased to be indirect subsidiaries of the Company.

RLH was incorporated in Singapore on 19 March 2013 and its issued and paid-up share capital is SGD5,607,525. RLH’s principal activities are investment holding and provision of management services.

RLS was incorporated in Singapore on 1 June 2004 and its issued and paid-up share capital is SGD2,500,000. RLS’s principal activities are provision of premium limousines services and self-drive car rental services.

RAC was incorporated in Singapore on 1 July 2016 and its issued and paid-up share capital is SGD1. RAC’s principal activities are provision of car repair and maintenance services.

Other than the Group’s gain on disposal of RM1,626,000, the Disposal has no material effect on the net assets, earnings and gearing of Insas Group for the financial year ending 30 June 2020.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 31 December 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 RM114,658,000 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 31 December 2019 are as follows:-

	RM'000
To acquire property, plant and equipment	8,831
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>9,538</u>

A15. Related Party Transactions

Related party transactions had been entered into in the ordinary course of business that had been undertaken at arm’s length basis on normal commercial terms.

ADDITIONAL INFORMATION REQUIRED BY PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

Comparison between current financial quarter against preceding year corresponding financial quarter

Group's summary

The Group reported revenue of RM46.1 million and a pre-tax profit of RM33.5 million in the current financial quarter (Q2/2020) as compared to revenue of RM56.1 million and a pre-tax profit of RM10.7 million in the preceding year corresponding financial quarter (Q2/2019). 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 RM17.9 million and RM7.8 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM13.2 million and RM4.9 million respectively, mainly due to higher brokerage and corporate advisory fee income generated by the stock broking and corporate finance advisory units and higher unrealised gain on fair value changes of financial assets at fair value through profit or loss.

Investment holding and trading division

The Investment unit reported lower revenue of RM8.8 million in Q2/2020 mainly due to lower trading activities as compared to revenue of RM21.6 million in Q2/2019.

The Investment unit reported higher pre-tax profit of RM15.3 million in Q2/2020 as compared to a pre-tax loss of -RM21.5 million in Q2/2019, mainly due to unrealised gain on fair value changes of financial assets at fair value through profit or loss of RM7.6 million and unrealised gain on foreign exchange of RM2.4 million in Q2/2020 as compared to unrealised loss of -RM15.0 million and -RM6.8 million respectively in Q2/2019.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM2.4 million in Q2/2020 as compared to revenue of RM5.1 million in Q2/2019 mainly due to lower sales of trading products in the current financial quarter.

The Technology unit reported lower pre-tax profit of RM6.1 million in Q2/2020 as compared to RM24.7 million in Q2/2019 mainly due to higher gain on disposal of shares in an associate company of RM12.0 million reported in Q2/2019 (Q2/2020: Nil) and lower contribution from Inari Amertron Berhad Group of RM6.9 million (Q2/2019: RM10.4 million).

B1. Review of Performance (Cont'd)

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

Group's summary

The Group reported revenue of RM85.2 million and a pre-tax profit of RM54.8 million for the six months period ended 31 December 2019 as compared to revenue of RM96.8 million and a pre-tax profit of RM39.5 million reported in the corresponding period in the preceding year. The review of performance by divisions is as follows:-

Financial services and credit & leasing division

The unit reported higher revenue and pre-tax profit of RM36.2 million and RM19.3 million for the six months period ended 31 December 2019 as compared to the corresponding period in the preceding year of RM28.1 million and RM10.5 million respectively, mainly due to higher revenue generated by the structure finance unit, higher brokerage and corporate advisory fee income generated by the stock broking and corporate finance advisory units and higher unrealised gain on fair value changes of financial assets at fair value through profit or loss.

Investment holding and trading division

The Investment unit reported lower revenue of RM13.9 million for the six months period ended 31 December 2019 as compared to the corresponding period in the preceding year of RM30.8 million mainly due to lower trading activities in the current financial period.

Despite the lower revenue in the current financial period, the Investment unit reported higher pre-tax profit of RM8.2 million for the six months period ended 31 December 2019 (six months period ended 31 December 2018: pre-tax loss of -RM21.6 million) mainly due to unrealised gain on fair value changes of financial assets at fair value through profit or loss of RM2.4 million and lower unrealised loss on foreign exchange of -RM0.3 million in the current financial period as compared to unrealised fair value loss of -RM21.9 million and unrealised loss on foreign exchange of -RM5.9 million respectively in the corresponding period in the preceding year.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM2.4 million for the six months period ended 31 December 2019 as compared to the corresponding period in the preceding year of RM6.2 million due to lower sales of trading products in the current financial period.

The Technology unit reported lower pre-tax profit of RM21.6 million for the six months period ended 31 December 2019 (six months period ended 31 December 2018: RM47.4 million) mainly due to lower gain on disposal of shares in an associate company of RM6.6 million and lower contribution from Inari Amertron Berhad Group of RM16.0 million (six months period ended 31 December 2018: RM24.4 million and RM21.8 million respectively).

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

	Current Quarter 31-Dec-2019 RM'000	Immediate Preceding Quarter 30-Sep-2019 RM'000	Changes (%)
Revenue	46,056	39,179	18%
Profit from operations	23,514	14,958	70%
Profit before tax	33,530	21,283	66%
Profit after tax	31,435	17,893	86%
Profit attributable to owners of the Company	31,207	17,857	85%

The Group reported higher pre-tax profit of RM33.5 million as compared to the immediate preceding financial quarter of RM21.3 million mainly due to higher unrealised gain on fair value changes of financial assets at fair value through profit or loss of RM8.3 million (Q1/2020: fair value loss of -RM5.2 million), and higher unrealised gain on foreign exchange of RM2.8 million (Q1/2020: unrealised loss of -RM3.2 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 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 short term outlook is clouded due to the immediate impact of Covid-19 on the operations and results of our Technology unit. Nevertheless, the Board is cautiously optimistic the unit will maintain positive earnings for FY2020.

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

This note is not applicable for the financial period under review as the Group did not enter into any scheme that requires it to present forecast results or guarantee any profit.

B5. Tax Expense

The tax expense for the current financial quarter and financial period ended 31 December 2019 is as follows:-

	Individual Quarter ended 31-Dec-2019 RM'000	Quarter Quarter ended 31-Dec-2018 RM'000	Cumulative Period ended 31-Dec-2019 RM'000	Quarter Period ended 31-Dec-2018 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	2,054	1,853	5,529	3,918
- Overseas income tax	55	(7)	160	110
Overprovision in preceding financial quarter/period	-	(73)	-	(73)
Real Property Gains Tax	-	480	-	480
<u>Deferred tax:-</u>				
Transfer to deferred taxation	(14)	(37)	(204)	(73)
Deferred Real Property Gains Tax	-	(451)	-	(451)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,095	1,765	5,485	3,911
	<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 31-Dec-2019 RM'000	Quarter Quarter ended 31-Dec-2018 RM'000	Cumulative Period ended 31-Dec-2019 RM'000	Quarter Period ended 31-Dec-2018 RM'000
Profit before tax	33,530	10,668	54,813	39,458
Income tax at Malaysian statutory tax rate of 24%	8,047	2,560	13,155	9,470
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	(390)	3,797	2,005	6,157
Income not subject to tax	(5,189)	(4,800)	(9,245)	(12,204)
Real Property Gains Tax on investment properties	-	480	-	480
Effect of different tax rates in other countries	(401)	183	(380)	113
Overseas tax paid on dividend income	83	95	223	214
Utilisation of previously unrecognised deferred tax assets	(80)	9	(153)	(60)
Deferred tax on lease liabilities	26	-	(126)	-
Deferred Real Property Gains Tax on fair value adjustment of investment properties	-	(451)	-	(451)
Deferred tax not recognised in the financial statements	(1)	(35)	6	265
Tax expenses for the financial quarter/period	2,095	1,838	5,485	3,984
Over provision in preceding financial quarter/period	-	(73)	-	(73)
	2,095	1,765	5,485	3,911

B6. Status of Corporate Proposal announced but not completed as at the date of this Report

There is no corporate proposal that has been announced but has not been completed as at the date of this Report.

B7. Status of Utilisation of Proceeds

There is no unutilised proceeds from any corporate proposal.

B8. Group Borrowings and Debt Securities as at 31 December 2019

	As at 31 December 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	-	-	-	527	-	527
Term loans						
- RM	-	11,937	-	737	-	12,674
- SGD	1,272	3,869	18,136	55,152	19,408	59,021
- AUD	-	-	2,965	8,516	2,965	8,516
- USD	-	-	8,083	33,149	8,083	33,149
- GBP	-	-	765	4,117	765	4,117
- EUR	-	-	4,219	19,397	4,219	19,397
Revolving credit facilities	-	-	-	92,550	-	92,550
Margin financing facility	-	-	-	15,177	-	15,177
Total loans and borrowings		15,806		229,322	-	245,128

	As at 31 December 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	-	-	-	1,117	-	1,117
- SGD	-	-	734	2,225	734	2,225
Term loans						
- RM	-	12,722	-	699	-	13,421
- SGD	2,675	8,114	25,844	78,396	28,519	86,510
- HKD	-	-	12,891	8,577	12,891	8,577
- USD	-	-	19,464	80,688	19,464	80,688
- GBP	-	-	753	3,961	753	3,961
- EUR	-	-	3,461	16,422	3,461	16,422
Revolving credit facilities	-	-	-	90,200	-	90,200
Margin financing facility	-	-	-	11,995	-	11,995
Total loans and borrowings	-	20,836	-	294,280	-	315,116

B8. Group Borrowings and Debt Securities as at 31 December 2019 (Cont'd)

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

	Floating (%)	
	As at 31.12.2019	As at 31.12.2018
Secured		
Bank overdrafts	8.14%-11.50%	8.29%-11.50%
Term loans	0.53%-6.79%	0.40%-8.00%
Revolving credit facilities	5.25%-5.89%	5.52%-6.13%
Margin financing facility	6.67%	6.92%

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	29,600
Accumulated RPS dividends paid and payable	<u>(25,692)</u>
RPS issued by the Company – liability component, disclosed as per MFRS requirements	<u>130,427</u>
Total Group debt securities	<u><u>130,427</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, 14,420 Warrants were exercised and 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 2019 declared 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.

The interim dividend totaling RM13,260,127 was paid on 14 January 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 31-Dec-2019	Quarter ended 31-Dec-2018	Period ended 31-Dec-2019	Period ended 31-Dec-2018
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	31,207	8,732	49,064	35,364
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)	4.71	1.31	7.40	5.33

(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 31 December 2019 are set out below:-

Type of Derivatives	As at 31.12.2019	
	Contract/ Notional value RM'000	Fair value RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	2,452	(465)
<u>Other equity related contracts</u>		
- Less than 1 year	(8,697)	(339)
	(6,245)	(804)

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 gain on derivative financial instruments of RM0.3 million in the current financial quarter and for the financial period ended 31 December 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.