

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

21 MAY 2020

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

UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2020 Quarter ended 31-Mar-20 RM'000	FY2019 Quarter ended 31-Mar-19 RM'000	Changes %	FY2020 Period ended 31-Mar-20 RM'000	FY2019 Period ended 31-Mar-19 RM'000	Changes %
Revenue		62,641	37,121	69%	147,876	133,956	10%
Cost of sales	1	(44,968)	(16,443)	>100%	(83,315)	(70,435)	18%
Other income	2	7,517	11,969	-37%	48,559	65,024	-25%
Administration expenses	3	(4,769)	(6,803)	-30%	(19,256)	(21,520)	-11%
Other operating expenses	4	(56,134)	(2,211)	>100%	(83,415)	(50,622)	65%
Finance costs		(6,739)	(5,845)	15%	(17,371)	(17,347)	0%
Exceptional item	5	(1,699)	(350)	>100%	(4,852)	(3,042)	60%
Share of profits less losses of associate companies		(5,428)	13,333	>-100%	16,984	34,215	-50%
Share of losses of a jointly controlled entity		(106)	(128)	-17%	(82)	(128)	-36%
(Loss)/Profit before tax		(49,685)	30,643	>-100%	5,128	70,101	-93%
Tax expense		(1,808)	(1,998)	-10%	(7,293)	(5,909)	23%
(Loss)/Profit for the quarter/period		(51,493)	28,645	>-100%	(2,165)	64,192	>-100%
(Loss)/Profit attributable to:-							
Owners of the Company		(51,484)	28,543	>-100%	(2,420)	63,907	>-100%
Non-controlling interests		(9)	102	>-100%	255	285	-11%
		(51,493)	28,645	>-100%	(2,165)	64,192	>-100%
(Loss)/Earnings per share (in Sen)							
- Basic		(7.76)	4.31		(0.36)	9.64	
- Diluted		n/a	n/a		n/a	n/a	

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UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2020 Quarter ended 31-Mar-20 RM'000	FY2019 Quarter ended 31-Mar-19 RM'000	FY2020 Period ended 31-Mar-20 RM'000	FY2019 Period ended 31-Mar-19 RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(2,187)</u>	<u>(6,258)</u>	<u>(13,287)</u>	<u>(19,456)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	4	11	62	64
Bad debts recovered	-	-	-	205
Excess of fair value of net assets over cost of investment on acquisition of additional interest in an associate company	840	-	1,792	-
Fair value gain on derivative financial instruments	-	3,599	-	10,927
Gain on disposal of property, plant and equipment	571	676	2,050	1,613
Interest income	3,796	4,900	11,486	13,859
Gain on exchange differences				
- realised	793	-	1,675	-
Gain on disposal of an investment property	-	-	-	572
Gain on disposal of subsidiary companies	2,087	-	3,713	6
Gain on disposal of shares in an associate company	-	-	6,616	24,398
Note 3				
Included in Administration expenses are the following items:-				
Amortisation of rights-of-use assets	(105)	-	(315)	-
Depreciation	<u>(25)</u>	<u>(131)</u>	<u>(222)</u>	<u>(425)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(625)	5	(637)	(47)
Property, plant and equipment written off	-	(43)	-	(43)
Depreciation	(425)	(437)	(1,276)	(1,306)
Fair value loss on derivative financial instruments	(4,907)	-	(4,655)	-
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(35,973)	10,441	(32,886)	(12,759)
Impairment of financial assets at amortised cost	-	(7)	-	(7)
Loss on exchange differences				
- unrealised	(9,454)	(1,184)	(9,883)	(7,098)
- realised	-	(446)	-	(263)
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(1,699)</u>	<u>(350)</u>	<u>(4,852)</u>	<u>(3,042)</u>

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UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2020	FY2019	Changes %	FY2020	FY2019	Changes %
	Quarter ended 31-Mar-20 RM'000	Quarter ended 31-Mar-19 RM'000		Period ended 31-Mar-20 RM'000	Period ended 31-Mar-19 RM'000	
(Loss)/Profit for the quarter/period	(51,493)	28,645	>-100%	(2,165)	64,192	>-100%
<u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u>						
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	3,241	(204)	>100%	2,453	1,255	95%
Foreign currency translation of foreign operations, net of tax	4,903	(1,873)	>100%	3,468	2,785	25%
Total other comprehensive income/(loss) for the quarter/period, net of tax	8,144	(2,077)	>100%	5,921	4,040	47%
Total comprehensive (loss)/income for the quarter/period, net of tax	(43,349)	26,568	>-100%	3,756	68,232	-94%
Attributable to:-						
Owners of the Company	(43,417)	26,501	>-100%	3,455	67,866	-95%
Non-controlling interests	68	67	1%	301	366	-18%
	(43,349)	26,568	>-100%	3,756	68,232	-94%

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.

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

UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/03/2020 RM'000 (Unaudited)	As at 30/06/2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	60,114	161,021
Investment properties	193,694	187,658
Financial assets at fair value through other comprehensive income	31,905	22,971
Financial assets at amortised cost	3,095	3,096
Jointly controlled entity	(114)	(33)
Associate companies	464,274	437,421
Other receivables	7,501	7,345
Intangible assets	26,047	26,047
Deferred tax assets	1,243	3,207
Total non-current assets	787,759	848,733
Current assets		
Property development costs	10,691	10,691
Inventories	11,943	11,956
Trade receivables	424,238	443,096
Amount due from associate companies	73,642	89,571
Other receivables, deposits and prepayments	48,712	47,024
Financial assets at amortised cost	-	1,510
Financial assets at fair value through profit or loss	171,297	234,233
Tax recoverable	3,116	2,445
Deposits with licensed banks and financial institutions	493,049	554,552
Cash and bank balances	228,153	95,148
Total current assets	1,464,841	1,490,226
TOTAL ASSETS	2,252,600	2,338,959
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	873,700	741,085
Treasury shares	(14,499)	(14,499)
Reserves	126,084	120,191
Retained earnings	749,819	892,581
	1,735,104	1,739,358
Non-controlling interests	1,824	7,836
TOTAL EQUITY	1,736,928	1,747,194
LIABILITIES		
Non-current liabilities		
Loans and borrowings	15,572	20,280
Hire purchase payables	16,299	53,931
Lease liabilities on rights-of-use assets	129	-
Deferred tax liabilities	5,946	10,855
Total non-current liabilities	37,946	85,066
Current liabilities		
Derivative financial liabilities	5,711	1,056
Trade payables	55,137	24,001
Preference shares	-	130,106
Other payables, deposits received and accruals	18,018	39,752
Hire purchase payables	7,563	28,789
Loans and borrowings	389,009	281,653
Lease liabilities on rights-of-use assets	298	-
Tax payable	1,990	1,342
Total current liabilities	477,726	506,699
TOTAL LIABILITIES	515,672	591,765
TOTAL EQUITY AND LIABILITIES	2,252,600	2,338,959
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	2.62	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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

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 March 2020									
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	-	-	6,448	(767)	-	(654)	5,027	-	5,027
Cash dividends paid 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	-	-	-	-	-	-	-	(699)	(699)
Disposal of equity interests in subsidiary companies	-	-	-	(1,012)	-	-	(1,012)	(963)	(1,975)
Repayment of capital to non-controlling interests	-	-	-	-	-	-	-	(3,581)	(3,581)
Non-controlling interests' changes in ownership interests in subsidiary companies	-	-	7	(13)	-	1,094	1,088	(1,088)	-
Redemption of redeemable preference shares, out of profits of the Company	132,601	-	-	-	-	(132,601)	-	-	-
Arising from derecognition of warrants reserve on expiry	-	(4,622)	-	-	-	4,622	-	-	-
Issuance of ordinary shares pursuant to exercise of warrants	14	-	-	-	-	-	14	-	14
Total transactions with owners	132,615	(4,622)	6,455	(1,792)	-	(140,799)	(8,143)	(6,313)	(14,456)
Total comprehensive income/(loss) for the financial period									
Loss for the financial period	-	-	-	-	-	(2,420)	(2,420)	255	(2,165)
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	2,430	-	23	2,453	-	2,453
Foreign currency translation of foreign operations, net of tax	-	-	-	3,422	-	-	3,422	46	3,468
Total comprehensive income/(loss) for the financial period	-	-	-	5,852	-	(2,397)	3,455	301	3,756
Balance at 31 March 2020	873,700	-	88,303	37,781	(14,499)	749,819	1,735,104	1,824	1,736,928

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UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

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 March 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	-	-	-	-	13,416	-	-	-	13,416	-	13,416
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)	-	13,416	-	-	(7,185)	156	-	156
Total comprehensive income for the financial period											
Profit for the financial period	-	-	-	-	-	-	-	63,907	63,907	285	64,192
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	-	1,255	-	-	1,255	-	1,255
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	2,704	-	-	2,704	81	2,785
Total comprehensive income for the financial period	-	-	-	-	-	3,959	-	63,907	67,866	366	68,232
Balance at 31 March 2019	741,085	-	-	4,622	80,844	29,892	(14,499)	874,658	1,716,602	7,752	1,724,354

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
Cash flows from operating activities		
Profit before tax	5,128	70,101
Adjustments for:-		
Non-cash items	33,159	(32,165)
Finance costs	17,371	17,347
Interest income	(11,486)	(13,859)
Operating profit before working capital changes	<u>44,172</u>	<u>41,424</u>
Changes in working capital:-		
Net changes in current assets	56,863	(102,445)
Net changes in current liabilities	51,386	16,985
Cash from/(used in) operations	<u>152,421</u>	<u>(44,036)</u>
Interest paid	(14,846)	(16,917)
Interest received	11,332	13,859
Tax paid	(7,694)	(6,835)
Net cash from/(used in) operating activities	<u>141,213</u>	<u>(53,929)</u>
Cash flows from investing activities		
Acquisition/Subscription of shares in associate companies	(26,696)	(41,174)
Subscription of shares in a jointly controlled entity	-	(150)
Payment for intangible asset	-	(11)
Purchase of property, plant and equipment	(6,304)	(3,909)
Purchase of financial assets at amortised cost	-	(767)
Purchase of financial assets at fair value through other comprehensive income	(8,934)	(1,037)
Purchase of investment properties	(6,328)	(250)
Proceeds from disposal of shares in an associate company	7,750	28,300
Proceeds from disposal of property, plant and equipment	8,607	11,242
Proceeds from disposal of an investment property	-	492
Proceeds from redemption of financial assets at amortised cost	1,512	767
Dividend received	24,473	35,056
Net cash inflow on disposal of equity interest in subsidiary companies	6,082	-
Net cash from investing activities	<u>162</u>	<u>28,559</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	54,554	(30,844)
(Increase)/Decrease in cash and bank balances pledged	(130,342)	1,898
Net drawdown of loans and borrowings	104,447	63,246
Proceeds from acquisition of equity interests in a subsidiary company by non-controlling interests	18	-
Proceeds from issue of ordinary shares	14	-
Repayment of hire purchase payables	(16,806)	(27,130)
Repayment of capital to non-controlling interests	(3,581)	-
Dividends paid to non-controlling interests of a subsidiary company	(699)	-
Cash dividends paid to owners of the Company	(13,260)	(13,260)
Repayment of lease liabilities on rights-of-use assets	(341)	-
Redemption of redeemable preference shares	(132,601)	-
Net cash used in financing activities	<u>(138,597)</u>	<u>(6,090)</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,778</u>	<u>(31,460)</u>
Cash and cash equivalents at beginning of the financial period	<u>388,695</u>	<u>418,590</u>
Exchange differences	<u>587</u>	<u>999</u>
Cash and cash equivalents at end of the financial period	<u>392,060</u>	<u>388,129</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(535)	(2,755)
Cash and bank balances	81,372	91,624
Deposits with licensed banks and financial institutions	311,223	299,260
	<u>392,060</u>	<u>388,129</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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Company No. 4081-M
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UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 - 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 31.03.2020 <u>RM'000</u>
Property, plant and equipment: Rights-of-use assets	735	419
Net impact on total assets	735	419
Lease liabilities on rights-of-use assets	(735)	(427)
Net impact on total liabilities	(735)	(427)

In the Statements of Profit or Loss

	As at 1.7.2019 <u>RM'000</u>	9 months period ended 31.03.2020 <u>RM'000</u>
Amortisation of rights-of-use assets	-	(315)
Interest expense on the lease liabilities	-	(31)
Net impact on profit for the period	-	(346)

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-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts	(625)	5	(637)	(47)
Excess of fair value of net assets over cost of investment on acquisition of additional interest in an associate company	840	-	1792	-
Fair value (loss)/gain on derivative financial instruments	(4,907)	3,599	(4,655)	10,927
Gain on disposal of an investment property	-	-	-	572
Gain on disposal of subsidiary companies	2,087	-	3,713	6
Gain on disposal of shares in an associate company	-	-	6,616	24,398
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(35,973)	10,441	(32,886)	(12,759)
Gain/(Loss) on exchange differences				
- realised	793	(446)	1,675	(263)
- unrealised	(9,454)	(1,184)	(9,883)	(7,098)
Effects of dilution of equity interests in associate companies	(1,699)	(350)	(4,852)	(3,042)

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 March 2020. Of the total 693,348,053 issued and fully paid up ordinary shares, 30,327,291 shares are being held as treasury shares by the Company as at 31 March 2020.

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 March 2020.

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;
- (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;
- (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 ending 30 June 2020, paid on 14 January 2020; and
- (iv) a final preferential cash dividend of 2.0 per redeemable preference share amounting to RM835,568 in respect of the period from 31 December 2019 to 24 February 2020, paid on 25 February 2020.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 31 March 2020 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	49,557	58,472	2,608	36,155	1,084	-	147,876
Inter-segment revenue	452	146,504	15,154	6,563	525	(169,198)	-
Total segment revenue	50,009	204,976	17,762	42,718	1,609	(169,198)	147,876
Results							
Segment profit/(loss) from operations	29,491	(40,321)	2,342	6,081	1,715	(345)	(1,037)
Interest income	2,872	11,797	7,315	26	223	(10,747)	11,486
Finance costs	(9,198)	(15,583)	(42)	(3,069)	(571)	11,092	(17,371)
Exceptional item	-	-	(3,050)	-	(1,802)	-	(4,852)
Share of profits less losses of associate companies	-	(12,399)	22,331	135	6,917	-	16,984
Share of profits less losses of a jointly controlled entity	(82)	-	-	-	-	-	(82)
Profit/(Loss) before tax	23,083	(56,506)	28,896	3,173	6,482	-	5,128
Tax expense	(5,552)	(673)	(1,014)	(42)	(12)	-	(7,293)
Profit/(Loss) for the financial period	17,531	(57,179)	27,882	3,131	6,470	-	(2,165)
Attributable to:-							
Owners of the Company							(2,420)
Non-controlling interests							255
Segment assets	584,459	799,630	586,987	82,287	199,237	-	2,252,600
Segment liabilities	75,021	405,537	1,871	29,093	4,150	-	515,672

A9. Segment Information (Cont'd)

The segment analysis on the Group's results for the financial period ended 31 March 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	42,128	38,033	6,254	46,890	651	-	133,956
Inter-segment revenue	619	11,712	23,322	11,570	471	(47,694)	-
Total segment revenue	42,747	49,745	29,576	58,460	1,122	(47,694)	133,956
Results							
Segment profit/(loss) from operations	21,164	(4,844)	20,456	5,906	256	(394)	42,544
Interest income	3,112	13,925	7,896	1	42	(11,117)	13,859
Finance costs	(9,503)	(14,435)	(53)	(4,252)	(615)	11,511	(17,347)
Exceptional item	-	-	(3,042)	-	-	-	(3,042)
Share of profits less losses of associate companies	-	1,383	29,860	661	2,311	-	34,215
Share of profits less losses of a jointly controlled entity	(128)	-	-	-	-	-	(128)
Profit/(Loss) before tax	14,645	(3,971)	55,117	2,316	1,994	-	70,101
Tax expense	(4,094)	(596)	(1,090)	(92)	(37)	-	(5,909)
Profit/(Loss) for the financial period	10,551	(4,567)	54,027	2,224	1,957	-	64,192
Attributable to:-							
Owners of the Company							63,907
Non-controlling interests							285
Segment assets	573,313	878,148	543,501	184,296	178,088	-	2,357,346
Segment liabilities	63,329	449,373	2,341	114,195	3,754	-	632,992

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 during the financial quarter, 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.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 31 March 2020 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 RM114,091,000 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 March 2020 are as follows:-

	RM'000
To acquire property, plant and equipment	9,662
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>8,392</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 RM62.6 million and a pre-tax loss of -RM49.7 million in the current financial quarter (Q3/2020) as compared to revenue of RM37.1 million and a pre-tax profit of RM30.6 million in the preceding year corresponding financial quarter (Q3/2019). The review of performance by division is as follows:-

Financial services and credit & leasing division

There are no significant variances on revenue and pre-tax profit between Q3/2020 as compared to Q3/2019.

Investment holding and trading division

The Investment unit reported higher revenue of RM44.6 million in Q3/2020 mainly due to higher trading activities as compared to revenue of RM7.2 million in Q3/2019.

The Investment unit reported pre-tax loss of -RM64.8 million in Q3/2020 as compared to a pre-tax profit of RM17.6 million in Q3/2019, mainly due to unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM35.5 million (Q3/2019: unrealised gain of RM10.4 million), unrealised fair value loss on derivative financial instrument of -RM4.9 million (Q3/2019: unrealised fair value gain of RM3.6 million) and unrealised loss on foreign exchange of -RM9.3 million (Q3/2019: -RM0.6 million) in Q3/2020. The above unrealised mark-to-market losses are primarily attributable to the global stock and financial markets and world economy being adversely affected by the Covid-19 pandemic crisis and the negative investors sentiment and uncertainty over the economic impacts from the outbreak.

Technology and IT-related manufacturing, trading and services division

There are no significant variances on revenue and pre-tax profit between Q3/2020 as compared to Q3/2019.

Property investment and development division

There is no significant variance on revenue between Q3/2020 as compared to Q3/2019.

The property unit reported higher pre-tax profit of RM3.1 million in Q3/2020 as compared to pre-tax profit of RM0.6 million in Q3/2019 mainly due to higher contribution from the Group's associate company, Ho Hup amounting RM2.5 million in Q3/2020 as compared to RM0.9 million in Q3/2019.

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 RM147.9 million and a pre-tax profit of RM5.1 million for the nine months period ended 31 March 2020 as compared to revenue of RM134.0 million and a pre-tax profit of RM70.1 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 RM49.6 million and RM23.1 million for the nine months period ended 31 March 2020 as compared to the corresponding period in the preceding year of RM42.1 million and RM14.6 million respectively, 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 of RM0.2 million (nine months period ended 31 March 2019: unrealised loss of -RM1.3 million).

Investment holding and trading division

The Investment unit reported higher revenue of RM58.5 million for the nine months period ended 31 March 2020 as compared to the corresponding period in the preceding year of RM38.0 million mainly due to higher trading activities in the current financial period.

Despite the higher revenue in the current financial period, the Investment unit reported higher pre-tax loss of -RM56.5 million for the nine months period ended 31 March 2020 (nine months period ended 31 March 2019: -RM4.0 million) mainly due to unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM33.1 million, unrealised fair value loss on derivative financial instruments of -RM4.7 million and higher unrealised loss on foreign exchange of -RM9.6 million in the current financial period as compared to unrealised fair value loss of -RM11.4 million, unrealised fair value gain of RM10.9 million and unrealised loss on foreign exchange of -RM6.6 million respectively in the corresponding period in the preceding year. The above unrealised mark-to-market losses are primarily attributable to the global stock and financial markets and world economy being adversely affected by the Covid-19 pandemic crisis and the negative investors sentiment and uncertainty over the economic impacts from the outbreak.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM2.6 million for the nine months period ended 31 March 2020 as compared to the corresponding period in the preceding year of RM6.3 million due to lower sales of trading products in the current financial period.

The Technology unit reported lower pre-tax profit of RM28.9 million for the nine months period ended 31 March 2020 (nine months period ended 31 March 2019: RM55.1 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 RM22.8 million (nine months period ended 31 March 2019: RM24.4 million and RM29.1 million respectively).

Property investment and development division

There is no significant variance on revenue for current financial period as compared to the corresponding period in the preceding year.

B1. Review of Performance (Cont'd)

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

Property investment and development division (cont'd)

The property unit reported higher pre-tax profit of RM6.5 million in the current financial period as compared to RM2.0 million in the corresponding period in the preceding year mainly due to higher contribution from the Group's associate company, Ho Hup Construction Company Berhad ("Ho Hup") amounting RM6.9 million for the nine months period ended 31 March 2020 as compared to RM2.3 million for the nine months period ended 31 March 2019.

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-Mar-2020 RM'000	Immediate Preceding Quarter 31-Dec-2019 RM'000	Changes (%)
Revenue	62,641	46,056	36%
(Loss)/Profit from operations	(39,509)	23,514	>-100%
(Loss)/Profit before tax	(49,685)	33,530	>-100%
(Loss)/Profit after tax	(51,493)	31,435	>-100%
(Loss)/Profit attributable to owners of the Company	(51,484)	31,207	>-100%

The Group reported pre-tax loss of -RM49.7 million as compared to the immediate preceding financial quarter pre-tax profit of RM33.5 million mainly due to unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM36.0 million (Q2/2020: fair value gain of RM8.3 million), unrealised fair value loss on derivative financial instruments of -RM4.9 million (Q2/2020: unrealised fair value gain of RM0.3 million) and higher unrealised loss on foreign exchange of -RM9.5 million (Q2/2020: unrealised gain of RM2.8 million). The above unrealised mark-to-market losses are primarily attributable to the global stock and financial markets and world economy being adversely affected by the Covid-19 pandemic crisis and the negative investors sentiment and uncertainty over the economic impacts from the outbreak.

B3. Prospects for financial year ending 30 June 2020

The unprecedented Covid-19 pandemic has affected the global economic activities and cause worldwide economic uncertainties and accordingly, the financial performance of the Group for the remaining quarter of the financial year remains uncertain due to the volatility of the global and local markets as the full impact of the Covid-19 pandemic has not been ascertained. The Group remains resilient supported by strong financial fundamentals and the management is focusing to conserve cash, optimizing cash and capital management to maximise returns and implementing cost control measures. The Board and the management will remain vigilant to navigate through this period of uncertainty with a view to minimise and mitigate the impact on the businesses, the financial performance and position of the Group, and ensuring the safety and welfare of our employees and stakeholders.

B3. Prospects for financial year ending 30 June 2020 (Cont'd)

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 March 2020 is as follows:-

	Individual Quarter ended 31-Mar-2020 RM'000	Quarter Quarter ended 31-Mar-2019 RM'000	Cumulative Period ended 31-Mar-2020 RM'000	Quarter Period ended 31-Mar-2019 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	2,151	2,191	7,680	6,109
- Overseas income tax	32	45	192	155
Under/(Over) provision in preceding financial quarter/period	121	(195)	121	(268)
Real Property Gains Tax	-	-	-	480
<u>Deferred tax:-</u>				
Transfer to deferred Taxation	(496)	(43)	(700)	(116)
Deferred Real Property Gains Tax	-	-	-	(451)
	<u>1,808</u>	<u>1,998</u>	<u>7,293</u>	<u>5,909</u>

B5. Tax Expense (Cont'd)

The reconciliation between the statutory tax rate and the effective tax rate on the pre-tax (loss)/profit of the Group are as follows:-

	Individual Quarter ended 31-Mar-2020 RM'000	Quarter Quarter ended 31-Mar-2019 RM'000	Cumulative Period ended 31-Mar-2020 RM'000	Quarter Period ended 31-Mar-2019 RM'000
(Loss)/Profit before tax	(49,685)	30,643	5,128	70,101
Income tax at Malaysian statutory tax rate of 24%	(11,924)	7,354	1,231	16,824
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	10,980	(804)	12,985	5,353
Income not subject to tax	2,317	(4,134)	(6,928)	(16,338)
Real Property Gains Tax on investment properties	-	-	-	480
Effect of different tax rates in other countries	(49)	(371)	(429)	(258)
Overseas tax paid on dividend income	84	97	307	311
Utilisation of previously unrecognised deferred tax assets	5	(3)	(148)	(63)
Deferred tax on lease liabilities	24	-	(102)	-
Deferred Real Property Gains Tax on fair value adjustment of investment properties	-	-	-	(451)
Deferred tax not recognised in the financial statements	250	54	256	319
Tax expenses for the financial quarter/period	1,687	2,193	7,172	6,177
Under/(Over) provision in preceding financial quarter/ period	121	(195)	121	(268)
	1,808	1,998	7,293	5,909

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 March 2020

	As at 31 March 2020					
	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	-	-	-	535	-	535
Term loans						
- RM	-	11,732	-	739	-	12,471
- SGD	1,263	3,840	16,773	51,483	18,036	55,323
- AUD	-	-	24,942	70,699	24,942	70,699
- USD	-	-	3,873	16,789	3,873	16,789
- GBP	-	-	791	4,270	791	4,270
- EUR	-	-	924	4,347	924	4,347
Revolving credit facilities	-	-	-	225,150	-	225,150
Margin financing facility	-	-	-	14,997	-	14,997
Total loans and borrowings		15,572		389,009	-	404,581

	As at 31 March 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	-	-	-	699	-	699
- SGD	-	-	684	2,056	684	2,056
Term loans						
- RM	-	12,539	-	699	-	13,238
- SGD	2,639	7,940	26,249	78,970	28,888	86,910
- HKD	-	-	13,531	7,030	13,531	7,030
- USD	-	-	22,417	91,451	22,417	91,451
- GBP	-	-	756	4,028	756	4,028
- EUR	-	-	4,174	19,121	4,174	19,121
Revolving credit facilities	-	-	-	88,700	-	88,700
Margin financing facility	-	-	-	17,074	-	17,074
Total loans and borrowings	-	20,479	-	309,828	-	330,307

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

	Floating (%)	
	As at 31.03.2020	As at 31.03.2019
Secured		
Bank overdrafts	7.64%-11.50%	8.29%-11.50%
Term loans	0.53%-6.79%	0.40%-8.00%
Revolving credit facilities	4.70%-5.89%	5.52%-6.13%
Margin financing facility	6.67%	6.92%

B8. Group Borrowings and Debt Securities as at 31 March 2020 (Cont'd)

Debt securities

	RM'000
<u>Redeemable preference shares ("RPS")</u>	
132,601,268 RPS at RM1.00 per RPS	132,601
- Fair value of 265,202,536 free Warrants recognised in equity under warrants reserve	(4,622)
- Effects of deferred tax liability	(1,460)
Accumulated RPS dividends charged to statements of profit or loss	32,588
Accumulated RPS dividends paid and payable	<u>(26,506)</u>
RPS issued by the Company – liability component, disclosed as per MFRS requirements	132,601
Redemption during the current financial period	<u>(132,601)</u>
Total Group debt securities	<u><u>-</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.

During the current financial quarter and financial period ended 31 March 2020, the Company fully redeemed 132,601,268 RPS for the total redemption sum of RM132,601,268 at the issue price of RM1.00 each pursuant to the terms of the RPS 2015/2020 as stipulated in Clause 14 of the Constitution of the Company.

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. (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share for the current financial quarter and financial period have been calculated by dividing the (loss)/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-Mar-2020	Quarter ended 31-Mar-2019	Period ended 31-Mar-2020	Period ended 31-Mar-2019
Net (loss)/profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	(51,484)	28,543	(2,420)	63,907
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,013	663,007	663,013	663,007
Basic (loss)/earnings per share (Sen)	(7.76)	4.31	(0.36)	9.64

(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 March 2020 are set out below:-

Type of Derivatives	As at 31.03.2020	
	<u>Contract/ Notional value</u> RM'000	<u>Fair value</u> RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	(2,089)	(4,132)
<u>Other equity related contracts</u>		
- Less than 1 year	28,496	(1,579)
	26,407	(5,711)

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 -RM4.9 million in the current financial quarter and -RM4.7 million for the financial period ended 31 March 2020 have been recognised in the statements of profit or loss.

B13. Disclosure of Gains/Losses Arising from Fair Value Changes of Financial Liabilities (Cont'd)

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.