

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

27 AUGUST 2020

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

UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2020 Quarter ended 30-Jun-20 RM'000	FY2019 Quarter ended 30-Jun-19 RM'000	Changes %	FY2020 Year ended 30-Jun-20 RM'000	FY2019 Year ended 30-Jun-19 RM'000	Changes %
Revenue		49,583	78,058	-36%	197,459	212,014	-7%
Cost of sales	1	(21,326)	(57,710)	-63%	(104,641)	(128,145)	-18%
Other income	2	8,662	18,248	-53%	57,221	83,272	-31%
Administration expenses	3	(5,051)	(8,009)	-37%	(24,307)	(29,529)	-18%
Other operating expenses	4	(17,543)	(10,835)	62%	(100,958)	(61,457)	64%
Finance costs		(4,081)	(5,873)	-31%	(21,452)	(23,220)	-8%
Exceptional item	5	(696)	(467)	49%	(5,548)	(3,509)	58%
Share of profits less losses of associate companies		10,602	9,870	7%	27,586	44,085	-37%
Share of losses of jointly controlled entities		(85)	(55)	55%	(167)	(183)	-9%
Profit before tax		20,065	23,227	-14%	25,193	93,328	-73%
Tax expense		(2,881)	(5,300)	-46%	(10,174)	(11,209)	-9%
Profit for the quarter/year		17,184	17,927	-4%	15,019	82,119	-82%
Profit attributable to:-							
Owners of the Company		17,269	17,924	-4%	14,849	81,831	-82%
Non-controlling interests		(85)	3	>-100%	170	288	-41%
		17,184	17,927	-4%	15,019	82,119	-82%
Earnings per share (in Sen)							
- Basic		2.60	2.70		2.24	12.34	
- Diluted		n/a	n/a		n/a	n/a	

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2020 Quarter ended 30-Jun-20 RM'000	FY2019 Quarter ended 30-Jun-19 RM'000	FY2020 Year ended 30-Jun-20 RM'000	FY2019 Year ended 30-Jun-19 RM'000
Note 1				
Included in Cost of sales are the following items:-				
Allowance for diminution in value of inventories	(39)	(14)	(39)	(14)
Depreciation	<u>(2,217)</u>	<u>(6,194)</u>	<u>(15,504)</u>	<u>(25,650)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	101	26	163	90
Bad debts recovered	-	-	-	205
Excess of fair value of net assets over cost of investment on acquisition of additional interest in an associate company	-	-	1,792	-
Fair value gain on derivative financial instruments	-	60	-	10,987
Fair value gain on investment properties	12	1,713	12	1,713
(Loss)/Gain on disposal of property, plant and equipment	(59)	620	1,991	2,233
Interest income	3,224	6,114	14,710	19,973
Gain on exchange differences				
- unrealised	9,961	-	78	-
Gain on disposal of an investment property	-	-	-	572
Gain on disposal of subsidiary companies	14	-	3,727	6
Gain on disposal of shares in an associate company	1,403	382	8,019	24,780
Writeback of impairment on financial assets at amortised cost	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>
Note 3				
Included in Administration expenses are the following items:-				
Amortisation of rights-of-use assets	(106)	-	(421)	-
Depreciation	<u>(28)</u>	<u>(140)</u>	<u>(250)</u>	<u>(565)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(190)	(1,900)	(827)	(1,947)
Bad debts written off	(545)	(335)	(545)	(335)
Inventories written off	-	(4)	-	(4)
Property, plant and equipment written off	(58)	(52)	(58)	(95)
Depreciation	(424)	(447)	(1,700)	(1,753)
Fair value gain/(loss) on derivative financial instruments	2,378	-	(2,277)	-
Loss on other receivables carried at amortised cost	-	(2,269)	-	(2,269)
Provision for impairment loss on investment in associate companies	(5,606)	(1,942)	(5,606)	(1,942)
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(9,125)	3,761	(42,011)	(8,998)
Impairment of financial assets at amortised cost	(69)	-	(69)	-
(Loss)/Gain on exchange differences				
- unrealised	-	1,400	-	(5,698)
- realised	<u>(5,943)</u>	<u>(1,469)</u>	<u>(4,268)</u>	<u>(1,732)</u>
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(696)</u>	<u>(467)</u>	<u>(5,548)</u>	<u>(3,509)</u>

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2020	FY2019	Changes %	FY2020	FY2019	Changes %
	Quarter ended 30-Jun-20 RM'000	Quarter ended 30-Jun-19 RM'000		Year ended 30-Jun-20 RM'000	Year ended 30-Jun-19 RM'000	
Profit for the quarter/year	17,184	17,927	-4%	15,019	82,119	-82%
<u>Other comprehensive (loss)/income may be reclassified to profit or loss subsequently:-</u>						
Share of other comprehensive income of investments accounted for using equity method, net of tax	130	1,101	-88%	2,583	2,356	10%
Foreign currency translation of foreign operations, net of tax	(175)	2,808	>-100%	3,293	5,593	-41%
Total other comprehensive (loss)/income for the quarter/year, net of tax	(45)	3,909	>-100%	5,876	7,949	-26%
Total comprehensive income for the quarter/year, net of tax	17,139	21,836	-22%	20,895	90,068	-77%
Attributable to:-						
Owners of the Company	17,214	21,752	-21%	20,669	89,618	-77%
Non-controlling interests	(75)	84	>-100%	226	450	-50%
	17,139	21,836	-22%	20,895	90,068	-77%

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/06/2020 RM'000 (Unaudited)	As at 30/06/2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	60,439	161,021
Investment properties	192,227	187,658
Financial assets at fair value through other comprehensive income	31,905	22,971
Financial assets at amortised cost	3,026	3,096
Jointly controlled entities	(200)	(33)
Associate companies	458,447	437,421
Other receivables	7,553	7,345
Intangible assets	26,047	26,047
Deferred tax assets	1,389	3,207
Total non-current assets	780,833	848,733
Current assets		
Property development costs	10,885	10,691
Inventories	12,039	11,956
Trade receivables	497,342	443,096
Amount due from associate companies	68,278	89,571
Other receivables, deposits and prepayments	55,252	47,024
Financial assets at amortised cost	-	1,510
Financial assets at fair value through profit or loss	155,276	234,233
Tax recoverable	3,339	2,445
Deposits with licensed banks and financial institutions	490,984	554,552
Cash and bank balances	180,668	95,148
Total current assets	1,474,063	1,490,226
TOTAL ASSETS	2,254,896	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	126,885	120,191
Retained earnings	766,844	892,581
	1,752,930	1,739,358
Non-controlling interests	1,741	7,836
TOTAL EQUITY	1,754,671	1,747,194
LIABILITIES		
Non-current liabilities		
Loans and borrowings	15,348	20,280
Lease liabilities	14,097	-
Hire purchase payables	-	53,931
Deferred tax liabilities	5,719	10,855
Total non-current liabilities	35,164	85,066
Current liabilities		
Derivative financial liabilities	3,333	1,056
Trade payables	101,800	24,001
Preference shares	-	130,106
Other payables, deposits received and accruals	20,062	39,752
Hire purchase payables	-	28,789
Loans and borrowings	328,087	281,653
Lease liabilities	9,758	-
Tax payable	2,021	1,342
Total current liabilities	465,061	506,699
TOTAL LIABILITIES	500,225	591,765
TOTAL EQUITY AND LIABILITIES	2,254,896	2,338,959
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	2.64	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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 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
Year ended 30 June 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 associate companies	-	-	-	-	-	(461)	(461)	-	(461)
Restated total equity as at 1 July 2019	741,085	4,622	81,848	33,721	(14,499)	892,120	1,738,897	7,836	1,746,733
Transactions with owners:-									
Post-acquisition reserves - associate companies	-	-	7,333	(837)	-	-	6,496	-	6,496
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	-	-	-	-	-	-	-	(701)	(701)
Disposal of equity interests in subsidiary companies	-	-	-	(970)	-	-	(970)	(973)	(1,943)
Repayment of capital to non-controlling interests	-	-	-	-	-	-	-	(3,581)	(3,581)
Non-controlling interests' changes in ownership interests in subsidiary companies	-	-	7	(16)	-	1,093	1,084	(1,084)	-
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)	7,340	(1,823)	-	(140,146)	(6,636)	(6,321)	(12,957)
Total comprehensive income for the financial year									
Profit for the financial year	-	-	-	-	-	14,849	14,849	170	15,019
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	2,562	-	21	2,583	-	2,583
Foreign currency translation of foreign operations, net of tax	-	-	-	3,237	-	-	3,237	56	3,293
Total comprehensive income for the financial year	-	-	-	5,799	-	14,870	20,669	226	20,895
Balance at 30 June 2020	873,700	-	89,188	37,697	(14,499)	766,844	1,752,930	1,741	1,754,671

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UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 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	Fair value through other comprehensive income reserve RM'000	Warrants reserve RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Year ended 30 June 2019										
As at 1 July 2018	741,085	6,075	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966
Transactions with owners:-										
Post-acquisition reserves - associate companies	-	-	-	14,420	-	-	-	14,420	-	14,420
Cash dividends paid to owners of the Company	-	-	-	-	-	-	(13,260)	(13,260)	-	(13,260)
Effect of fair value adjustment on initial recognition of investment in an associate company arising from increase in ownership interest in an equity instrument	-	(6,075)	-	-	-	-	6,075	-	-	-
Total transactions with owners	-	(6,075)	-	14,420	-	-	(7,185)	1,160	-	1,160
Total comprehensive income for the financial year										
Profit for the financial year	-	-	-	-	-	-	81,831	81,831	288	82,119
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	-	-	-	-	2,357	-	(1)	2,356	-	2,356
Foreign currency translation of foreign operations, net of tax	-	-	-	-	5,431	-	-	5,431	162	5,593
Total comprehensive income for the financial year	-	-	-	-	7,788	-	81,830	89,618	450	90,068
Balance at 30 June 2019	741,085	-	4,622	81,848	33,721	(14,499)	892,581	1,739,358	7,836	1,747,194

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30/06/2020 RM'000	Year ended 30/06/2019 RM'000
Cash flows from operating activities		
Profit before tax	25,193	93,328
Adjustments for:-		
Non-cash items	26,004	(38,346)
Finance costs	21,452	23,220
Interest income	(14,710)	(19,973)
Operating profit before working capital changes	<u>57,939</u>	<u>58,229</u>
Changes in working capital:-		
Net changes in current assets	(17,535)	(86,690)
Net changes in current liabilities	100,873	(3,281)
Cash from/(used in) operations	<u>141,277</u>	<u>(31,742)</u>
Interest paid	(18,916)	(22,612)
Interest received	14,505	18,344
Tax paid	(11,065)	(8,928)
Net cash from/(used in) operating activities	<u>125,801</u>	<u>(44,938)</u>
Cash flows from investing activities		
Acquisition/Subscription of shares in associate companies	(26,696)	(45,199)
Subscription of shares in a jointly controlled entity	-	(150)
Purchase of property, plant and equipment	(6,196)	(5,635)
Purchase of financial assets at amortised cost	-	(767)
Purchase of financial assets at fair value through other comprehensive income	(8,933)	(1,849)
Purchase of investment properties	(6,463)	(406)
Proceeds from disposal of shares in an associate company	17,120	31,820
Proceeds from disposal of property, plant and equipment	9,177	16,040
Proceeds from disposal of an investment property	-	492
Proceeds from redemption and disposal of financial assets at amortised cost	1,512	1,610
Dividend received	32,694	42,999
Net cash inflow on disposal of equity interest in subsidiary companies	6,097	6
Net cash from investing activities	<u>18,312</u>	<u>38,961</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	63,089	(14,397)
(Increase)/Decrease in cash and bank balances pledged	(75,712)	5,410
Net drawdown of loans and borrowings	46,678	31,991
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	-	(35,691)
Repayment of capital to non-controlling interests	(3,581)	-
Dividends paid to non-controlling interests of a subsidiary company	(701)	-
Cash dividends paid to owners of the Company	(13,260)	(13,260)
Repayment of lease liabilities	(18,569)	-
Redemption of redeemable preference shares	(132,601)	-
Net cash used in financing activities	<u>(134,625)</u>	<u>(25,947)</u>
Net increase/(decrease) in cash and cash equivalents	9,488	(31,924)
Cash and cash equivalents at beginning of the financial year	388,695	418,590
Exchange differences	634	2,029
Cash and cash equivalents at end of the financial year	<u>398,817</u>	<u>388,695</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(442)	(3,082)
Cash and bank balances	85,524	75,496
Deposits with licensed banks and financial institutions	313,735	316,281
	<u>398,817</u>	<u>388,695</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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 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 on or after 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 as follows:-

MFRS 16 Leases (“MFRS 16”)

MFRS 16 replaces MFRS 117 Leases (“MFRS 117”) and its related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the right-of-use (“ROU”) of the underlying assets and the lease liabilities reflecting future lease payments liabilities in the statements of financial position. At the commencement of a lease, a lessee will recognise a liability to make lease payments (the lease liability) and an asset representing the ROU asset during the lease term. The ROU asset is depreciated in accordance with the principles in MFRS 116 Property, Plant and Equipment, and the lease liability is accreted over time with interest expense recognised in the statements of profit or loss.

Lessor accounting under MFRS 16 is substantially unchanged when compared to MFRS 117.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 for the first time in the current financial year by using the modified retrospective approach under which the cumulative effect of initial application, if any, is recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019 without restating any comparative information.

In applying MFRS 16 for the first time, the Group elected to apply the practical expedient permitted by MFRS 16 not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment by applying MFRS 117 and IC Interpretation 4 "Determining whether an Arrangement contains a Lease". Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

(i) Leases previously classified as operating leases

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid lease payments.

As permitted by MFRS 16, the Group has applied short-term lease recognition exemption to short term leases (a lease with lease term of 12 months or less from date of commencement) and leases for which the underlying asset is of low value.

(ii) Leases previously classified as finance leases

For leases that were classified as finance leases under MFRS 117, the carrying amounts of the ROU assets and the lease liabilities at 1 July 2019 are determined to be the same as the carrying amount of the lease assets and lease liabilities under MFRS 117 immediately before that date. Consequently, the Group had reclassified the carrying amount as of 1 July 2019 of leasehold land and buildings and motor vehicles under hire purchase arrangement to ROU assets within property, plant and equipment. The Group also had reclassified the carrying amount as of 1 July 2019 of hire purchase payables to lease liabilities.

In the Statements of financial position

	As at 30 June 2019	Effects of adoption of MFRS 16	As at 1 July 2019
	RM'000	RM'000	RM'000
<u>Non-current assets</u>			
Property, plant and equipment	161,021	735	161,756
Associate companies	437,421	(461)	436,960
<u>Equity</u>			
Retained earnings	(892,581)	461	(892,120)
<u>Non-current liabilities and current liabilities</u>			
Lease liabilities	-	(83,455)	(83,455)
Hire purchase payables	(82,720)	82,720	-

In the Statements of Profit or Loss

	As at 1.7.2019 RM'000	12 months ended 30.06.2020 RM'000
Amortisation of rights-of-use assets	-	(421)
Interest expense on the lease liabilities	-	(42)
		<hr/>
Net impact on profit for the financial year	-	(463)

As a lessor

The Group is not required to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

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 year under review which affect the assets, liabilities, equity, net income or cash flows of the Group:-

Recognised in the Statements of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Year ended	Year ended
	30-June-2020	30-June-2019	30-June-2020	30-June-2019
	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	-	-	1,792	-
Fair value gain/(loss) on derivative financial instruments	2,378	60	(2,277)	10,987
Fair value gain on investment properties	12	1,713	12	1,713
Gain on disposal of an investment property	-	-	-	572
Gain on disposal of subsidiary companies	14	-	3,727	6
Gain on disposal of shares in an associate company	1,403	382	8,019	24,780
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(9,125)	3,761	(42,011)	(8,998)
(Loss)/Gain on exchange differences				
- realised	(5,943)	(1,469)	(4,268)	(1,732)
- unrealised	9,961	1,400	78	(5,698)
Provision for impairment loss on investment in associate companies	(5,606)	(1,942)	(5,606)	(1,942)
Effects of dilution of equity interests in associate companies	(696)	(467)	(5,548)	(3,509)

A6. Material Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the financial statements in the current financial quarter and financial year as compared to the preceding corresponding financial quarter and financial year.

A7. Debts and Equity Securities

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting of the Company held on 28 November 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 year ended 30 June 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 30 June 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 year ended 30 June 2020.

A8. Dividends Paid

During the financial year ended 30 June 2020, 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 year ended 30 June 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	66,595	86,291	2,642	39,240	2,691	-	197,459
Inter-segment revenue	671	150,334	20,364	6,787	720	(178,876)	-
Total segment revenue	67,266	236,625	23,006	46,027	3,411	(178,876)	197,459
Results							
Segment profit/(loss) from operations	39,999	(34,401)	(5,086)	5,981	4,014	(443)	10,064
Interest income	3,709	14,648	9,688	51	272	(13,658)	14,710
Finance costs	(12,284)	(19,267)	(53)	(3,311)	(638)	14,101	(21,452)
Exceptional item	-	-	(3,746)	-	(1,802)	-	(5,548)
Share of profits less losses of associate companies	-	(10,134)	31,228	(2,046)	8,538	-	27,586
Share of losses of jointly controlled entities	(167)	-	-	-	-	-	(167)
Profit/(Loss) before tax	31,257	(49,154)	32,031	675	10,384	-	25,193
Tax expense	(8,078)	(1,048)	(1,121)	(50)	123	-	(10,174)
Profit/(Loss) for the financial year	23,179	(50,202)	30,910	625	10,507	-	15,019
Attributable to:-							
Owners of the Company							14,849
Non-controlling interests							170
Segment assets	643,999	742,317	588,773	77,506	202,301	-	2,254,896
Segment liabilities	122,679	342,248	3,130	27,984	4,184	-	500,225

The segment analysis on the Group's results for the financial year ended 30 June 2019 is as follows:-

	Financial services and credit & leasing	Investment holding and trading	Technology and IT-related manufacturing, trading and services	Retail trading and car rental	Property investment and development	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	59,863	63,692	24,803	62,014	1,642	-	212,014
Inter-segment revenue	781	24,392	27,845	15,796	628	(69,442)	-
Total segment revenue	60,644	88,084	52,648	77,810	2,270	(69,442)	212,014
Results							
Segment profit/(loss) from operations	33,798	407	16,464	7,666	(1,629)	(524)	56,182
Interest income	4,116	18,618	10,516	24	1,690	(14,991)	19,973
Finance costs	(12,566)	(19,591)	(70)	(5,679)	(829)	15,515	(23,220)
Exceptional item	-	-	(3,509)	-	-	-	(3,509)
Share of profits less losses of associate companies	-	2,036	39,518	(409)	2,940	-	44,085
Share of losses of a jointly controlled entity	(183)	-	-	-	-	-	(183)
Profit before tax	25,165	1,470	62,919	1,602	2,172	-	93,328
Tax expense	(5,815)	(3,523)	(1,043)	(288)	(540)	-	(11,209)
Profit/(Loss) for the financial year	19,350	(2,053)	61,876	1,314	1,632	-	82,119
Attributable to:-							
Owners of the Company							81,831
Non-controlling interests							288
Segment assets	564,410	849,992	554,760	188,364	181,433	-	2,338,959
Segment liabilities	38,578	425,062	4,243	119,571	4,311	-	591,765

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

(a) Disposal of the Singapore Car Rental Division

During the financial year, the Group carried out a restructuring of its car rental business division and the car rental business units based in Singapore were disposed off as follows:

- (i) On 21 November 2019, the Group's entire equity interest in Roset Limousine Services Pte Ltd ("RLS") and Roset Auto Care Services Pte Ltd ("RAC") were disposed off to Epica Holdings Pte Ltd ("Epica"), a private limited company incorporated in Singapore wholly owned by the founder of RLS, Mr Wong Yew Kiang for a total cash consideration of SGD3,773,434, the consideration of which was arrived at based on the net tangible assets of RLS and RAC. Arising from the disposal, the Group made a gain on disposal amounting to RM1,628,000.

- (ii) On 7 February 2020, the Group disposed off its entire 63.3% equity interest in Tribecar Pte Ltd to Epica and its 2 founding shareholders/directors for a total cash consideration of SGD759,600, based on an enterprise value of S\$1,200,000, and the Group made a gain on disposal amounting to RM2,099,000.

With the above disposals, the Group ceases to have car rental unit in Singapore, but regain 100% ownership of Insas Pacific Rent-a-Car Sdn Bhd (“PRAC”), the car rental operations in Malaysia with more than 500 cars.

- (iii) Members’ voluntary liquidation of Roset Logistics Holdings Pte Ltd (“RLH”)

Upon completion of the above restructuring of the car rental division, RLH became a dormant company and has been placed under members’ voluntary liquidation during the financial year. There is no financial impact to the Group arising from the voluntary liquidation.

- (b) Incorporation of PRAC Transport Sdn Bhd (“PRAC Transport”)

On 9 June 2020, PRAC Transport was incorporated as an indirect subsidiary of the Group with an issued and paid up share capital of RM1 comprising 1 ordinary share. PRAC Transport is 100% owned by Insas Logistics (M) Sdn Bhd, an indirect wholly owned subsidiary of the Company.

PRAC Transport’s principal activities are transportation, delivery of goods and courier service.

A12. Material Subsequent Events

There were no material events subsequent to the financial year ended 30 June 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 RM113,381,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiary companies and an associate company. There is no contingent asset as at the date of this Report.

A14. Commitments

Contractual commitments not provided for in the financial statements as at 30 June 2020 are as follows:-

	RM’000
To acquire property, plant and equipment	7,938
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>8,256</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 RM49.6 million and a pre-tax profit of RM20.1 million in the current financial quarter (Q4/2020) as compared to revenue of RM78.1 million and a pre-tax profit of RM23.2 million in the preceding year corresponding quarter (Q4/2019). The review of performance by division is as follows:-

Financial services and credit & leasing division

The unit reported marginally lower revenue of RM17.0 million in Q4/2020 as compared to RM17.7 million in Q4/2019. The pre-tax profit for Q4/2020 is slightly lower at RM8.2 million as compared to RM10.5 million in Q4/2019 mainly due to lower revenue/income generated by structured finance unit.

Investment holding and trading division

The revenue of the Investment unit is consistent with the previous year, with revenue of RM27.8 million in Q4/2020 as compared to RM25.7 million in Q4/2019.

The Investment unit reported higher a pre-tax profit of RM7.4 million in Q4/2020 as compared to RM5.4 million in Q4/2019, mainly due to higher gain on foreign exchange of RM4.7 million (Q4/2019: loss on foreign exchange -RM0.9 million).

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM0.1 million in Q4/2020 as compared to RM18.5 million in Q4/2019, mainly due to low sale of trading products in the current financial quarter.

The Technology unit reported lower pre-tax profit of RM3.1 million in Q4/2020 (Q4/2019: RM7.8 million) mainly due to lower equity profit contribution from Inari Amertron Berhad.

Property investment and development division

There is no significant variance on revenue reported in Q4/2020 as compared to Q4/2019.

The Property unit reported higher pre-tax profit of RM3.9 million in Q4/2020 as compared to pre-tax profit of RM0.2 million in Q4/2019, mainly due to higher equity profit contribution from the associate company, Ho Hup Construction Company Berhad ("Ho Hup") for the Q4/2020.

Current financial year against preceding financial year

Group's summary

The Group reported revenue of RM197.5 million and a pre-tax profit of RM25.2 million for the financial year ended 30 June 2020 (FY2020) as compared to revenue of RM212.0 million and a pre-tax profit of RM93.3 million reported in the preceding financial year ended 30 June 2019 (FY2019). The review of performance by divisions is as follows:-

Financial services and credit & leasing division

The unit reported a higher revenue and pre-tax profit of RM66.6 million and RM31.3 million respectively for the FY2020 as compared to the revenue of RM59.9 million and pre-tax profit of RM25.2 million for the FY2019, mainly due to higher brokerage and corporate advisory fee income generated by the stock broking and corporate finance advisory units for the current financial year.

Investment holding and trading division

The Investment unit reported higher revenue of RM86.3 million for FY2020 as compared to the RM63.7 million for FY2019, mainly due to higher trading activities in the current financial year.

Despite the higher revenue in the current financial year, the Investment unit reported pre-tax loss of -RM49.2 million for the FY2020 as compared to a pre-tax profit of RM1.5 million for FY2019, mainly due to higher unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM42.6 million. The unrealized loss is primarily due to the negative investors' sentiment and uncertainty over the economic impacts arising from the Covid-19 crisis.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM2.6 million for the FY2020 as compared to RM24.8 million in FY2019, mainly due to lower sale of trading products in the current financial year.

The Technology unit reported lower pre-tax profit of RM32.0 million for the FY2020 as compared to pre-tax profit of RM62.9 million in FY2019, mainly due to lower gain on disposal of shares in an associate company and lower equity profit contribution from Inari Amertron Berhad.

Property investment and development division

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

The Property unit reported higher pre-tax profit of RM10.4 million in the current financial year as compared to RM2.2 million in FY2019, mainly due to higher equity profit contribution from Ho Hup amounting RM8.5 million for the FY2020 as compared to RM2.9 million for FY2019.

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

	Current Quarter 30-June-2020 RM'000	Immediate Preceding Quarter 31-Mar-2020 RM'000	Changes (%)
Revenue	49,583	62,641	-21%
Profit/(Loss) from operations	11,101	(39,509)	>100%
Profit/(Loss) before tax	20,065	(49,685)	>100%
Profit/(Loss) after tax	17,184	(51,493)	>100%
Profit/(Loss) attributable to owners of the Company	17,269	(51,484)	>100%

The Group reported an improved pre-tax profit of RM20.1 million (4Q 30/6/2020) as compared to the immediate preceding financial quarter's pre-tax loss of -RM49.7 million (3Q 31/3/2020), mainly due to higher equity profit contribution from associate companies, lower unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM9.1 million (Q3/2020: -RM36.0 million), unrealised fair value gain on derivative financial instruments of RM2.4 million (Q3/2020: unrealised fair value loss of -RM4.9 million) and gain on foreign exchange of RM4.0 million (Q3/2020: loss on foreign exchange of -RM8.7 million).

B3. Prospects for financial year ending 30 June 2021

The unprecedented Covid-19 pandemic has affected the global economic activities and caused worldwide disruptions and uncertainties and accordingly, the financial performance of the Group for the financial year ending 30 June 2021 will largely dependent on the outcome of the recovery of Covid-19 global pandemic. The Group remains resilient supported by strong financial fundamentals, prudent cash and financial management, and the Management will be vigilant to navigate through this period of uncertainty with a view to minimise and mitigate the financial impacts on the Group's businesses and ensuring the safety and welfare of our employees and stakeholders. The Board is cautiously optimistic the Group will perform reasonably for the financial year ending 30 June 2021.

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

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

B5. Tax Expense

The tax expense for the current financial quarter and financial year ended 30 June 2020 is as follows:-

	Individual Quarter ended 30-June-2020 RM'000	Quarter Quarter ended 30-June-2019 RM'000	Cumulative Year ended 30-June-2020 RM'000	Quarter Year ended 30-June-2019 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/year				
- Malaysian income tax	3,204	1,621	10,884	7,730
- Overseas income tax	44	91	236	246
Under/(Over)provision in preceding financial quarter/year	7	2	128	(266)
Real Property Gains Tax	-	-	-	480
<u>Deferred tax:-</u>				
Transfer from/(to) deferred taxation	(113)	412	(813)	296
(Over)/Underprovision in preceding financial quarter/year	(34)	66	(34)	66
Deferred Real Property Gains Tax	(227)	3,108	(227)	2,657
	<u>2,881</u>	<u>5,300</u>	<u>10,174</u>	<u>11,209</u>

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

	Individual Quarter ended 30-June-2020 RM'000	Quarter Quarter ended 30-June-2019 RM'000	Cumulative Year ended 30-June-2020 RM'000	Quarter Year ended 30-June-2019 RM'000
Profit before tax	20,065	23,227	25,193	93,328
Income tax at Malaysian statutory tax rate of 24%	4,815	5,575	6,046	22,399
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	2,025	1,910	15,010	7,263
Income not subject to tax	(3,116)	(4,301)	(10,044)	(20,639)
Real Property Gains Tax on an investment property	-	-	-	480
Effect of different tax rates in other countries	(75)	315	(504)	57
Overseas tax paid on dividend income	88	134	395	445
Utilisation of previously unrecognised deferred tax assets	(614)	(1,264)	(762)	(1,327)
Deferred tax on lease liabilities	22	-	(80)	-
Deferred Real Property Gains Tax on fair value adjustment of investment properties	(227)	3,108	(227)	2,657
Deferred tax not recognised in the financial statements	(10)	(245)	246	74
Tax expenses for the financial quarter/year	2,908	5,232	10,080	11,409
Under/(Over)provision for tax expense in preceding financial quarter/year	7	2	128	(266)
(Over)/Underprovision for deferred taxation in preceding financial quarter/year	(34)	66	(34)	66
	2,881	5,300	10,174	11,209

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, other than as disclosed below:-

On 9 July 2020, the Company announced to undertake the following proposals:-

- i) Proposed renounceable rights issue up to 132,604,152 redeemable preference shares (“Rights RPS”) together with up to 331,510,380 free detachable warrants (“Warrants”) on the basis of 2 Rights RPS and 5 Warrants for every 10 existing ordinary shares at an issue price of RM1.00 per Rights RPS (“Proposed Rights Issue with Warrants”); and
- ii) Proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the Rights RPS pursuant to the Proposed Rights Issue with Warrants so as to comply with the provisions of the Companies Act 2016.

The above proposals are subject to the following approvals being obtained:-

- i) Bursa Malaysia Securities Berhad for the:-
 - admission of the Rights RPS and the Warrants to the Official List;
 - listing of and quotation for the Rights RPS and the Warrants; and
 - listing of and quotation for new shares of the Company to be issued arising from the exercise of the Warrants;
- ii) Shareholders of the Company at an extraordinary general meeting to be convened to approve the Proposals; and
- iii) Any other relevant authorities and/or persons, if required.

B7. Status of Utilisation of Proceeds

There is no unutilised proceeds from any corporate proposal.

B8. Group Borrowings and Debt Securities as at 30 June 2020

	As at 30 June 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	-	-	-	442	-	442
Term loans						
- RM	-	11,515	-	789	-	12,304
- SGD	1,247	3,833	16,786	51,601	18,033	55,434
- AUD	-	-	8,160	24,029	8,160	24,029
- USD	-	-	855	3,661	855	3,661
- GBP	-	-	771	4,066	771	4,066
- EUR	-	-	926	4,461	926	4,461
Revolving credit facilities	-	-	-	224,050	-	224,050
Margin financing facility	-	-	-	14,988	-	14,988
Total loans and borrowings	-	15,348	-	328,087	-	343,435

	As at 30 June 2019					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Bank overdrafts						
- RM	-	-	-	511	-	511
- SGD	-	-	840	2,571	840	2,571
Term loans						
- RM	-	12,315	-	737	-	13,052
- SGD	2,602	7,965	23,343	71,451	25,945	79,416
- HKD	-	-	2,427	7,048	2,427	7,048
- USD	-	-	14,005	58,030	14,005	58,030
- GBP	-	-	759	3,986	759	3,986
- EUR	-	-	4,557	21,466	4,557	21,466
Revolving credit facilities	-	-	-	96,000	-	96,000
Margin financing facility	-	-	-	19,853	-	19,853
Total loans and borrowings	-	20,280	-	281,653	-	301,933

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

	Floating (%)	
	As at 30.06.2020	As at 30.06.2019
Secured		
Bank overdrafts	7.14%-11.50%	8.14%-11.25%
Term loans	0.40%-6.79%	0.40%-8.00%
Revolving credit facilities	3.87%-5.66%	5.19%-6.13%
Margin financing facility	5.67%-6.67%	6.67%-6.92%

B8. Group Borrowings and Debt Securities as at 30 June 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 year	<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 financial year ended 30 June 2020, the Company had 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 reporting 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.

The Board of Directors do not recommend any final dividend for the financial year ended 30 June 2020.

B11. Earnings per share

(a) Basic earnings per share

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

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 30-June-2020	Quarter ended 30-June-2019	Year ended 30-June-2020	Year ended 30-June-2019
Net profit attributable to owners of the Company for the financial quarter and financial year (RM'000)	17,269	17,924	14,849	81,831
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 earnings per share (Sen)	2.60	2.70	2.24	12.34

(b) Diluted earnings per share

The diluted earnings per share is not computed as there are no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

B12. Derivative Financial Liabilities

Details of derivative financial liabilities as at 30 June 2020 are set out below:-

Type of Derivatives	As at 30.06.2020	
	Contract/ Notional value RM'000	Fair value RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	214	(720)
<u>Other equity related contracts</u>		
- Less than 1 year	(24,602)	(2,613)
	(24,388)	(3,333)

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 RM2.4 million in the current financial quarter and fair value loss of -RM2.3 million for the financial year ended 30 June 2020 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 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.