

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

24 NOVEMBER 2020

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

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2021 Quarter ended 30-Sep-20 RM'000	FY2020 Quarter ended 30-Sep-19 RM'000	Changes %	FY2021 Period ended 30-Sep-20 RM'000	FY2020 Period ended 30-Sep-19 RM'000	Changes %
Revenue		54,327	39,179	39%	54,327	39,179	39%
Cost of sales	1	(10,499)	(15,951)	-34%	(10,499)	(15,951)	-34%
Other income	2	46,149	23,346	98%	46,149	23,346	98%
Administration expenses	3	(3,572)	(6,017)	-41%	(3,572)	(6,017)	-41%
Other operating expenses	4	(19,356)	(21,588)	-10%	(19,356)	(21,588)	-10%
Finance costs		(3,698)	(5,451)	-32%	(3,698)	(5,451)	-32%
Exceptional item	5	(873)	(725)	20%	(873)	(725)	20%
Share of profits less losses of associate companies		10,101	8,480	19%	10,101	8,480	19%
Share of (losses)/profits of jointly controlled entities		(42)	10	>-100%	(42)	10	>-100%
Profit before tax		72,537	21,283	>100%	72,537	21,283	>100%
Tax expense		(7,193)	(3,390)	>100%	(7,193)	(3,390)	>100%
Profit for the quarter/period		65,344	17,893	>100%	65,344	17,893	>100%
Profit attributable to:-							
Owners of the Company		65,315	17,857	>100%	65,315	17,857	>100%
Non-controlling interests		29	36	-19%	29	36	-19%
		65,344	17,893	>100%	65,344	17,893	>100%
Earnings per share (in Sen)							
- Basic		9.85	2.69		9.85	2.69	
- Diluted		n/a	n/a		n/a	n/a	

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2021 Quarter ended 30-Sep-20 RM'000	FY2020 Quarter ended 30-Sep-19 RM'000	FY2021 Period ended 30-Sep-20 RM'000	FY2020 Period ended 30-Sep-19 RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(2,119)</u>	<u>(6,142)</u>	<u>(2,119)</u>	<u>(6,142)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required *	898	33	898	33
Fair value gain on derivative financial instruments	1,311	-	1,311	-
Gain on disposal of property, plant and equipment	1,148	689	1,148	689
Interest income	2,953	4,011	2,953	4,011
Gain on exchange differences				
- realised	2,749	267	2,749	267
Gain on fair value changes of financial assets at fair value through profit or loss	437	-	437	-
Gain on disposal of shares in an associate company	30,761	6,616	30,761	6,616
Writeback of impairment on financial assets at amortised cost	26	-	26	-
Note 3				
Included in Administration expenses is the following item:-				
Depreciation	<u>(120)</u>	<u>(210)</u>	<u>(120)</u>	<u>(210)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(297)	(13)	(297)	(13)
Bad debts written off *	(605)	-	(605)	-
Depreciation	(337)	(423)	(337)	(423)
Fair value loss on derivative financial instruments	-	(34)	-	(34)
Loss on fair value changes of financial assets at fair value through profit or loss	-	(5,200)	-	(5,200)
Loss on exchange differences				
- unrealised	<u>(2,387)</u>	<u>(3,179)</u>	<u>(2,387)</u>	<u>(3,179)</u>
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in an associate company	<u>(873)</u>	<u>(725)</u>	<u>(873)</u>	<u>(725)</u>

* Included in this amount is a sum of RM605,000 which debts were written off in the current financial quarter.

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2021	FY2020	Changes %	FY2021	FY2020	Changes %
	Quarter ended 30-Sep-20 RM'000	Quarter ended 30-Sep-19 RM'000		Period ended 30-Sep-20 RM'000	Period ended 30-Sep-19 RM'000	
Profit for the quarter/period	65,344	17,893	>100%	65,344	17,893	>100%
<u>Other comprehensive (loss)/income may be reclassified to profit or loss subsequently:-</u>						
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	(2,246)	558	>-100%	(2,246)	558	>-100%
Foreign currency translation of foreign operations, net of tax	(3,864)	(28)	>100%	(3,864)	(28)	>100%
Total other comprehensive (loss)/income for the quarter/period, net of tax	(6,110)	530	>-100%	(6,110)	530	>-100%
Total comprehensive income for the quarter/period, net of tax	59,234	18,423	>100%	59,234	18,423	>100%
Attributable to:-						
Owners of the Company	59,205	18,434	>100%	59,205	18,434	>100%
Non-controlling interests	29	(11)	>-100%	29	(11)	>-100%
	59,234	18,423	>100%	59,234	18,423	>100%

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/09/2020 RM'000 (Unaudited)	As at 30/06/2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	58,037	60,439
Investment properties	191,683	192,227
Financial assets at fair value through other comprehensive income	32,609	31,905
Financial assets at amortised cost	3,030	2,248
Jointly controlled entities	(242)	(200)
Associate companies	391,915	458,458
Other receivables	7,606	7,553
Intangible assets	26,047	26,047
Deferred tax assets	1,246	1,269
Total non-current assets	711,931	779,946
Current assets		
Property development costs	10,885	10,885
Inventories	11,812	12,039
Trade receivables	497,705	497,348
Amount due from associate companies	73,422	68,278
Other receivables, deposits and prepayments	64,722	55,332
Financial assets at amortised cost	8,736	778
Financial assets at fair value through profit or loss	157,912	155,276
Tax recoverable	445	3,339
Deposits with licensed banks and financial institutions	470,652	491,564
Cash and bank balances	300,191	180,088
Total current assets	1,596,482	1,474,927
TOTAL ASSETS	2,308,413	2,254,873
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	120,030	126,878
Retained earnings	832,177	766,862
	1,811,408	1,752,941
Non-controlling interests	1,690	1,741
TOTAL EQUITY	1,813,098	1,754,682
LIABILITIES		
Non-current liabilities		
Loans and borrowings	20,011	15,348
Lease liabilities	15,990	14,097
Deferred tax liabilities	5,551	5,551
Total non-current liabilities	41,552	34,996
Current liabilities		
Derivative financial liabilities	2,022	3,333
Trade payables	80,150	101,800
Other payables, deposits received and accruals	20,412	20,148
Loans and borrowings	341,043	328,087
Lease liabilities	6,482	9,758
Tax payable	3,654	2,069
Total current liabilities	453,763	465,195
TOTAL LIABILITIES	495,315	500,191
TOTAL EQUITY AND LIABILITIES	2,308,413	2,254,873
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	2.73	2.64

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

< ----- Attributable to Owners of the Company ----- >
<Non-distributable reserves> < - Distributable reserves- >

	Share capital RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Period ended 30 September 2020								
As at 1 July 2020	873,700	89,188	37,690	(14,499)	766,862	1,752,941	1,741	1,754,682
<u>Transactions with owners:-</u>								
Post-acquisition reserves - associate companies	-	(738)	-	-	-	(738)	-	(738)
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(80)	(80)
Total transactions with owners	-	(738)	-	-	-	(738)	(80)	(818)
<u>Total comprehensive (loss)/income for the financial period</u>								
Profit for the financial period	-	-	-	-	65,315	65,315	29	65,344
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	(2,246)	-	-	(2,246)	-	(2,246)
Foreign currency translation of foreign operations, net of tax	-	-	(3,864)	-	-	(3,864)	-	(3,864)
Total comprehensive (loss)/income for the financial period	-	-	(6,110)	-	65,315	59,205	29	59,234
Balance at 30 September 2020	873,700	88,450	31,580	(14,499)	832,177	1,811,408	1,690	1,813,098

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

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

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

INSAS BERHAD
Registration No. 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
Cash flows from operating activities		
Profit before tax	72,537	21,283
Adjustments for:-		
Non-cash items	(39,018)	(1,173)
Finance costs	3,698	5,451
Interest income	(2,953)	(4,011)
Operating profit before working capital changes	<u>34,264</u>	<u>21,550</u>
Changes in working capital:-		
Net changes in current assets	(15,672)	(40,244)
Net changes in current liabilities	(19,761)	4,280
Cash used in operations	<u>(1,169)</u>	<u>(14,414)</u>
Interest paid	(3,693)	(5,280)
Interest received	2,746	3,964
Tax paid	(2,336)	(1,940)
Net cash used in operating activities	<u>(4,452)</u>	<u>(17,670)</u>
Cash flows from investing activities		
Subscription/Acquisition of shares in associate companies	(91)	(7,764)
Purchase of property, plant and equipment	(1,864)	(1,947)
Purchase of financial assets at amortised cost	(9,476)	-
Purchase of financial assets at fair value through other comprehensive income	(705)	(986)
Proceeds from disposal of shares in an associate company	86,445	7,750
Proceeds from disposal of property, plant and equipment	2,296	4,465
Proceeds from disposal and redemption of financial assets at amortised cost	762	1,512
Proceeds from redemption of preference shares in an associate company	8,555	-
Dividend received	6,863	8,341
Net cash from investing activities	<u>92,785</u>	<u>11,371</u>
Cash flows from financing activities		
Decrease in fixed deposits pledged	124,093	30,665
(Increase)/Decrease in cash and bank balances pledged	(113,721)	301
Net drawdown/(repayment) of loans and borrowings	18,225	(26,927)
Dividend paid to non-controlling interests of a subsidiary company	(80)	-
Repayment of lease liabilities	(2,542)	(8,747)
Net cash from/(used in) financing activities	<u>25,975</u>	<u>(4,708)</u>
Net increase/(decrease) in cash and cash equivalents	114,308	(11,007)
Cash and cash equivalents at beginning of the financial period	398,817	388,695
Exchange differences	(797)	(422)
Cash and cash equivalents at end of the financial period	<u>512,328</u>	<u>377,266</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(494)	(2,841)
Cash and bank balances	95,091	78,835
Deposits with licensed banks and financial institutions	417,731	301,272
	<u>512,328</u>	<u>377,266</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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

INSAS BERHAD
Registration No: 196101000026 (4081-M)
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 2020, 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 2020.

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 2020 except for the adoption of new MFRS, amendments to MFRSs and annual improvements to MFRSs issued by the MASB that became effective and relevant to the Group for the financial year beginning on or after 1 July 2020. The adoption of the new Standard, amendments to Standards and annual improvements to Standards are not expected to have any material financial impact on the financial statements of the Group.

The Group has not early adopted new Standard, amendments to Standards and annual improvements to Standards that have been issued but are not yet effective for the accounting period beginning 1 July 2020.

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 2020.

A4. Seasonality and Cyclicity of Interim Operations

The performance of the Group is not significantly affected by seasonal and cyclical fluctuation.

A5. Exceptional/Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The following are the exceptional items that occurred during the current financial quarter and financial period under review which affect the assets, liabilities, equity, net income or cash flows of the Group:-

Recognised in the Statements of Profit or Loss

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Period ended	Period ended
	30-Sep-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019
	RM'000	RM'000	RM'000	RM'000
Fair value gain/(loss) on derivative financial instruments	1,311	(34)	1,311	(34)
Gain on disposal of shares in an associate company	30,761	6,616	30,761	6,616
Gain/(Loss) on fair value changes of financial assets at fair value through profit or loss	437	(5,200)	437	(5,200)
Gain/(Loss) on exchange differences				
- realised	2,749	267	2,749	267
- unrealised	(2,387)	(3,179)	(2,387)	(3,179)
Effects of dilution of equity interests in an associate company	(873)	(725)	(873)	(725)

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 30 September 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 September 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 30 September 2020.

A8. Dividends Paid

No dividend has been paid for the current financial quarter and financial period to-date.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 30 September 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	25,048	24,604	75	3,364	1,236	-	54,327
Inter-segment revenue	764	1,934	4,778	422	194	(8,092)	-
Total segment revenue	25,812	26,538	4,853	3,786	1,430	(8,092)	54,327
Results							
Segment profit from operations	14,551	17,998	30,200	850	595	(98)	64,096
Interest income	699	2,385	2,458	16	68	(2,673)	2,953
Finance costs	(2,832)	(3,151)	(10)	(414)	(62)	2,771	(3,698)
Exceptional item	-	-	(873)	-	-	-	(873)
Share of profits less losses of associate companies	-	(1,247)	10,898	(917)	1,367	-	10,101
Share of losses of jointly controlled entities	(41)	-	-	(1)	-	-	(42)
Profit/(Loss) before tax	12,377	15,985	42,673	(466)	1,968	-	72,537
Tax expense	(2,525)	(4,156)	(481)	-	(31)	-	(7,193)
Profit/(Loss) for the financial period	9,852	11,829	42,192	(466)	1,937	-	65,344
Attributable to:-							
Owners of the Company							65,315
Non-controlling interests							29
Segment assets	731,825	753,516	552,338	75,946	194,788	-	2,308,413
Segment liabilities	118,741	338,968	6,773	26,839	3,994	-	495,315

A9. Segment Information (Cont'd)

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

	Financial services and credit & leasing	Investment holding and trading	Technology and IT-related manufacturing, trading and services	Retail trading and car rental	Property investment and development	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	18,270	5,128	25	15,513	243	-	39,179
Inter-segment revenue	165	1,908	4,942	3,580	165	(10,760)	-
Total segment revenue	18,435	7,036	4,967	19,093	408	(10,760)	39,179
Results							
Segment profit/(loss) from operations	13,765	(5,185)	5,090	1,592	(175)	(129)	14,958
Interest income	902	4,602	2,579	1	83	(4,156)	4,011
Finance costs	(3,175)	(4,914)	(17)	(1,409)	(221)	4,285	(5,451)
Exceptional item	-	-	(725)	-	-	-	(725)
Share of profits less losses of associate companies	-	(1,585)	8,588	(38)	1,515	-	8,480
Share of profits of a jointly controlled entity	10	-	-	-	-	-	10
Profit/(Loss) before tax	11,502	(7,082)	15,515	146	1,202	-	21,283
Tax expense	(2,900)	(86)	(393)	(10)	(1)	-	(3,390)
Profit/(Loss) for the financial period	8,602	(7,168)	15,122	136	1,201	-	17,893
Attributable to:-							
Owners of the Company							17,857
Non-controlling interests							36
Segment assets	594,503	803,440	568,279	191,371	183,036	-	2,340,629
Segment liabilities	50,933	394,148	1,781	122,798	4,339	-	573,999

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 2020.

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 24 September 2020, Montego (S) Pte. Ltd., an indirect wholly owned subsidiary of the Company, subscribed for 30,000 ordinary shares representing 33.33% equity interest in Clear Foods Pte. Ltd. ("Clear Foods"), a company incorporated in Singapore.

Clear Foods' principal activities are processing and preserving of meat and meat products.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 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 and the Company has provided guarantees as follows:-

	Group		Company	
	Limit RM'000	Amount utilised RM'000	Limit RM'000	Amount utilised RM'000
Unsecured: Guarantees to secure banking and credit facilities granted to:-				
- certain subsidiary companies	-	-	116,228	82,606
- an associate company	16	16	-	-

There is no contingent asset as at the date of this Report.

A14. Commitments

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

	RM'000
To acquire property, plant and equipment	2,404
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>7,679</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 RM54.3 million and a pre-tax profit of RM72.5 million in the current financial quarter (Q1/2021) as compared to revenue of RM39.2 million and a pre-tax profit of RM21.3 million in the preceding year corresponding quarter (Q1/2020). The review of performance by division is as follows:-

Financial services and credit & leasing division

The unit reported higher revenue of RM25.0 million in Q1/2021 as compared to RM18.3 million in Q1/2020 mainly due to higher brokerage income generated by stock broking units on the back of stronger trading activities on Bursa Malaysia in Q1/2021.

The pre-tax profit for Q1/2021 is slightly higher at RM12.4 million as compared to RM11.5 million in Q1/2020 mainly due to the increase in brokerage income.

Investment holding and trading division

The investment unit reported higher revenue of RM24.6 million in the Q1/2021 mainly due to higher trading activities as compared to revenue of RM5.1 million in Q1/2020.

The Investment unit reported a pre-tax profit of RM16.0 million in Q1/2021 as compared to a pre-tax loss of -RM7.1 million in Q1/2020, mainly due to higher trading activities in Q1/2021.

Technology and IT-related manufacturing, trading and services division

There is no significant variance on revenue reported in Q1/2021 as compared to Q1/2020.

The Technology unit reported higher pre-tax profit of RM42.7 million in Q1/2021 (Q1/2020: RM15.5 million) mainly due to higher gain on disposal of shares in an associate company of RM31.6 million (Q1/2020: RM6.6 million) and higher equity profit contribution from Inari Amertron Berhad of RM11.9 million (Q1/2020: RM9.0 million).

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

	Current Quarter 30-Sep-2020 RM'000	Immediate Preceding Quarter 30-June-2020 RM'000	Changes (%)
Revenue	54,327	49,626	9%
Profit from operations	64,096	11,099	>100%
Profit before tax	72,537	20,083	>100%
Profit after tax	65,344	17,202	>100%
Profit attributable to owners of the Company	65,315	17,287	>100%

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 (Cont'd)

The Group reported an improved pre-tax profit of RM72.5 million in the current financial quarter (Q1/2021) as compared to the immediate preceding financial quarter (Q4/2020) of RM20.1 million, mainly due to higher gain on disposal of shares in an associate company of RM30.8 million (Q4/2020: RM1.4 million) and higher profit contribution from the stock broking unit due to stronger trading activities on Bursa Malaysia.

B3. Prospects for financial year ending 30 June 2021

The Group remains resilient supported by strong financial fundamentals and prudent cash and financial management, and the Board will continue its vigilance to navigate the Group through the continuous uncertainties due to the Covid-19 pandemic.

Financial services and credit & leasing division

The stock broking and structured finance units are expected to perform satisfactorily in FY2021 due to current strong retail trading on Bursa Malaysia.

Investment trading division

The investment unit's performance for the financial year ending 30 June 2021 is largely dependent on the global economy and financial markets and the recovery from Covid-19 pandemic.

Technology and IT-related manufacturing, trading and services division

The Board is cautiously optimistic the Technology unit and Inari Amertron will generate positive contribution to the Group in FY 2021 due to strong demand in the RF business arising from projected growth in new 5G devices over the next few quarters.

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

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

B5. Tax Expense

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

	Individual Quarter ended 30-Sep-2020 RM'000	Quarter Quarter ended 30-Sep-2019 RM'000	Cumulative Period ended 30-Sep-2020 RM'000	Quarter Period ended 30-Sep-2019 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	7,152	3,475	7,152	3,475
- Overseas income tax	18	105	18	105
<u>Deferred tax:-</u>				
Transfer from/(to) deferred taxation	23	(190)	23	(190)
	<u>7,193</u>	<u>3,390</u>	<u>7,193</u>	<u>3,390</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-Sep-2020 RM'000	Quarter Quarter ended 30-Sep-2019 RM'000	Cumulative Period ended 30-Sep-2020 RM'000	Quarter Period ended 30-Sep-2019 RM'000
Profit before tax	<u>72,537</u>	<u>21,283</u>	<u>72,537</u>	<u>21,283</u>
Income tax at Malaysian statutory tax rate of 24%	17,409	5,108	17,409	5,108
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	1,697	2,243	1,697	2,243
Income not subject to tax	(10,695)	(4,056)	(10,695)	(4,056)
Effect of different tax rates in other countries	(1,090)	21	(1,090)	21
Overseas tax paid on dividend income	77	140	77	140
Utilisation of previously unrecognised deferred tax assets	(232)	(73)	(232)	(73)
Deferred tax not recognised in the financial statements	<u>27</u>	<u>7</u>	<u>27</u>	<u>7</u>
Tax expenses for the financial quarter/period	<u>7,193</u>	<u>3,390</u>	<u>7,193</u>	<u>3,390</u>

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.

On 29 September 2020, the Company proposed to establish an employees’ share option scheme of up to 10% of the total number of issued shares in the Company (excluding treasury shares) for eligible employees including Executive Directors and Non-Executive Directors (excluding Alternate Directors, if any) of the Company and its subsidiaries (excluding subsidiaries which are dormant).

The above proposals require the approval from:-

- i) Bursa Malaysia Securities Berhad (“Bursa Securities”) for the following, which approval was obtained on 13 November 2020:-
 - (a) Admission of the Rights RPS and the Warrants to the Official List;
 - (b) Listing of and quotation for:-
 - up to 132,604,152 Rights RPS and up to 331,510,380 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
 - up to 331,510,380 new Shares to be issued arising from the exercise of the Warrants; and
 - up to 10% of the total number of Insas Shares (excluding treasury shares) to be issued arising from the exercise of the Options;
- 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 September 2020

	As at 30 September 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	-	-	-	494	-	494
Term loans						
- RM	-	16,251	-	972	-	17,223
- SGD	1,239	3,760	16,833	51,088	18,072	54,848
- AUD	-	-	6,756	20,060	6,756	20,060
- USD	-	-	549	2,279	549	2,279
- GBP	-	-	773	4,132	773	4,132
- EUR	-	-	1,944	9,484	1,944	9,484
Revolving credit facilities	-	-	-	237,550	-	237,550
Margin financing facility	-	-	-	14,984	-	14,984
Total loans and borrowings	-	20,011	-	341,043	-	361,054

	As at 30 September 2019					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Bank overdrafts						
- RM	-	-	-	516	-	516
- SGD	-	-	767	2,326	767	2,326
Term loans						
- RM	-	12,126	-	737	-	12,863
- SGD	2,657	8,055	18,765	56,887	21,422	64,942
- AUD	-	-	5,512	15,622	5,512	15,622
- USD	-	-	9,288	38,921	9,288	38,921
- GBP	-	-	762	3,926	762	3,926
- EUR	-	-	4,263	19,535	4,263	19,535
Revolving credit facilities	-	-	-	96,000	-	96,000
Margin financing facility	-	-	-	19,012	-	19,012
Total loans and borrowings	-	20,181	-	253,482	-	273,663

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

	Floating (%)	
	As at 30.09.2020	As at 30.09.2019
Secured		
Bank overdrafts	6.89%-8.14%	8.14%-11.50%
Term loans	0.40%-6.79%	0.53%-8.00%
Revolving credit facilities	3.54%-4.60%	5.27%-5.89%
Margin financing facility	5.67%-6.67%	6.67%

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 is pleased to declare an interim single tier dividend of 2.0 sen per ordinary share each in the Company in respect of the financial year ending 30 June 2021.

B11. Earnings per share

(a) Basic earnings per share

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

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 30-Sep-2020	Quarter ended 30-Sep-2019	Period ended 30-Sep-2020	Period ended 30-Sep-2019
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	65,315	17,857	65,315	17,857
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,021	663,007	663,021	663,007
Basic earnings per share (Sen)	9.85	2.69	9.85	2.69

(b) Diluted earnings per share

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

B12. Derivative Financial Liabilities

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

Type of Derivatives	As at 30.09.2020	
	<u>Contract/ Notional value</u> RM'000	<u>Fair value</u> RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	(170)	(358)
<u>Other equity related contracts</u>		
- Less than 1 year	(16,490)	(1,664)
	(16,660)	(2,022)

There is no significant changes in respect of the following since the end of the previous financial year ended 30 June 2020:-

- (a) the cash requirements of the derivative financial instruments;
- (b) the policies that is in place for mitigating or controlling the risks associated with these derivative financial instruments; and
- (c) 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 RM1.3 million in the current financial quarter and for the financial period ended 30 September 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 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.