

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

24 NOVEMBER 2022

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 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2023 Quarter ended 30-Sep-22 RM'000	FY2022 Quarter ended 30-Sep-21 RM'000	Changes %	FY2023 Period ended 30-Sep-22 RM'000	FY2022 Period ended 30-Sep-21 RM'000	Changes %
Revenue		62,215	64,063	-3%	62,215	64,063	-3%
Cost of sales	1	(39,124)	(30,063)	30%	(39,124)	(30,063)	30%
Other income	2	25,039	17,194	46%	25,039	17,194	46%
Administration expenses	3	(3,705)	(3,119)	19%	(3,705)	(3,119)	19%
Other operating expenses	4	(38,386)	(29,729)	29%	(38,386)	(29,729)	29%
Finance costs		(4,518)	(3,842)	18%	(4,518)	(3,842)	18%
Exceptional item	5	4,977	-	>100%	4,977	-	>100%
Share of profits less losses of associate companies		13,307	16,189	-18%	13,307	16,189	-18%
Share of losses of jointly controlled entities		-	(60)	-100%	-	(60)	-100%
Profit before tax		19,805	30,633	-35%	19,805	30,633	-35%
Tax expense		(3,414)	(3,966)	-14%	(3,414)	(3,966)	-14%
Profit for the quarter/period		16,391	26,667	-39%	16,391	26,667	-39%
Profit attributable to:-							
Owners of the Company		16,615	26,710	-38%	16,615	26,710	-38%
Non-controlling interests		(224)	(43)	>100%	(224)	(43)	>100%
		16,391	26,667	-39%	16,391	26,667	-39%
Earnings per share (in Sen)							
- Basic		2.51	4.03		2.51	4.03	
- Diluted		n/a	3.48		n/a	3.48	

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2023	FY2022	FY2023	FY2022
	Quarter ended	Quarter ended	Period ended	Period ended
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(2,018)</u>	<u>(1,865)</u>	<u>(2,018)</u>	<u>(1,865)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	214	289	214	289
Bad debts recovered	-	5	-	5
Fair value gain on derivative financial instruments	86	-	86	-
Gain on disposal of property, plant and equipment	177	546	177	546
Interest income	5,130	2,901	5,130	2,901
Gain on exchange differences				
- unrealised	9,888	-	9,888	-
- realised	<u>1,209</u>	<u>-</u>	<u>1,209</u>	<u>-</u>
Note 3				
Included in Administration expenses are the following items:-				
Amortisation of intangible assets	(2)	-	(2)	-
Depreciation	<u>(146)</u>	<u>(147)</u>	<u>(146)</u>	<u>(147)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(34)	-	(34)	-
Amortisation of intangible assets	(15)	-	(15)	-
Inventories written off	(33)	-	(33)	-
Depreciation	(290)	(325)	(290)	(325)
Fair value loss on derivative financial instruments	-	(1,766)	-	(1,766)
Loss on fair value changes of financial assets				
at fair value through profit or loss	(26,716)	(40)	(26,716)	(40)
Loss on exchange differences				
- unrealised	-	(2,105)	-	(2,105)
- realised	<u>-</u>	<u>(1,807)</u>	<u>-</u>	<u>(1,807)</u>
Note 5				
Exceptional item represents:-				
Net gain on deemed disposal of equity interests in an associate company	<u>4,977</u>	<u>-</u>	<u>4,977</u>	<u>-</u>

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2023	FY2022	Changes %	FY2023	FY2022	Changes %
	Quarter ended	Quarter ended		Period ended	Period ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000		30-Sep-22 RM'000	30-Sep-21 RM'000	
Profit for the quarter/period	16,391	26,667	-39%	16,391	26,667	-39%
<u>Other comprehensive 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	4,329	301	>100%	4,329	301	>100%
Foreign currency translation of foreign operations, net of tax	4,405	1,345	>100%	4,405	1,345	>100%
Total other comprehensive income for the quarter/period, net of tax	8,734	1,646	>100%	8,734	1,646	>100%
Total comprehensive income for the quarter/period, net of tax	25,125	28,313	-11%	25,125	28,313	-11%
Attributable to:-						
Owners of the Company	25,349	28,356	-11%	25,349	28,356	-11%
Non-controlling interests	(224)	(43)	>100%	(224)	(43)	>100%
	25,125	28,313	-11%	25,125	28,313	-11%

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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/9/2022 RM'000 (Unaudited)	As at 30/6/2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	88,962	87,836
Investment properties	190,719	189,387
Financial assets at fair value through other comprehensive income	34,826	33,192
Financial assets at amortised cost	767	767
Jointly controlled entities	(660)	(660)
Associate companies	540,808	530,630
Other receivables	7,396	7,345
Intangible assets	30,518	30,379
Deferred tax assets	2,870	2,872
Total non-current assets	<u>896,206</u>	<u>881,748</u>
Current assets		
Property development costs	11,256	11,250
Inventories	12,425	12,067
Trade receivables	476,931	498,428
Amount due from associate companies	68,806	74,495
Amount due from jointly controlled entities	647	644
Other receivables, deposits and prepayments	51,947	51,176
Financial assets at fair value through profit or loss	216,578	249,370
Tax recoverable	7,016	7,185
Deposits with licensed banks and financial institutions	757,724	602,424
Cash and bank balances	180,113	311,912
Total current assets	<u>1,783,443</u>	<u>1,818,951</u>
TOTAL ASSETS	<u><u>2,679,649</u></u>	<u><u>2,700,699</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	47,574	40,032
Retained earnings	1,311,471	1,294,856
	<u>2,218,246</u>	<u>2,194,089</u>
Non-controlling interests	(1,063)	(839)
TOTAL EQUITY	<u><u>2,217,183</u></u>	<u><u>2,193,250</u></u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	20,473	20,675
Lease liabilities	13,947	13,174
Deferred tax liabilities	6,510	6,527
Redeemable preference shares	128,084	127,921
Total non-current liabilities	<u>169,014</u>	<u>168,297</u>
Current liabilities		
Derivative financial liabilities	3,581	3,667
Trade payables	21,740	45,458
Other payables, deposits received and accruals	39,857	40,890
Loans and borrowings	220,171	241,038
Lease liabilities	6,754	7,001
Tax payable	1,349	1,098
Total current liabilities	<u>293,452</u>	<u>339,152</u>
TOTAL LIABILITIES	<u>462,466</u>	<u>507,449</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,679,649</u></u>	<u><u>2,700,699</u></u>
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	3.35	3.31

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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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
Financial period ended 30 September 2022									
As at 1 July 2022	873,700	4,936	(7,139)	42,235	(14,499)	1,294,856	2,194,089	(839)	2,193,250
<u>Total comprehensive income for the financial period</u>									
Profit for the financial period	-	-	-	-	-	16,615	16,615	(224)	16,391
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	4,329	-	-	4,329	-	4,329
Foreign currency translation of foreign operations, net of tax	-	-	-	4,405	-	-	4,405	-	4,405
Total comprehensive income for the financial period	-	-	-	8,734	-	16,615	25,349	(224)	25,125
Post-acquisition reserves - associate companies	-	-	(1,192)	-	-	-	(1,192)	-	(1,192)
Balance at 30 September 2022	873,700	4,936	(8,331)	50,969	(14,499)	1,311,471	2,218,246	(1,063)	2,217,183

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

	Attributable to Owners of the Company								
	Non-distributable reserves				Distributable reserves				
	Share capital RM'000	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
Financial period ended 30 September 2021									
As at 1 July 2021	873,700	4,936	(7,159)	30,653	(14,499)	1,091,816	1,979,447	1,543	1,980,990
Total comprehensive income for the financial period									
Profit for the financial period	-	-	-	-	-	26,710	26,710	(43)	26,667
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	301	-	-	301	-	301
Foreign currency translation of foreign operations, net of tax	-	-	-	1,345	-	-	1,345	-	1,345
Total comprehensive income for the financial period	-	-	-	1,646	-	26,710	28,356	(43)	28,313
Post-acquisition reserves - associate companies	-	-	139,893	-	-	(8,634)	131,259	-	131,259
Balance at 30 September 2021	873,700	4,936	132,734	32,299	(14,499)	1,109,892	2,139,062	1,500	2,140,562

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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/09/2022 RM'000	Period ended 30/09/2021 RM'000
Cash flows from operating activities		
Profit before tax	19,805	30,633
Adjustments for:-		
Non-cash items	(2,391)	(12,566)
Finance costs	4,518	3,842
Interest income	(5,130)	(2,901)
Operating profit before working capital changes	16,802	19,008
Changes in working capital:-		
Net changes in current assets	38,508	(6,130)
Net changes in current liabilities	(23,827)	10,898
Cash from operations	31,483	23,776
Interest paid	(5,573)	(4,084)
Interest received	5,079	2,850
Tax paid	(2,723)	(4,591)
Net cash from operating activities	28,266	17,951
Cash flows from investing activities		
Acquisition of shares in associate companies	(571)	-
Purchase of property, plant and equipment	(773)	(146)
Purchase of financial assets at amortised cost	-	(423)
Purchase of financial assets at fair value through other comprehensive income	(1,629)	(958)
Purchase of intangible assets	(157)	-
Purchase of an investment property	-	(5,900)
Proceeds from disposal of investment properties	-	3,627
Proceeds from disposal of property, plant and equipment	186	1,063
Proceeds from disposal and redemption of financial assets at amortised cost	-	421
Dividend received	14,524	15,359
Net cash from investing activities	11,580	13,043
Cash flows from financing activities		
Increase in fixed deposits pledged	(146,160)	(65)
Decrease in cash and bank balances pledged	133,979	3,164
Net (repayment)/drawdown of loans and borrowings	(22,342)	18,175
Repayment of lease liabilities	(1,855)	(2,118)
Net cash (used in)/from financing activities	(36,378)	19,156
Net increase in cash and cash equivalents	3,468	50,150
Cash and cash equivalents at beginning of the financial period	681,929	642,458
Exchange differences	4,884	316
Cash and cash equivalents at end of the financial period	690,281	692,924
Cash and cash equivalents comprise of:-		
Bank overdrafts	(72)	(570)
Cash and bank balances	180,113	428,119
Deposits with licensed banks and financial institutions	757,724	520,566
	937,765	948,115
Less:		
Cash and bank balances pledged	(33,313)	(221,912)
Fixed deposits pledged	(214,171)	(33,279)
	690,281	692,924

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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

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**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD
ENDED 30 SEPTEMBER 2022 - 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 2022, 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 2022.

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 2022 except for the adoption of the following new Standard, amendments to Standards and annual improvements to Standards issued by the MASB that became effective and relevant to the Group for the financial year beginning on or after 1 July 2022:-

Effective for financial period beginning on or after 1 January 2022

Amendments to MFRS 3	Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements to MFRS Standards 2018-2020	

The adoption of these relevant new Standard, amendments to Standards and annual improvements to Standards did not have any material financial impact on the financial statements of the Group.

A2. Changes in Accounting Policies (Cont'd)

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 2022, as follows:-

Effective for financial period beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Insurance Contracts – Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

The initial applications of the relevant new Standard, amendments to Standards and annual improvements to Standards are not expected to have any material financial impact to the financial statements of the Group.

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 2022.

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-2022	30-Sep-2021	30-Sep-2022	30-Sep-2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain/(loss) on derivative financial instruments	86	(1,766)	86	(1,766)
Loss on fair value changes of financial assets at fair value through profit or loss	(26,716)	(40)	(26,716)	(40)
Gain/(Loss) on exchange differences				
- realised	1,209	(1,807)	1,209	(1,807)
- unrealised	9,888	(2,105)	9,888	(2,105)
Net gain on deemed disposal of equity interests in an associate company	4,977	-	4,977	-

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 2 December 2021, 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 2022. 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 2022.

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 2022.

A8. Dividends Paid

During the current financial quarter and financial period-to-date, the Company paid a preferential cash dividend of 3.8% per annum per redeemable preference share amounting to RM2,498,771 for the period from 1 January 2022 to 30 June 2022, paid on 19 July 2022.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 30 September 2022 is as follows:-

	Financial services and credit & leasing	Investment holding and trading	Technology and IT-related manufacturing, trading and services	Manufacturing and distribution of consumer products 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	17,357	39,085	868	4,670	235	-	62,215
Inter-segment revenue	15	2,043	9,295	240	233	(11,826)	-
Total segment revenue	17,372	41,128	10,163	4,910	468	(11,826)	62,215
Results							
Segment profit/(loss) from operations	11,667	(13,243)	2,042	553	22	(132)	909
Interest income	1,622	3,450	3,579	23	70	(3,614)	5,130
Finance costs	(3,288)	(4,226)	(105)	(568)	(77)	3,746	(4,518)
Exceptional item	-	-	4,977	-	-	-	4,977
Share of profits less losses of associate companies	-	(2,710)	16,290	893	(1,166)	-	13,307
Profit/(Loss) before tax	10,001	(16,729)	26,783	901	(1,151)	-	19,805
Tax expense	(2,418)	(238)	(700)	(51)	(7)	-	(3,414)
Profit/(Loss) for the financial period	7,583	(16,967)	26,083	850	(1,158)	-	16,391
Attributable to:-							
Owners of the Company							16,615
Non-controlling interests							(224)
Segment assets	706,198	804,158	925,107	100,134	144,052	-	2,679,649
Segment liabilities	40,613	379,869	11,436	25,177	5,371	-	462,466

A9. Segment Information (Cont'd)

The segment analysis on the Group's results for the financial period ended 30 September 2021 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	18,307	25,020	17,323	3,058	355	-	64,063
Inter-segment revenue	123	2,028	10,729	150	225	(13,255)	-
Total segment revenue	18,430	27,048	28,052	3,208	580	(13,255)	64,063
Results							
Segment profit/(loss) from operations	14,777	(1,118)	1,397	434	63	(108)	15,445
Interest income	1,161	2,126	2,440	7	64	(2,897)	2,901
Finance costs	(3,094)	(3,163)	(53)	(462)	(75)	3,005	(3,842)
Share of profits less losses of associate companies	-	2,253	15,302	(1,357)	(9)	-	16,189
Share of losses of jointly controlled entities	(60)	-	-	-	-	-	(60)
Profit/(Loss) before tax	12,784	98	19,086	(1,378)	43	-	30,633
Tax expense	(3,736)	(207)	(1)	(19)	(3)	-	(3,966)
Profit/(Loss) for the financial period	9,048	(109)	19,085	(1,397)	40	-	26,667
Attributable to:-							
Owners of the Company							26,710
Non-controlling interests							(43)
Segment assets	839,169	812,535	757,008	66,668	192,524	-	2,667,904
Segment liabilities	108,393	372,428	18,394	22,716	5,411	-	527,342

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 2022.

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:-

- (i) On 30 June 2022, the Company announced that Insas Logistics (S) Pte. Ltd. ("ILSPL"), a dormant indirect wholly-owned subsidiary company, has applied to the Accounting and Corporate Regulatory Authority ("ACRA") for the striking off of ILSPL pursuant to Section 344A of the Singapore Companies Act ("Proposed Striking Off").

ILSPL had ceased operations and the Proposed Striking Off will reduce the administrative resources and costs for maintaining this dormant subsidiary company.

On 11 October 2022, the Company announced that the strike off application have been approved by ACRA. Accordingly, the name of ILSPL has been struck off from the register and ILSPL cease to be a subsidiary of the Group.

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

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 (cont'd):-

- (ii) On 28 July 2022, Insas Technology Bhd. ("ITB"), a wholly-owned subsidiary of the Company, had subscribed for 9,999 new ordinary shares in Sensecube Sdn. Bhd. ("Sensecube"), representing 99.99% of the enlarged share capital in Sensecube for a total subscription price of RM9,999.

On 8 August 2022, ITB further acquired 1 share from a third party shareholder for a consideration of RM1. Arising thereon, Sensecube became a wholly-owned subsidiary company of the Group.

The principal activities of Sensecube are investment holding and property investment.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2022 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	Amount	Limit	Amount
	RM'000	utilised	RM'000	utilised
		RM'000		RM'000
Unsecured:				
Guarantees to secure banking and credit facilities granted to:-				
- certain subsidiary companies	-	-	112,534	58,909

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 2022 are as follows:-

	RM'000
To acquire property, plant and equipment	5,801
To acquire investment property	6,570
Investment commitments in relation to financial assets at fair value through other comprehensive income	466

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 RM62.2 million and a pre-tax profit of RM19.8 million in the current financial quarter (Q1/2023) as compared to revenue of RM64.1 million and a pre-tax profit of RM30.6 million in the preceding year corresponding financial quarter (Q1/2022). The review of performance by division is as follows:-

Financial services and credit & leasing division

The unit reported lower revenue of RM17.4 million and pre-tax profit of RM10.0 million in the current financial quarter as compared to the preceding year corresponding financial quarter of RM18.3 million and RM12.8 million respectively mainly due to lower brokerage income generated by the stock broking unit.

Investment holding and trading division

The investment unit reported higher revenue of RM39.1 million in Q1/2023 mainly due to higher trading activities as compared to RM25.0 million in Q1/2022.

The investment unit reported a pre-tax loss of -RM16.7 million in Q1/2023 as compared to a pre-tax profit of RM0.1 million in Q1/2022 mainly due to higher unrealised loss on fair value changes of financial assets at fair value through profit or loss.

Technology and IT-related manufacturing, trading and services division

The Technology unit reported lower revenue of RM0.9 million in current financial quarter as compared to preceding year corresponding financial quarter of RM17.3 million mainly due to no disposal of quoted shares in an associate company in Q1/2023 (Q1/2022: RM17.3 million).

The Technology unit reported higher pre-tax profit of RM26.8 million in Q1/2023 as compared to RM19.1 million in Q1/2022 mainly due to exceptional gain on deemed disposal of equity interests in an associate company of RM5.0 million in Q1/2023.

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-2022 RM'000	Immediate Preceding Quarter 30-June-2022 RM'000	Changes (%)
Revenue	62,215	49,391	26%
Profit/(Loss) from operations	909	(3,038)	-130%
Profit before tax	19,805	135,585	-85%
Profit after tax	16,391	129,979	-87%
Profit attributable to owners of the Company	16,615	127,827	-87%

The Group reported higher revenue of RM62.2 million in the current financial quarter as compared to RM49.4 million reported in the immediate preceding financial quarter, mainly due to higher trading activities from the investment unit. The Group reported lower pre-tax profit of RM19.8 million in the current financial quarter as compared to RM135.6 million in Q4/2022 mainly due to a lower gain on deemed disposal of equity interests in associate companies of RM5.0 million (Q4/2022: RM131.3 million) and unrealised loss on fair value changes of financial assets at fair value through profit or loss of -RM26.7 million in the current financial quarter (Q4/2022: unrealised gain of RM0.6 million).

B3. Prospects for financial year ending 30 June 2023

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 ongoing challenging environment amid the war in Ukraine and the disruptions in global supply chains, increase in interest rates and global inflation which dampen economic growth and affected the investors' confidence in the global financial markets.

Financial services and credit & leasing division

The outlook for the stock broking unit is cautious but is expected to remain positive in FY2023 due to projected steady performance from the corporate advisory division whereas the stock broking division is likely to be impacted by the continual global bearish outlooks in the financial markets. The structured finance unit is expected to perform satisfactorily in FY 2023.

Investment trading division

The investment unit's performance for the financial year ending 30 June 2023 is largely dependent on the global financial markets which are expected to remain uncertain and volatile in FY 2023 due to the war in Ukraine, continual interest rate increases and global inflationary pressures.

Technology and IT-related manufacturing, trading and services division

Barring any negative development of the Covid lockdown situation in China and the war in Ukraine, the Board expects the Technology unit to generate positive contribution to the Group in FY 2023 on the back of expected growth in the radio frequency and optoelectronics business of Inari Amertron Group and the new opportunities from their China joint venture and the strong USD for FY 2023.

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 2022 is as follows:-

	Individual Quarter ended 30-Sep-2022 RM'000	Quarter Quarter ended 30-Sep-2021 RM'000	Cumulative Period ended 30-Sep-2022 RM'000	Quarter Period ended 30-Sep-2021 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	3,294	3,958	3,294	3,958
- Overseas income tax	134	22	134	22
Underprovision in preceding financial quarter/period				
- Malaysian income tax	-	1	-	1
<u>Deferred tax:-</u>				
Transfer to deferred taxation	(14)	(15)	(14)	(15)
	<u>3,414</u>	<u>3,966</u>	<u>3,414</u>	<u>3,966</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-2022 RM'000	Quarter Quarter ended 30-Sep-2021 RM'000	Cumulative Period ended 30-Sep-2022 RM'000	Quarter Period ended 30-Sep-2021 RM'000
Profit before tax	<u>19,805</u>	<u>30,633</u>	<u>19,805</u>	<u>30,633</u>
Income tax at Malaysian statutory tax rate of 24%	4,753	7,352	4,753	7,352
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	4,255	3,857	4,255	3,857
Income not subject to tax	(5,915)	(6,360)	(5,915)	(6,360)
Effect of different tax rates in other countries	213	(673)	213	(673)
Overseas tax paid on dividend income	134	93	134	93
Utilisation of previously unrecognised deferred tax assets	(155)	(312)	(155)	(312)
Deferred tax not recognised in the financial statements	<u>129</u>	<u>8</u>	<u>129</u>	<u>8</u>
Tax expense for the financial quarter/period	3,414	3,965	3,414	3,965
Underprovision for tax expense in preceding financial quarter/period	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>3,414</u>	<u>3,966</u>	<u>3,414</u>	<u>3,966</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 6 October 2021, the Company entered into a share sale and purchase agreement (“SSPA”) with SYF Resources Berhad (“SYF”):-

- i) For the proposed disposal of 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares (“RCPS”) in M & A Securities Sdn. Bhd. (“M&A”) representing 100% equity interest and 100% of RCPS in M&A to SYF for a total consideration of RM222.0 million, to be satisfied via the issuance of 1,585,714,286 new ordinary shares in SYF (“SYF Shares”) at an issue price of RM0.14 each (“Proposed M&A Disposal”); and
- ii) Proposed exemption from the obligation to undertake a mandatory offer for all the remaining SYF Shares not held by Insas Group and parties acting in concert upon completion of the Proposed M&A Disposal (“Proposed Exemption”).

On 2 December 2021, the Company entered into a supplemental agreement (“Supplemental SSPA”) with SYF to vary certain terms of the SSPA.

On 1 July 2022, the Company and SYF agreed to extend the conditional period of the SSPA to 4 January 2023.

On 13 October 2022, SYF has written to the Company to vary the conditionality of the SYF Proposals such that all components of the SYF Proposals are inter-conditional upon one another. The variation is agreed by the Company as vendor of M&A Securities.

On 14 November 2022, the Company and SYF had entered into a second supplemental agreement to vary the terms of the SSPA, of which the main changes are as follows:-

- (i) the issue price of the SYF Shares shall be revised from RM0.14 to RM0.22 each; and
- (ii) that arising from the revised issue price of the SYF Shares, the number of SYF Shares to be issued for the Proposed M&A Disposal will be revised to 1,009,090,909 SYF Shares.

The Proposed M&A Disposal and Proposed Exemption are conditional upon the approval from the relevant authorities and the shareholders of the Company at an extraordinary general meeting to be convened.

B7. Status of Utilisation of Proceeds

There are no unutilised proceeds from any corporate proposal.

B8. Group Borrowings and Debt Securities as at 30 September 2022

	As at 30 September 2022					
	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	-	-	-	72	-	72
Term loans						
- RM	-	16,791	-	1,038	-	17,829
- SGD	1,138	3,682	17,309	56,003	18,447	59,685
- AUD	-	-	5,447	16,425	5,447	16,425
- GBP	-	-	797	4,126	797	4,126
- EUR	-	-	1,367	6,224	1,367	6,224
Revolving credit facilities	-	-	-	117,880	-	117,880
Margin financing facility	-	-	-	18,403	-	18,403
Total loans and borrowings	-	20,473	-	220,171	-	240,644

	As at 30 September 2021					
	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	-	-	-	570	-	570
Term loans						
- RM	-	14,937	-	967	-	15,904
- SGD	1,178	3,621	17,025	52,351	18,203	55,972
- AUD	-	-	6,028	18,384	6,028	18,384
- USD	-	-	434	1,818	434	1,818
- GBP	-	-	783	4,405	783	4,405
- EUR	-	-	1,247	6,058	1,247	6,058
Revolving credit facilities	-	-	-	145,880	-	145,880
Margin financing facility	-	-	-	4,998	-	4,998
Total loans and borrowings	-	18,558	-	235,431	-	253,989

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

	Interest Rate (%)	
	As at 30.09.2022	As at 30.09.2021
Secured		
Bank overdrafts	6.89%-7.64%	6.89%-7.14%
Term loans	0.78%-5.02%	0.78%-5.01%
Revolving credit facilities	3.64%-4.62%	3.64%-4.27%
Margin financing facility	5.67%	5.42%

B8. Group Borrowings and Debt Securities as at 30 September 2022 (Cont'd)**Debt securities****RM'000****Redeemable preference shares ("RPS")**

132,604,152 RPS at RM1.00 per RPS

132,604

- Fair value of 331,510,380 free Warrants
recognised in equity under warrants reserve
- Effects of deferred tax liability

(4,936)

(1,559)

Accumulated RPS dividends charged to statements of profit or loss

9,967

Accumulated RPS dividends payable

(7,992)

**RPS issued by the Company – liability component,
disclosed as per MFRS requirements****128,084**

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 long-term liability, net of fair value for the free Warrants issued and the effects of deferred tax liability. As of the date of this Report, none of the Warrants issued were converted into ordinary shares.

B9. Material Litigation

There are no material pending litigation since the last annual 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 2.5 sen per ordinary share each in the Company in respect of the financial year ending 30 June 2023.

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-2022	Quarter ended 30-Sep-2021	Period ended 30-Sep-2022	Period ended 30-Sep-2021
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	16,615	26,710	16,615	26,710
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,021	663,021	663,021	663,021
Basic earnings per share (Sen)	2.51	4.03	2.51	4.03

(b) Diluted earnings per share

The diluted earnings per share for the preceding year corresponding financial quarter and financial period was calculated by dividing the net profit attributable to owners of the Company (after taking into consideration the after-tax effect of finance costs savings on proceeds received upon the assumed conversion of 331,510,380 Warrants) for the financial quarter and financial period by the weighted average number of ordinary shares in issue at the end of the financial quarter and financial period to-date adjusted for the assumed conversion of Warrants into ordinary shares at the beginning of the financial period.

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 30-Sep-2022	Quarter ended 30-Sep-2021	Period ended 30-Sep-2022	Period ended 30-Sep-2021
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	16,615	26,710	16,615	26,710
Adjust for finance costs savings on proceeds received upon the assumed conversion of Warrants into ordinary shares (RM'000)	-	7,852	-	7,852
Adjusted net profit attributable to owners of the Company (RM'000)	16,615	34,562	16,615	34,562
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,021	663,021	663,021	663,021

B11. Earnings per share (Cont'd)**(b) Diluted earnings per share (cont'd)**

	Individual	Quarter	Cumulative	Quarter
	Quarter ended 30-Sep-2022	Quarter ended 30-Sep-2021	Period ended 30-Sep-2022	Period ended 30-Sep-2021
Adjusted for the assumed conversion of Warrants into ordinary shares ('000)	-	331,510	-	331,510
Adjusted weighted average number of ordinary shares ('000)	663,021	994,531	663,021	994,531
Diluted earnings per share (Sen)	n/a	3.48	n/a	3.48

The diluted earnings per share is not computed for the current financial quarter and financial period 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 2022 are set out below:-

Type of Derivatives	<u>Contract/ Notional value</u> RM'000	<u>Fair value</u> RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	504	(744)
<u>Other equity related contracts</u>		
- Less than 1 year	35,051	(2,837)
	35,555	(3,581)

There is no significant changes in respect of the following since the end of the preceding financial year ended 30 June 2022:-

- (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 RM0.1 million in the current financial quarter and for the financial period ended 30 September 2022 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.