

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

22 NOVEMBER 2023

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 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2024	FY2023	Changes %	FY2024	FY2023	Changes %
		Quarter ended 30-Sep-23 RM'000	Quarter ended 30-Sep-22 RM'000		Period ended 30-Sep-23 RM'000	Period ended 30-Sep-22 RM'000	
Revenue		47,803	62,215	-23%	47,803	62,215	-23%
Cost of sales	1	(25,702)	(39,124)	-34%	(25,702)	(39,124)	-34%
Other income	2	20,305	25,039	-19%	20,305	25,039	-19%
Administration expenses	3	(3,806)	(3,705)	3%	(3,806)	(3,705)	3%
Other operating expenses	4	(17,650)	(38,386)	-54%	(17,650)	(38,386)	-54%
Finance costs		(5,155)	(4,518)	14%	(5,155)	(4,518)	14%
Exceptional item	5	3,018	4,977	-39%	3,018	4,977	-39%
Share of profits less losses of associate companies		6,634	13,307	-50%	6,634	13,307	-50%
Share of losses of jointly controlled entities		(48)	-	>-100%	(48)	-	>-100%
Profit before tax		25,399	19,805	28%	25,399	19,805	28%
Tax expense		(3,838)	(3,414)	12%	(3,838)	(3,414)	12%
Profit for the quarter/period		21,561	16,391	32%	21,561	16,391	32%
Profit attributable to:-							
Owners of the Company		19,773	16,615	19%	19,773	16,615	19%
Non-controlling interests		1,788	(224)	>-100%	1,788	(224)	>-100%
		21,561	16,391	32%	21,561	16,391	32%
Earnings per share (in Sen)							
- Basic		2.98	2.51		2.98	2.51	
- Diluted		2.98	2.51		2.98	2.51	

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2024	FY2023	FY2024	FY2023
	Quarter ended	Quarter ended	Period ended	Period ended
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(2,188)</u>	<u>(2,018)</u>	<u>(2,188)</u>	<u>(2,018)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	8	214	8	214
Fair value gain on derivative financial instruments	1,332	86	1,332	86
Gain on disposal of property, plant and equipment	93	177	93	177
Interest income	9,416	5,130	9,416	5,130
Gain on exchange differences				
- unrealised	-	9,888	-	9,888
- realised	<u>24</u>	<u>1,209</u>	<u>24</u>	<u>1,209</u>
Note 3				
Included in Administration expenses are the following items:-				
Amortisation of intangible assets	(2)	(2)	(2)	(2)
Depreciation	<u>(160)</u>	<u>(146)</u>	<u>(160)</u>	<u>(146)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(2)	(34)	(2)	(34)
Amortisation of intangible asset	(15)	(15)	(15)	(15)
Inventories written off	-	(33)	-	(33)
Depreciation	(417)	(290)	(417)	(290)
Loss on fair value changes of financial assets				
at fair value through profit or loss	(1,249)	(26,716)	(1,249)	(26,716)
Loss on exchange differences				
- unrealised	<u>(1,260)</u>	<u>-</u>	<u>(1,260)</u>	<u>-</u>
Note 5				
Exceptional item represents:-				
Net gain on deemed disposal of equity interests in an associate company	<u>3,018</u>	<u>4,977</u>	<u>3,018</u>	<u>4,977</u>

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2024	FY2023	Changes %	FY2024	FY2023	Changes %
	Quarter ended 30-Sep-23 RM'000	Quarter ended 30-Sep-22 RM'000		Period ended 30-Sep-23 RM'000	Period ended 30-Sep-22 RM'000	
Profit for the quarter/period	21,561	16,391	32%	21,561	16,391	32%
<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	(192)	4,329	>-100%	(192)	4,329	>-100%
Foreign currency translation of foreign operations, net of tax	(393)	4,405	>-100%	(393)	4,405	>-100%
Total other comprehensive (loss)/income for the quarter/period, net of tax	(585)	8,734	>-100%	(585)	8,734	>-100%
Total comprehensive income for the quarter/period, net of tax	20,976	25,125	-17%	20,976	25,125	-17%
Attributable to:-						
Owners of the Company	19,188	25,349	-24%	19,188	25,349	-24%
Non-controlling interests	1,788	(224)	>-100%	1,788	(224)	>-100%
	20,976	25,125	-17%	20,976	25,125	-17%

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 2023 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 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/09/2023 RM'000 (Unaudited)	As at 30/06/2023 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	103,342	104,865
Investment properties	206,334	205,922
Financial assets at fair value through other comprehensive income	34,519	34,529
Financial assets at amortised cost	-	-
Jointly controlled entities	(850)	(902)
Associate companies	576,101	577,709
Other receivables	7,345	7,345
Intangible assets	43,550	43,557
Deferred tax assets	1,288	1,280
Land and property development costs	68,048	68,041
Total non-current assets	1,039,677	1,042,346
Current assets		
Land and property development costs	17,647	14,467
Inventories	22,280	22,096
Trade receivables	517,332	485,504
Contract assets	-	75,923
Amount due from associate companies	58,402	58,315
Amount due from jointly controlled entities	665	660
Other receivables, deposits and prepayments	54,192	51,869
Financial assets at fair value through profit or loss	228,481	222,832
Tax recoverable	8,686	9,098
Deposits with licensed banks and financial institutions	938,066	943,505
Cash and bank balances	154,302	104,747
Total current assets	2,000,053	1,989,016
TOTAL ASSETS	3,039,730	3,031,362
EQUITY AND LIABILITIES		
EQUITY		
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	62,312	63,225
Retained earnings	1,439,580	1,419,807
Equity attributable to owners of the Company	2,361,093	2,342,233
Non-controlling interests	156,964	157,976
TOTAL EQUITY	2,518,057	2,500,209
LIABILITIES		
Non-current liabilities		
Loans and borrowings	32,928	37,652
Lease liabilities	16,388	16,755
Deferred tax liabilities	15,486	15,504
Redeemable preference shares	128,792	128,622
Total non-current liabilities	193,594	198,533
Current liabilities		
Derivative financial liabilities	2,302	3,634
Trade payables	72,594	74,537
Contract liabilities	233	1,154
Other payables, deposits received and accruals	44,153	40,243
Loans and borrowings	201,294	205,309
Lease liabilities	7,084	7,334
Tax payable	419	409
Total current liabilities	328,079	332,620
TOTAL LIABILITIES	521,673	531,153
TOTAL EQUITY AND LIABILITIES	3,039,730	3,031,362
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	3.56	3.53

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 2023 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 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Attributable to Owners of the Company ----- >								
	<----- Non-distributable reserves ----->			<-- Distributable reserves -->					Non-controlling interests
	Share capital	Warrants reserve	Other reserves	Exchange translation reserve	Treasury shares	Retained earnings	Total	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial period ended 30 September 2023									
As at 1 July 2023	873,700	4,936	(8,511)	66,800	(14,499)	1,419,807	2,342,233	157,976	2,500,209
Transaction with owners:-									
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	-	(2,800)	(2,800)
Total transaction with owners	-	-	-	-	-	-	-	(2,800)	(2,800)
Total comprehensive income/(loss) for the financial period									
Profit for the financial period	-	-	-	-	-	19,773	19,773	1,788	21,561
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	(192)	-	-	(192)	-	(192)
Foreign currency translation of foreign operations, net of tax	-	-	-	(393)	-	-	(393)	-	(393)
Total comprehensive (loss)/income for the financial period	-	-	-	(585)	-	19,773	19,188	1,788	20,976
Post-acquisition reserves - associate companies	-	-	(328)	-	-	-	(328)	-	(328)
Balance at 30 September 2023	873,700	4,936	(8,839)	66,215	(14,499)	1,439,580	2,361,093	156,964	2,518,057

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 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
Total comprehensive income for the financial period									
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

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 2023 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 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/09/2023 RM'000	Period ended 30/09/2022 RM'000
Cash flows from operating activities		
Profit before tax	25,399	19,805
Adjustments for:-		
Non-cash items	(8,890)	(2,391)
Finance costs	5,155	4,518
Interest income	(9,416)	(5,130)
Operating profit before working capital changes	<u>12,248</u>	<u>16,802</u>
Changes in working capital:-		
Net changes in current assets	30,580	38,508
Net changes in current liabilities	3,119	(23,827)
Cash from operations	<u>45,947</u>	<u>31,483</u>
Interest paid	(6,205)	(5,573)
Interest received	9,416	5,079
Tax paid	(3,309)	(2,723)
Net cash from operating activities	<u>45,849</u>	<u>28,266</u>
Cash flows from investing activities		
Acquisition of shares in associate companies	-	(571)
Subscription of shares in a jointly controlled entity	(100)	-
Purchase of property, plant and equipment	(310)	(773)
Purchase of financial assets at fair value through other comprehensive income	-	(1,629)
Purchase of intangible assets	(10)	(157)
Addition to investment property	(680)	-
Proceeds from disposal of property, plant and equipment	149	186
Dividend received	13,751	14,524
Net cash from investing activities	<u>12,800</u>	<u>11,580</u>
Cash flows from financing activities		
Decrease/(Increase) in fixed deposits pledged	1,440	(146,160)
Decrease in cash and bank balances pledged	148	133,979
Net repayment of loans and borrowings	(8,244)	(22,342)
Dividend paid to non-controlling interests of a subsidiary company	(2,800)	-
Repayment of lease liabilities	(2,056)	(1,855)
Net cash used in financing activities	<u>(11,512)</u>	<u>(36,378)</u>
Net increase in cash and cash equivalents	47,137	3,468
Cash and cash equivalents at beginning of the financial period	812,075	681,929
Exchange differences	(626)	4,884
Cash and cash equivalents at end of the financial period	<u>858,586</u>	<u>690,281</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(1)	(72)
Cash and bank balances	154,302	180,113
Deposits with licensed banks and financial institutions	<u>938,066</u>	<u>757,724</u>
	1,092,367	937,765
Less:		
Cash and bank balances pledged	(2,205)	(33,313)
Fixed deposits pledged	<u>(231,576)</u>	<u>(214,171)</u>
	<u>858,586</u>	<u>690,281</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 2023 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 2023 - 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 2023, 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 2023.

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 2023 except for the adoption of the following new Standard and amendments to Standards issued by the MASB that became effective and relevant to the Group for the financial year beginning on or after 1 July 2023:-

Effective for financial period beginning on or after 1 January 2023

MFRS 17 and 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 - 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
Amendments to MFRS 112	Income Taxes - International Tax Reform: Pillar Two Model Rules

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

A2. Changes in Accounting Policies (Cont'd)

The Group has not early adopted amendments to Standards that have been issued but are not yet effective for the accounting period beginning 1 July 2023, as follows:-

Effective for financial period beginning on or after 1 January 2024

Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements - Non-Current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for financial period beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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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 amendments 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 2023.

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-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM'000	RM'000	RM'000	RM'000
Fair value gain on derivative financial instruments	1,332	86	1,332	86
Loss on fair value changes of financial assets at fair value through profit or loss	(1,249)	(26,716)	(1,249)	(26,716)
Gain/(Loss) on exchange differences				
- realised	24	1,209	24	1,209
- unrealised	(1,260)	9,888	(1,260)	9,888
Net gain on deemed disposal of equity interests in an associate company	3,018	4,977	3,018	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 25 November 2022, 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 2023. 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 2023.

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 2023.

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 2023 to 30 June 2023, paid on 20 July 2023.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 30 September 2023 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	19,390	18,205	350	4,485	5,373	-	47,803
Inter-segment revenue	107	544	8,518	(178)	74	(9,065)	-
Total segment revenue	19,497	18,749	8,868	4,307	5,447	(9,065)	47,803
Results							
Segment profit/(loss) from operations	12,109	965	(1,097)	(138)	(257)	(48)	11,534
Interest income	1,863	5,397	4,840	189	115	(2,988)	9,416
Finance costs	(2,679)	(4,184)	(119)	(693)	(516)	3,036	(5,155)
Exceptional item	-	-	3,018	-	-	-	3,018
Share of profits less losses of associate companies	-	(1,243)	10,844	(410)	(2,557)	-	6,634
Share of losses of jointly controlled entities	(48)	-	-	-	-	-	(48)
Profit/(Loss) before tax	11,245	935	17,486	(1,052)	(3,215)	-	25,399
Tax expense	(2,661)	(419)	(754)	(3)	(1)	-	(3,838)
Profit/(Loss) for the financial period	8,584	516	16,732	(1,055)	(3,216)	-	21,561
Attributable to:-							
Owners of the Company							19,773
Non-controlling interests							1,788
Segment assets	741,743	878,574	1,043,477	98,735	277,201	-	3,039,730
Segment liabilities	97,282	342,783	13,426	28,762	39,420	-	521,673

A9. Segment Information (Cont'd)

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

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 2023.

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 27 July 2023, M & A Digital Sdn. Bhd. ("MADSB") was incorporated as an indirect subsidiary of the Company with an issued and paid up share capital of RM2 comprising of 2 ordinary shares. MADSB is 100% owned by M & A Equity Holdings Berhad ("M & A Equity"), a subsidiary of the Company.

The principal activities of MADSB are financing activities and other related services.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2023 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
<u>Unsecured:</u>				
Corporate guarantees extended to licensed banks and financial institutions for credit facilities granted to certain subsidiary companies	-	-	108,804	46,924

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

A14. Commitments

Material contractual commitments not provided for in the financial statements as at 30 September 2023 are as follows:-

	RM'000
To acquire property, plant and equipment	1,918
Investment commitments for new subsidiaries in the financing related activities	4,490
Investment commitments in relation to financial assets at fair value through other comprehensive income	516

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 RM47.8 million and a pre-tax profit of RM25.4 million in the current financial quarter (Q1/2024) as compared to revenue of RM62.2 million and a pre-tax profit of RM19.8 million in the preceding year corresponding financial quarter (Q1/2023). The review of performance by divisions are as follows:-

Financial services and credit & leasing division

The unit reported higher revenue of RM19.4 million and pre-tax profit of RM11.2 million in the current financial quarter as compared to preceding year corresponding quarter of RM17.4 million and RM10.0 million respectively mainly due to higher corporate advisory fee income generated by the M & A Securities.

Investment holding and trading division

The investment unit reported lower revenue of RM18.2 million in Q1/2024 mainly due to lower trading activities as compared to RM39.1 million in Q1/2023.

The investment unit reported a pre-tax profit of RM0.9 million in Q1/2024 as compared to a pre-tax loss of -RM16.7 million in Q1/2023 mainly due to lower unrealised loss on fair value changes of financial assets at fair value through profit or loss in the current financial quarter.

Technology and IT-related manufacturing, trading and services division

There is no significant variance on revenue reported in Q1/2024 as compared to Q1/2023.

The Technology unit reported lower pre-tax profit of RM17.5 million in Q1/2024 as compared to RM26.8 million in Q1/2023 mainly due to lower equity profit contribution from Inari Amertron Berhad of RM12.2 million (Q1/2023: RM15.3 million), lower gain on deemed disposal of equity interests in an associate company of RM3.0 million reported in Q1/2024 (Q1/2023: RM5.0 million) and unrealised foreign exchange loss of -RM0.2 million (Q1/2023: unrealised foreign exchange gain of RM2.5 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-2023 RM'000	Immediate Preceding Quarter 30-June-2023 RM'000	Changes (%)
Revenue	47,803	42,527	12%
Profit from operations	11,534	17,148	-33%
Profit before tax	25,399	37,964	-33%
Profit after tax	21,561	32,442	-34%
Profit attributable to owners of the Company	19,773	33,340	-41%

The Group reported higher revenue of RM47.8 million in the current financial quarter as compared to RM42.5 million reported in the immediate preceding financial quarter, mainly due to higher revenue generated by the stock broking unit. The Group reported lower pre-tax profit of RM25.4 million in the current financial quarter as compared to RM38.0 million in Q4/2023 mainly due to higher unrealised foreign exchange gain reported in Q4/2023.

B3. Prospects for financial year ending 30 June 2024

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, energy costs and 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 division is cautious but is expected to remain positive in FY 2024 whereas the corporate advisory division is expected to projected steady performance. The structured finance unit is expected to contribute positively to the Group's results in FY 2024.

Investment trading division

The investment unit's performance for the financial year ending 30 June 2024 is largely dependent on the global financial markets which are expected to remain volatile in FY 2024 due to the war in Ukraine, Israel-Gaza war, global inflationary pressures and the continued high interest rate environment.

Technology and IT-related manufacturing, trading and services division

Barring any negative development from the ongoing slowdown in the semiconductor market and tighter monetary policies in major economies, the Board expects the Technology unit to generate positive contribution to the Group in FY 2024 despite projected lower growth in the radio frequency and optoelectronics businesses of Inari Amertron Group in FY 2024.

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 2023 is as follows:-

	Individual Quarter ended 30-Sep-2023 RM'000	Quarter Quarter ended 30-Sep-2022 RM'000	Cumulative Period ended 30-Sep-2023 RM'000	Quarter Period ended 30-Sep-2022 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	3,705	3,294	3,705	3,294
- Overseas income tax	158	134	158	134
<u>Deferred tax:-</u>				
Transfer to deferred taxation	(25)	(14)	(25)	(14)
	<u>3,838</u>	<u>3,414</u>	<u>3,838</u>	<u>3,414</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-2023 RM'000	Quarter Quarter ended 30-Sep-2022 RM'000	Cumulative Period ended 30-Sep-2023 RM'000	Quarter Period ended 30-Sep-2022 RM'000
Profit before tax	<u>25,399</u>	<u>19,805</u>	<u>25,399</u>	<u>19,805</u>
Income tax at Malaysian statutory tax rate of 24%	6,096	4,753	6,096	4,753
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	1,884	4,255	1,884	4,255
Income not subject to tax	(4,401)	(5,915)	(4,401)	(5,915)
Effect of different tax rates in other countries	21	213	21	213
Overseas tax paid on dividend income	158	134	158	134
Utilisation of previously unrecognised deferred tax assets	(1)	(155)	(1)	(155)
Deferred tax not recognised in the financial statements	81	129	81	129
	<u>3,838</u>	<u>3,414</u>	<u>3,838</u>	<u>3,414</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.

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 2023

	As at 30 September 2023					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Bank overdrafts						
- RM	-	-	-	1	-	1
Term loans						
- RM	-	32,928	-	3,567	-	36,495
- SGD	-	-	15,167	52,145	15,167	52,145
- GBP	-	-	837	4,796	837	4,796
- EUR	-	-	2,527	12,535	2,527	12,535
Revolving credit facilities	-	-	-	128,030	-	128,030
Margin financing facility	-	-	-	220	-	220
Total loans and borrowings	-	32,928	-	201,294	-	234,222

	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

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

	Interest Rate (%)	
	As at 30.09.2023	As at 30.09.2022
Secured		
Bank overdrafts	7.39%-8.14%	6.89%-7.64%
Term loans	4.18%-6.84%	0.78%-5.02%
Revolving credit facilities	4.62%-5.81%	3.64%-4.62%
Margin financing facility	5.67%-6.67%	5.67%

B8. Group Borrowings and Debt Securities as at 30 September 2023 (Cont'd)

Debt securities

	RM'000
<u>Redeemable preference shares ("RPS")</u>	
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	(4,936)
- Effects of deferred tax liability	(1,559)
Accumulated RPS dividends charged to statements of profit or loss	15,713
Accumulated RPS dividends paid/payable	<u>(13,030)</u>
RPS issued by the Company – liability component, disclosed as per MFRS requirements	<u>128,792</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 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 declared 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 2024.

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-2023	Quarter ended 30-Sep-2022	Period ended 30-Sep-2023	Period ended 30-Sep-2022
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	19,773	16,615	19,773	16,615
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)	2.98	2.51	2.98	2.51

(b) Diluted earnings per share

For the current financial quarter and financial period, there is no potential conversion of the outstanding Warrants of the Company into ordinary shares and this has an anti-dilutive effect on the basic earnings per ordinary share. As such, the diluted earnings per ordinary share is equivalent to the basic earnings per ordinary share which is in accordance to MFRS 133 Earnings per Share.

B12. Derivative Financial Liabilities

Details of derivative financial liabilities as at 30 September 2023 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	47	(223)
<u>Other equity related contracts</u>		
- Less than 1 year	29,432	(2,079)
	29,479	(2,302)

There is no significant changes in respect of the following since the end of the preceding financial year ended 30 June 2023:-

- 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 RM1.3 million in the current financial quarter and for the financial period ended 30 September 2023 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.