

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

21 NOVEMBER 2017

**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 2017

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2018 Current financial quarter ended 30-Sep-17 RM'000	FY2017 Preceding year corresponding financial quarter ended 30-Sep-16 RM'000	Changes %	FY2018 Financial period ended 30-Sep-17 RM'000	FY2017 Preceding year financial period ended 30-Sep-16 RM'000	Changes %
Revenue		92,738	51,871	79%	92,738	51,871	79%
Cost of sales	1	(59,951)	(37,093)	62%	(59,951)	(37,093)	62%
Other income	2	22,303	52,735	-58%	22,303	52,735	-58%
Administration expenses	3	(6,269)	(6,830)	-8%	(6,269)	(6,830)	-8%
Other operating expenses	4	(15,796)	(10,957)	44%	(15,796)	(10,957)	44%
Finance costs		(5,767)	(4,518)	28%	(5,767)	(4,518)	28%
Exceptional item	5	(2,204)	(176)	>100%	(2,204)	(176)	>100%
Share of profits less losses of associate companies		16,774	16,667	1%	16,774	16,667	1%
Profit before tax		41,828	61,699	-32%	41,828	61,699	-32%
Tax expense		(2,432)	(3,219)	-24%	(2,432)	(3,219)	-24%
Profit for the quarter/period		39,396	58,480	-33%	39,396	58,480	-33%
Profit attributable to:-							
Owners of the Company		39,475	58,586	-33%	39,475	58,586	-33%
Non-controlling interests		(79)	(106)	-25%	(79)	(106)	-25%
		39,396	58,480	-33%	39,396	58,480	-33%
Earnings per share (in Sen)							
- Basic		5.95	8.84		5.95	8.84	
- Diluted		n/a	n/a		n/a	n/a	

**Note 1**

Included in Cost of sales is the following item:-

Depreciation	(7,489)	(8,356)	(7,489)	(8,356)
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**Note 2**

Included in Other income are the following items:-

Allowance for doubtful debts no longer required	70	21	70	21
Fair value gain on derivative financial instruments	-	4,989	-	4,989
Gain on disposal of property, plant and equipment	50	69	50	69
Interest income	3,099	3,002	3,099	3,002
Gain on exchange differences				
- unrealised	2,644	5,990	2,644	5,990
Gain on fair value changes of financial assets at fair value through profit or loss	-	6,530	-	6,530
Gain on disposal of shares in an associate company	9,159	24,653	9,159	24,653

**Note 3**

Included in Administration expenses is the following item:-

Depreciation	(220)	(167)	(220)	(167)
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**Note 4**

Included in Other operating expenses are the following items:-

Allowance for doubtful debts	(347)	(7)	(347)	(7)
Bad debt written off	(4)	-	(4)	-
Property, plant and equipment written off	(40)	-	(40)	-
Depreciation	(456)	(500)	(456)	(500)
Fair value loss on derivative financial instruments	(3,594)	-	(3,594)	-
Loss on fair value changes of financial assets at fair value through profit or loss	(1,397)	-	(1,397)	-
Loss on exchange differences				
- realised	(804)	(717)	(804)	(717)

**Note 5**

Exceptional item represents:-

Effects of dilution of equity interests in associate companies	(2,204)	(176)	(2,204)	(176)
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**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2018	FY2017		FY2018	FY2017	
Note	Current financial quarter ended 30-Sep-17 RM'000	Preceding year corresponding financial quarter ended 30-Sep-16 RM'000	Changes %	Financial period ended 30-Sep-17 RM'000	Preceding year financial period ended 30-Sep-16 RM'000	Changes %
Profit for the quarter/period	39,396	58,480	-33%	39,396	58,480	-33%
<u>Other comprehensive (loss)/income may be reclassified to profit or loss subsequently:-</u> Unrealised (loss)/gain on fair value changes on available for sale investments, net of tax	(174)	116	>-100%	(174)	116	>-100%
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	(326)	1,011	>-100%	(326)	1,011	>-100%
Foreign currency translation of foreign operations, net of tax	(2,074)	5,248	>-100%	(2,074)	5,248	>-100%
Total other comprehensive (loss)/income for the quarter/period, net of tax	(2,574)	6,375	>-100%	(2,574)	6,375	>-100%
Total comprehensive income for the quarter/period, net of tax	<b>36,822</b>	<b>64,855</b>	<b>-43%</b>	<b>36,822</b>	<b>64,855</b>	<b>-43%</b>
Attributable to:-						
Owners of the Company	36,908	64,862	-43%	36,908	64,862	-43%
Non-controlling interests	(86)	(7)	>100%	(86)	(7)	>100%
	<b>36,822</b>	<b>64,855</b>	<b>-43%</b>	<b>36,822</b>	<b>64,855</b>	<b>-43%</b>

**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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.

**INSAS BERHAD**  
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**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 30/09/2017 RM'000	As at preceding financial year ended 30/06/2017 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	181,639	184,946
Investment properties	178,258	177,877
Available for sale investments	42,893	42,970
Held to maturity investments	4,592	4,591
Associate companies	318,598	301,303
Intangible assets	26,047	26,047
Deferred tax assets	2,642	2,642
<b>Total non-current assets</b>	<b>754,669</b>	<b>740,376</b>
<b>Current assets</b>		
Property development costs	10,232	10,233
Inventories	14,217	14,107
Trade receivables	396,046	404,778
Amount due from associate companies	90,985	92,702
Other receivables, deposits and prepayments	35,606	28,625
Held to maturity investments	813	2,383
Financial assets at fair value through profit or loss	325,197	330,544
Tax recoverable	1,432	1,881
Deposits with licensed banks and financial institutions	476,572	461,092
Cash and bank balances	130,049	118,258
<b>Total current assets</b>	<b>1,481,149</b>	<b>1,464,603</b>
<b>TOTAL ASSETS</b>	<b>2,235,818</b>	<b>2,204,979</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	741,113	741,113
Treasury shares	(14,499)	(14,499)
Reserves	96,581	93,485
Retained earnings	773,533	734,058
	1,596,728	1,554,157
Non-controlling interests	7,671	7,757
<b>TOTAL EQUITY</b>	<b>1,604,399</b>	<b>1,561,914</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	21,680	21,555
Hire purchase payables	73,717	74,183
Deferred tax liabilities	6,703	6,741
Preference shares	130,568	130,422
<b>Total non-current liabilities</b>	<b>232,668</b>	<b>232,901</b>
<b>Current liabilities</b>		
Derivative financial liabilities	11,163	7,572
Trade payables	56,701	49,086
Other payables and accruals	29,758	30,399
Hire purchase payables	32,343	33,860
Loans and borrowings	267,815	288,593
Tax payable	971	654
<b>Total current liabilities</b>	<b>398,751</b>	<b>410,164</b>
<b>TOTAL LIABILITIES</b>	<b>631,419</b>	<b>643,065</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,235,818</b>	<b>2,204,979</b>
<b>Net assets per share attributable to owners of the Company<sup>(7)</sup> (RM)</b>	<b>2.41</b>	<b>2.34</b>

**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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.

**INSAS BERHAD**  
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**UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017.**

	Attributable to Owners of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000	
	Non-Distributable			Distributable							
	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Warrants reserve RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
<b>Period ended 30 September 2017</b>											
As at 1 July 2017	741,113	-	8,302	4,622	39,834	40,727	(14,499)	734,058	1,554,157	7,757	1,561,914
<b>Transaction with owners:-</b>											
Post-acquisition reserves - associate companies	-	-	-	-	5,663	-	-	-	5,663	-	5,663
<b>Total transaction with owners</b>	-	-	-	-	5,663	-	-	-	5,663	-	5,663
<b>Total comprehensive (loss)/income for the financial period</b>											
Profit for the financial period	-	-	-	-	-	-	-	39,475	39,475	(79)	39,396
Unrealised loss on fair value changes on available for sale investments, net of tax	-	-	(174)	-	-	-	-	-	(174)	-	(174)
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	-	(13)	(313)	-	-	(326)	-	(326)
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	(2,067)	-	-	(2,067)	(7)	(2,074)
<b>Total comprehensive (loss)/income for the financial period</b>	-	-	(174)	-	(13)	(2,380)	-	39,475	36,908	(86)	36,822
Balance at 30 September 2017	741,113	-	8,128	4,622	45,484	38,347	(14,499)	773,533	1,596,728	7,671	1,604,399
<b>Period ended 30 September 2016</b>											
As at 1 July 2016	693,334	47,751	5,863	4,622	25,397	27,656	(14,499)	559,540	1,349,664	7,558	1,357,222
<b>Transactions with owners:-</b>											
Post-acquisition reserves - associate companies	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Subscription of shares in subsidiary companies by non-controlling interests	-	-	-	-	-	-	-	-	-	245	245
Deconsolidation of subsidiary companies on completion of members' voluntary winding up	-	-	-	-	-	-	-	-	-	110	110
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	(43)	(43)
<b>Total transactions with owners</b>	-	-	-	-	(2)	-	-	-	(2)	312	310
<b>Total comprehensive income for the financial period</b>											
Profit for the financial period	-	-	-	-	-	-	-	58,586	58,586	(106)	58,480
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	116	-	-	-	-	-	116	-	116
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	426	585	-	-	1,011	-	1,011
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	5,149	-	-	5,149	99	5,248
<b>Total comprehensive income for the financial period</b>	-	-	116	-	426	5,734	-	58,586	64,862	(7)	64,855
Balance at 30 September 2016	693,334	47,751	5,979	4,622	25,821	33,390	(14,499)	616,126	1,414,524	7,863	1,422,387

**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 2017 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 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017.**

	Current financial period ended 30/09/2017 RM'000	Preceding year financial period ended 30/09/2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	41,828	61,699
Adjustments for:-		
Non-cash items	(16,671)	(53,551)
Finance costs	5,767	4,518
Interest income	(3,099)	(3,002)
Operating profit before working capital changes	27,825	9,664
Changes in working capital:-		
Net changes in current assets	5,921	(72,633)
Net changes in current liabilities	(150)	10,878
<b>Cash from/(used in) operations</b>	33,596	(52,091)
Interest paid	(5,658)	(4,470)
Interest received	3,099	3,002
Tax paid	(1,516)	(1,748)
<b>Net cash from/(used in) operating activities</b>	29,521	(55,307)
<b>Cash flows from investing activities</b>		
Subscription of shares in associate companies	(10,500)	(24)
Purchase of property, plant and equipment	(1,090)	(9,337)
Purchase of held to maturity investments	-	(2,279)
Purchase of available for sale investments	(97)	-
Purchase of investment properties	(385)	(1,490)
Proceeds from disposal of shares in an associate company	10,978	52,568
Proceeds from disposal of property, plant and equipment	27,638	3,892
Proceeds from redemption of held to maturity investments	1,569	4,203
Capital repayment from an associate company	29	-
Dividend received	14,830	9,036
<b>Net cash from investing activities</b>	42,972	56,569
<b>Cash flows from financing activities</b>		
(Increase)/Decrease in fixed deposits pledged	(4,298)	14,010
Decrease/(Increase) in cash and bank balances pledged	10,489	(9,848)
Net (repayment)/drawdown of loans and borrowings	(17,517)	12,359
Proceeds from issuance of shares in subsidiary companies to non-controlling interests	-	245
Repayment of hire purchase payables	(26,322)	(11,106)
Capital repayment to non-controlling interests	-	(43)
<b>Net cash (used in)/from financing activities</b>	(37,648)	5,617
<b>Net increase in cash and cash equivalents</b>	34,845	6,879
<b>Cash and cash equivalents at beginning of the financial period</b>	301,394	258,050
<b>Exchange differences</b>	(484)	1,779
<b>Cash and cash equivalents at end of the financial period</b>	335,755	266,708
<b>Cash and cash equivalents comprise of:-</b>		
Bank overdrafts	(5,124)	(11,934)
Cash and bank balances	99,067	62,152
Deposits with licensed banks and financial institutions	241,812	216,490
	335,755	266,708

**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 2017 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 2017 - 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 2017, 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 2017.

**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 2017 except for the adoption of new MFRS, amendments to MFRSs and IC Interpretations issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2017. The adoption of the new standards, amendments to standards and IC interpretations are not expected to have any material financial impact on the financial statements of the Group.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1 July 2017.

**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 2017.

**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-2017	30-Sep-2016	30-Sep-2017	30-Sep-2016
	RM'000	RM'000	RM'000	RM'000
Fair value (loss)/gain on derivative financial instruments	(3,594)	4,989	(3,594)	4,989
Gain on disposal of shares in an associate company	9,159	24,653	9,159	24,653
(Loss)/Gain on fair value changes of financial assets at fair value through profit or loss	(1,397)	6,530	(1,397)	6,530
(Loss)/Gain on exchange differences				
- realised	(804)	(717)	(804)	(717)
- unrealised	2,644	5,990	2,644	5,990
Effects of dilution of equity interests in associate companies	(2,204)	(176)	(2,204)	(176)

#### 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 24 November 2016, 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 3 months period ended 30 September 2017. Of the total 693,333,633 issued and fully paid up ordinary shares, 30,327,291 shares are being held as treasury shares by the Company as at 30 September 2017.

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 2017.

## A8. Dividends paid

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

## A9. Segment Information

The segment analysis for the financial period ended 30 September 2017 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
<b>Revenue</b>							
External revenue	14,749	48,553	10,205	19,064	167	-	92,738
Inter-segment revenue	240	1,915	9,167	1,311	131	(12,764)	-
Total segment revenue	14,989	50,468	19,372	20,375	298	(12,764)	92,738
<b>Results</b>							
Segment profit/(loss) from operations	3,620	15,200	9,965	1,551	(112)	(298)	29,926
Interest income	862	3,694	1,253	3	10	(2,723)	3,099
Finance costs	(2,599)	(4,278)	(18)	(1,708)	(185)	3,021	(5,767)
Exceptional item	-	-	(2,204)	-	-	-	(2,204)
Share of profits less losses of associate companies	-	2,793	13,746	(724)	959	-	16,774
Profit/(loss) before tax	1,883	17,409	22,742	(878)	672	-	41,828
Tax expense	(1,682)	(687)	-	(63)	-	-	(2,432)
Profit/(loss) for the financial period	201	16,722	22,742	(941)	672	-	39,396
<b>Attributable to:-</b>							
Owners of the Company							39,475
Non-controlling interests							(79)
Segment assets	513,822	919,619	440,547	202,174	159,656	-	2,235,818
Segment liabilities	78,078	416,219	1,990	130,967	4,165	-	631,419



## A9. Segment Information (Cont'd)

The segment analysis for the financial period ended 30 September 2016 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
<b>Revenue</b>							
External revenue	10,220	23,064	1,831	16,474	282	-	51,871
Inter-segment revenue	290	1,926	4,618	1,938	127	(8,899)	-
Total segment revenue	10,510	24,990	6,449	18,412	409	(8,899)	51,871
<b>Results</b>							
Segment profit/(loss) from operations	3,862	26,420	15,002	1,779	(95)	(244)	46,724
Interest income	954	2,411	1,280	-	40	(1,683)	3,002
Finance costs	(1,448)	(3,176)	(81)	(1,558)	(182)	1,927	(4,518)
Exceptional item	-	-	(176)	-	-	-	(176)
Share of profits less losses of associate companies	-	6,240	8,834	(600)	2,193	-	16,667
Profit/(loss) before tax	3,368	31,895	24,859	(379)	1,956	-	61,699
Tax expense	(1,298)	(2,040)	-	134	(15)	-	(3,219)
Profit/(loss) for the financial period	2,070	29,855	24,859	(245)	1,941	-	58,480
<b>Attributable to:-</b>							
Owners of the Company							58,586
Non-controlling interests							(106)
Segment assets	482,867	817,561	338,435	200,163	160,491	-	1,999,517
Segment liabilities	67,950	370,581	6,574	127,160	4,865	-	577,130

## 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 2017.

## 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:-

During the current financial quarter, the Company announced that the following dormant subsidiary companies had conducted their final meetings to conclude the members' voluntary winding-up:-

Subsidiary companies:-	Date final meeting was held:-	Return by Liquidators Relating to Final Meeting was lodged on:-
Xota Communications Sdn Bhd	31 July 2017	3 August 2017
Xotapoint Sdn Bhd	31 July 2017	3 August 2017

On the expiration of three (3) months after the lodgement of the Return by Liquidators Relating to Final Meetings with the Companies Commission of Malaysia and Official Receiver, the above companies were dissolved.

## A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2017 and up to the date of this Report, which affects substantially the results of the operation of the Group, other than as disclosed below:-

On 2 November 2017, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary of the Company had acquired a total of 270,000,000 ordinary shares in Diversified Gateway Solutions Berhad ("DGSB") ("DGSB Shares"), representing 19.91% of the total issued share capital of DGSB via direct business transaction from Omesti Berhad for a total cash consideration of RM12,825,000 which represents a purchase price of RM0.0475 per DGSB Share ("Acquisition").

DGSB was incorporated as a private limited company on 15 December 2004 under the name of ISS Consulting Solutions Sdn Bhd. It was converted to a public limited company on 3 March 2005 and assumed its present name on 22 September 2011. DGSB was listed on the ACE Market of Bursa Malaysia Securities Berhad on 2 August 2006. DGSB's current issued share capital comprises of 1,355,877,090 DGSB Shares.

DGSB is principally engaged in investment holding activities whilst its subsidiaries are involved in the business of computer networking solutions and system integration and in the business of providing computer networking and digital media solutions and services as well as in the business of computer distribution and maintenance of computer networking, network security storage and network management solutions.

ITB's principal business involves, among others investment holding, the provision of information technology and consultancy services and trading of electronic and telecommunications related products. The Acquisition is expected to have synergistic benefits as both ITB and DGSB operates in the business of information technology.

### A13. Contingent Assets or Liabilities

As at the date of this Report, the Group has provided guarantees amounting to RM198,472,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiaries. 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 2017 are as follows:-

	RM'000
To acquire property, plant and equipment	2,589
To acquire investment properties	18,670
Investment commitments in relation to available for sale investments	<u>13,986</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 RM92.7 million and a pre-tax profit of RM41.8 million in the current financial quarter as compared to revenue of RM51.9 million and a pre-tax profit of RM61.7 million in the preceding year corresponding financial quarter. The review of performance by divisions is as follows:-

##### Financial services and credit & leasing division

The unit reported higher revenue of RM14.7 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM10.2 million due to higher revenue generated by the stock broking's corporate finance advisory unit and structured finance from loans to new clients.

The unit reported lower pre-tax profit of RM1.9 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM3.4 million mainly due to higher loss on fair value changes on financial assets at fair value through profit or loss of -RM4.2million in the current financial quarter (Q1/2017: -RM1.2million).

## B1. Review of Performance (Cont'd)

### Comparison between current financial quarter against preceding year corresponding financial quarter (cont'd)

#### Investment holding and trading division

The investment unit reported higher revenue of RM48.6 million in the current financial quarter mainly due to higher trading activities as compared to revenue of RM23.1 million in the preceding year corresponding financial quarter.

The unit reported a lower pre-tax profit of RM17.4 million in the current financial quarter as compared to preceding year corresponding financial quarter of RM31.9 million mainly due to fair value loss on derivative financial instruments of –RM3.6 million (Q1/2017: gain of RM5.0 million) and lower gain on fair value changes of financial assets at fair value through profit or loss of RM2.5 million (Q1/2017: RM7.6 million).

#### Technology and IT-related manufacturing, trading and services division

The Technology unit reported higher revenue of RM10.2 million in the current financial quarter mainly due to increase in demand for new trading products as compared to revenue of RM1.8 million in the preceding year corresponding financial quarter.

The Technology unit reported lower pre-tax profit of RM22.7 million in the current financial quarter as compared to RM24.9 million in the preceding year corresponding financial quarter primarily due to lower gain on disposal of shares in an associate company of RM8.8 million in current financial quarter as compared to RM18.5 million in the preceding year corresponding financial quarter. For the current financial quarter, Inari Amertron Group contributed after-tax profit of RM13.6 million (Q1/2017: RM10.1 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-Sept-2017 RM'000	Immediate Preceding Quarter 30-June-2017 RM'000	Changes (%)
Revenue	92,738	111,436	-16.8%
Profit from operations	29,926	28,533	4.9%
Profit before tax	41,828	37,098	12.8%
Profit after tax	39,396	34,987	12.6%
Profit attributable to owners of the Company	39,475	34,913	13.1%

The higher profit in the current financial quarter as compared to the immediate preceding financial quarter is primarily due to lower fair value loss on derivative financial instruments of –RM3.6 million (Q4/2017: -RM5.2 million), gain on foreign exchange of RM1.8 million (Q4/2017: loss of –RM2.6 million) and higher gain on disposal of shares in associate companies RM9.2 million (Q4/2017: RM0.6 million).

### B3. Prospects for financial year ending 30 June 2018

#### Financial services division

The Board is of the view that the stock broking and structured finance units are positioned adequately and will maintain their positive contribution to the Group. M&A Securities Sdn Bhd will continue its niche in its stock broking and corporate finance advisory role in promoting SME companies to list on the new LEAP Market introduced by Bursa Malaysia Securities Berhad in June 2017.

#### Investment trading division

The investment unit's performance for the new financial year ending 30 June 2018 is largely dependent on the global economy and global financial markets outlook which the Group expects will grow modestly.

#### Technology and IT-related manufacturing, trading and services division

The Board is optimistic the Technology unit and Inari Amertron Group will maintain their positive financial performance in the financial year ending 30 June 2018 due to projected growth in revenue arising from continuing demand for the Technology unit and Inari Amertron Group's existing and new services/products.

### 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 2017 is as follows:-

	Individual Quarter ended 30-Sept-2017 RM'000	Quarter Quarter ended 30-Sept-2016 RM'000	Cumulative Period ended 30-Sept-2017 RM'000	Quarter Period ended 30-Sept-2016 RM'000
<b><u>Income tax:-</u></b>				
Provision for current financial quarter/period				
- Malaysian income tax	2,372	3,145	2,372	3,145
- Overseas income tax	95	241	95	241
<b><u>Deferred tax:-</u></b>				
Transfer from deferred taxation	(35)	(134)	(35)	(134)
Overprovision in preceding financial quarter/period	-	(33)	-	(33)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,432	3,219	2,432	3,219
	<hr/>	<hr/>	<hr/>	<hr/>

## B5. Tax Expense (Cont'd)

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-Sept-2017 RM'000	Quarter Quarter ended 30-Sept-2016 RM'000	Cumulative Period ended 30-Sept-2017 RM'000	Quarter Period ended 30-Sept-2016 RM'000
Profit before tax	41,828	61,699	41,828	61,699
Income tax at Malaysian statutory tax rate of 24%	10,039	14,808	10,039	14,808
<u>Tax effect in respect of:-</u>				
Non-allowable expenses	3,131	2,052	3,131	2,052
Income not subject to tax	(10,761)	(13,302)	(10,761)	(13,302)
Effect of different tax rates in other countries	(247)	(416)	(247)	(416)
Overseas tax paid on dividend income	208	241	208	241
Utilisation of previously unrecognised deferred tax assets	(41)	(255)	(41)	(255)
Deferred tax not recognised in the financial statements	103	124	103	124
Tax expenses for the financial quarter/period	2,432	3,252	2,432	3,252
Overprovision for deferred taxation in preceding financial quarter/period	-	(33)	-	(33)
	2,432	3,219	2,432	3,219

## B6. Status of Corporate Proposal announced but not completed as at the date of this Report

There is no corporate proposal that has been announced but has not been completed as at the date of this Report.

## B7. Status of Utilisation of Proceeds

There is no unutilised proceeds from any corporate proposal.

**B8. Group Borrowings and Debt Securities as at 30 September 2017**

	As at 30 September 2017					
	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
<b>Secured</b>						
<b>Bank overdrafts</b>						
- RM	-	-	-	3,808	-	3,808
- SGD	-	-	423	1,316	423	1,316
<b>Term loans</b>						
- RM	-	12,832	-	601	-	13,433
- SGD	2,844	8,848	17,462	54,320	20,306	63,168
- HKD	-	-	12,325	6,670	12,325	6,670
- USD	-	-	20,234	85,519	20,234	85,519
- GBP	-	-	740	4,196	740	4,196
- EUR	-	-	5,883	29,285	5,883	29,285
<b>Revolving credit facilities</b>	-	-	-	82,100	-	82,100
<b>Total loans and borrowings</b>	-	21,680	-	267,815	-	289,495

	As at 30 September 2016					
	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
<b>Secured</b>						
<b>Bank overdrafts</b>						
- RM	-	-	-	9,953	-	9,953
- SGD	-	-	653	1,980	653	1,980
<b>Term loans</b>						
- RM	-	10,406	-	861	-	11,267
- SGD	3,038	9,217	17,704	53,715	20,742	62,932
- HKD	-	-	49,778	26,551	49,778	26,551
- USD	-	-	23,386	96,900	23,386	96,900
- EUR	-	-	690	3,206	690	3,206
<b>Revolving credit facilities</b>	-	-	-	42,800	-	42,800
<b>Margin financing facility</b>	-	-	-	3,692	-	3,692
<b>Unsecured</b>						
<b>Term loans</b>						
- SGD	-	-	6	18	6	18
<b>Total loans and borrowings</b>	-	19,623	-	239,676	-	259,299

## B8. Group Borrowings and Debt Securities as at 30 September 2017 (Cont'd)

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

	Floating (%)	
	As at 30.9.2017	As at 30.9.2016
<b>Secured</b>		
Bank overdrafts	5.50%-9.29%	5.50%-9.29%
Term loans	0.30%-7.20%	0.30%-7.45%
Revolving credit facilities	4.96%-5.88%	4.91%-6.21%
Margin financing facility	6.67%	6.67%-6.82%

### Debt securities

	RM'000
<u>Redeemable Convertible Preference Shares ("RCPS")</u>	
<b>RCPS to non-controlling interests of a subsidiary company</b>	<b><u>1,611</u></b>
<u>Redeemable preference shares ("RPS")</u>	
132,601,268 RPS at RM1.00 per RPS	132,601
- Fair value of 265,202,536 free Warrants recognised in equity under warrants reserve	(4,622)
- Effects of deferred tax liabilities	(1,460)
Accumulated RPS dividends charged to statements of profit or loss	16,185
Accumulated RPS dividends paid and payable	<u>(13,747)</u>
<b>RPS issued by the Company – liability component, disclosed as per MFRS requirements</b>	<b><u>128,957</u></b>
<b>Total Group debt securities</b>	<b><u>130,568</u></b>

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 liabilities. 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 balance sheet date up to the date of this Report. The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.



## B10. Dividend

The Board of Directors is pleased to declare an interim single tier dividend of 1.0 sen per ordinary share each in the Company in respect of financial year ending 30 June 2018.

## 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-Sept-2017	Quarter ended 30-Sept-2016	Period ended 30-Sept-2017	Period ended 30-Sept-2016
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	39,475	58,586	39,475	58,586
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000)	663,007	663,007	663,007	663,007
Basic earnings per share (Sen)	5.95	8.84	5.95	8.84

### (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. Disclosure on Realised and Unrealised Profits or Losses

The Group's retained earnings as at 30 September 2017 and 30 September 2016 are analysed as follows:-

	<u>As at 30.09.2017</u> RM'000	<u>As at 30.09.2016</u> RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>		
- Realised	569,906	438,129
- Unrealised	86,042	71,715
	<u>655,948</u>	<u>509,844</u>
<u>Total share of retained earnings of associate companies</u>		
- Realised	96,817	80,227
- Unrealised	3,047	5,275
	<u>99,864</u>	<u>85,502</u>
Add: Consolidated adjustments	<u>17,721</u>	<u>22,780</u>
Total Group retained earnings as per consolidated financial statements	<u><u>773,533</u></u>	<u><u>618,126</u></u>

## B13. Trade Receivables

	<u>As at 30.09.2017</u> RM'000	<u>As at 30.09.2016</u> RM'000
Trade receivables	411,021	362,536
Less: Allowance for impairment	(14,975)	(14,721)
	<u>396,046</u>	<u>347,815</u>

The ageing analysis of the Group's trade receivables is as follows:-

	<u>As at 30.09.2017</u> RM'000	<u>As at 30.09.2016</u> RM'000
Neither past due nor impaired	337,782	295,392
Past due but not impaired	58,264	52,423
Impaired	14,975	14,721
	<u>411,021</u>	<u>362,536</u>

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (Q1/2017: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement Trading Rules. The Group's normal credit term in relation to rental receivables is 7 days (Q1/2017: 7 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables that are past due but not impaired are largely secured in nature.