

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2018

INSAS BERHAD

Financial Year End 30 Jun 2019

Quarter 1 Qtr

Quarterly report for the financial period ended 30 Sep 2018

The figures have not been audited

Attachments

IB Q1.19.pdf
315.7 kB

Remarks :

1) The basic earnings per share for the 3 months period ended 30 September 2018 has been calculated based on the profit attributable to the owners of the Company of RM26,632,000 (2018: RM39,475,000) and the weighted average number of ordinary shares in issue during the period of 663,007,000 shares (2018: 663,007,000 shares) net of shares bought back by the Company.

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

3) The 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.

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2018

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	40,688	92,738	40,688	92,738
2 Profit/(loss) before tax	28,790	41,828	28,790	41,828
3 Profit/(loss) for the period	26,644	39,396	26,644	39,396
4 Profit/(loss) attributable to ordinary equity holders of the parent	26,632	39,475	26,632	39,475
5 Basic earnings/(loss) per share (Subunit)	4.02	5.95	4.02	5.95
6 Proposed/Declared	2.00	1.00	2.00	1.00

dividend per share (Subunit)		
	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	2.5400	2.4900

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	INSAS BERHAD
Stock Name	INSAS
Date Announced	26 Nov 2018
Category	Financial Results
Reference Number	FRA-26112018-00016

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

26 NOVEMBER 2018

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 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		FY2019	FY2018	Changes %	FY2019	FY2018	Changes %
		Quarter ended 30-Sep-18 RM'000	Quarter ended 30-Sep-17 RM'000		Period ended 30-Sep-18 RM'000	Period ended 30-Sep-17 RM'000	
Revenue		40,688	92,738	-56%	40,688	92,738	-56%
Cost of sales	1	(19,696)	(59,951)	-67%	(19,696)	(59,951)	-67%
Other income	2	29,587	22,303	33%	29,587	22,303	33%
Administration expenses	3	(6,008)	(6,269)	-4%	(6,008)	(6,269)	-4%
Other operating expenses	4	(18,952)	(15,796)	20%	(18,952)	(15,796)	20%
Finance costs		(5,911)	(5,767)	2%	(5,911)	(5,767)	2%
Exceptional item	5	(1,564)	(2,204)	-29%	(1,564)	(2,204)	-29%
Share of profits less losses of associate companies		10,646	16,774	-37%	10,646	16,774	-37%
Profit before tax		28,790	41,828	-31%	28,790	41,828	-31%
Tax expense		(2,146)	(2,432)	-12%	(2,146)	(2,432)	-12%
Profit for the quarter/period		26,644	39,396	-32%	26,644	39,396	-32%
Profit attributable to:-							
Owners of the Company		26,632	39,475	-33%	26,632	39,475	-33%
Non-controlling interests		12	(79)	>100%	12	(79)	>100%
		26,644	39,396	-32%	26,644	39,396	-32%
Earnings per share (in Sen)							
- Basic		4.02	5.95		4.02	5.95	
- Diluted		n/a	n/a		n/a	n/a	

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	FY2019 Quarter ended 30-Sep-18 RM'000	FY2018 Quarter ended 30-Sep-17 RM'000	FY2019 Period ended 30-Sep-18 RM'000	FY2018 Period ended 30-Sep-17 RM'000
Note 1				
Included in Cost of sales is the following item:-				
Depreciation	<u>(6,650)</u>	<u>(7,489)</u>	<u>(6,650)</u>	<u>(7,489)</u>
Note 2				
Included in Other income are the following items:-				
Allowance for doubtful debts no longer required	14	70	14	70
Bad debts recovered	200	-	200	-
Fair value gain on derivative financial instruments	4,300	-	4,300	-
Gain on disposal of property, plant and equipment	302	50	302	50
Interest income	4,530	3,099	4,530	3,099
Gain on exchange differences				
- unrealised	986	2,644	986	2,644
Gain on disposal of a subsidiary company	6	-	6	-
Gain on disposal of shares in an associate company	<u>12,381</u>	<u>9,159</u>	<u>12,381</u>	<u>9,159</u>
Note 3				
Included in Administration expenses is the following item:-				
Depreciation	<u>(201)</u>	<u>(220)</u>	<u>(201)</u>	<u>(220)</u>
Note 4				
Included in Other operating expenses are the following items:-				
Allowance for doubtful debts	(30)	(347)	(30)	(347)
Bad debt written off	-	(4)	-	(4)
Property, plant and equipment written off	-	(40)	-	(40)
Depreciation	(430)	(456)	(430)	(456)
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	(7,595)	(1,397)	(7,595)	(1,397)
Loss on exchange differences				
- realised	<u>(139)</u>	<u>(804)</u>	<u>(139)</u>	<u>(804)</u>
Note 5				
Exceptional item represents:-				
Effects of dilution of equity interests in associate companies	<u>(1,564)</u>	<u>(2,204)</u>	<u>(1,564)</u>	<u>(2,204)</u>

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	FY2019	FY2018	Changes %	FY2019	FY2018	Changes %
	Quarter ended 30-Sep-18	Quarter ended 30-Sep-17		Period ended 30-Sep-18	Period ended 30-Sep-17	
Note	RM'000	RM'000		RM'000	RM'000	
Profit for the quarter/period	26,644	39,396	-32%	26,644	39,396	-32%
<u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently:-</u>						
Unrealised loss on fair value changes on available for sale investments, net of tax	-	(174)	>100%	-	(174)	>100%
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	1,571	(326)	>100%	1,571	(326)	>100%
Foreign currency translation of foreign operations, net of tax	4,666	(2,074)	>100%	4,666	(2,074)	>100%
Total other comprehensive income/(loss) for the quarter/period, net of tax	6,237	(2,574)	>100%	6,237	(2,574)	>100%
Total comprehensive income for the quarter/period, net of tax	32,881	36,822	-11%	32,881	36,822	-11%
Attributable to:-						
Owners of the Company	32,759	36,908	-11%	32,759	36,908	-11%
Non-controlling interests	122	(86)	>100%	122	(86)	>100%
	32,881	36,822	-11%	32,881	36,822	-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 2018 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 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30/09/2018 RM'000 (Unaudited)	As at 30/06/2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	161,030	161,405
Investment properties	199,487	198,304
Financial assets at fair value through other comprehensive income	27,158	-
Available for sale investments	-	45,022
Financial assets at amortised cost	2,311	-
Held to maturity investments	-	3,814
Associate companies	399,458	357,628
Intangible assets	26,047	26,047
Deferred tax assets	2,868	2,834
Total non-current assets	818,359	795,054
Current assets		
Property development costs	10,497	10,497
Inventories	12,453	12,408
Trade receivables	448,312	376,481
Amount due from associate companies	94,825	80,300
Other receivables, deposits and prepayments	45,616	30,953
Financial assets at amortised cost	3,064	-
Held to maturity investments	-	1,538
Financial assets at fair value through profit or loss	248,594	236,562
Tax recoverable	839	941
Deposits with licensed banks and financial institutions	523,525	572,703
Cash and bank balances	106,548	103,763
Total current assets	1,494,273	1,426,146
TOTAL ASSETS	2,312,632	2,221,200
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owners of the Company		
Share capital	741,085	741,085
Treasury shares	(14,499)	(14,499)
Reserves	109,096	104,058
Retained earnings	850,643	817,936
	1,686,325	1,648,580
Non-controlling interests	7,508	7,386
TOTAL EQUITY	1,693,833	1,655,966
LIABILITIES		
Non-current liabilities		
Loans and borrowings	20,938	20,909
Hire purchase payables	56,475	55,052
Deferred tax liabilities	7,439	7,395
Preference shares	129,597	129,444
Total non-current liabilities	214,449	212,800
Current liabilities		
Derivative financial liabilities	7,741	12,030
Trade payables	45,785	35,550
Other payables and accruals	28,643	29,173
Hire purchase payables	26,096	30,932
Loans and borrowings	295,357	243,751
Tax payable	728	998
Total current liabilities	404,350	352,434
TOTAL LIABILITIES	618,799	565,234
TOTAL EQUITY AND LIABILITIES	2,312,632	2,221,200
Net assets per share attributable to owners of the Company⁽⁷⁾ (RM)	2.54	2.49

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 2018 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 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company									
	Non-Distributable					Distributable				
	Share capital	Available for sale investments	Fair value through other comprehensive income	Warrants reserve	Other reserves	Exchange translation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 September 2018										
As at 1 July 2018	741,085	6,075	-	4,622	67,428	25,933	(14,499)	817,936	7,386	1,655,966
Effect of adoption of MFRS 9	-	(6,075)	6,075	-	-	-	-	-	-	-
Restated total equity as at 1 July 2018	741,085	-	6,075	4,622	67,428	25,933	(14,499)	817,936	7,386	1,655,966
Transactions with owners:-										
Post-acquisition reserves - associate companies	-	-	-	-	4,986	-	-	-	-	4,986
Effect of fair value adjustment on initial recognition of investment in an associate company arising from increase in ownership interest in an equity instrument	-	-	(6,075)	-	-	-	-	6,075	-	-
Total transactions with owners	-	-	(6,075)	-	4,986	-	-	6,075	-	4,986
Total comprehensive income for the financial period	-	-	-	-	-	-	-	26,632	12	26,644
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	-	1,571	-	-	-	1,571
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	4,556	-	-	110	4,666
Total comprehensive income for the financial period	-	-	-	-	-	6,127	-	26,632	122	32,881
Balance at 30 September 2018	741,085	-	-	4,622	72,414	32,060	(14,499)	850,643	7,508	1,693,833

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

	Attributable to Owners of the Company							Total equity RM'000		
	Share capital 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		Non- controlling interests RM'000	
Period ended 30 September 2017										
As at 1 July 2017	741,085	8,302	4,622	39,862	40,727	(14,499)	734,058	7,757	1,554,157	1,561,914
Transaction with owners:-										
Post-acquisition reserves - associate companies	-	-	-	5,663	-	-	-	-	5,663	5,663
Total transaction with owners	-	-	-	5,663	-	-	-	-	5,663	5,663
Total comprehensive (loss)/income for the financial period										
Profit for the financial period	-	-	-	-	-	-	39,475	(79)	39,475	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)	-	-	(7)	(2,067)	(2,074)
Total comprehensive (loss)/income for the financial period	-	(174)	-	(13)	(2,380)	-	39,475	(86)	36,908	36,822
Balance at 30 September 2017	741,085	8,128	4,622	45,512	38,347	(14,499)	773,533	7,671	1,596,728	1,604,399

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 2018 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 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period ended 30/09/2018 RM'000	Period ended 30/09/2017 RM'000
Cash flows from operating activities		
Profit before tax	28,790	41,828
Adjustments for:-		
Non-cash items	(14,023)	(16,671)
Finance costs	5,911	5,767
Interest income	(4,530)	(3,099)
Operating profit before working capital changes	<u>16,148</u>	<u>27,825</u>
Changes in working capital:-		
Net changes in current assets	(115,039)	5,921
Net changes in current liabilities	9,365	(150)
Cash (used in)/from operations	<u>(89,526)</u>	<u>33,596</u>
Interest paid	(5,798)	(5,658)
Interest received	4,530	3,099
Tax paid	(2,248)	(1,516)
Net cash (used in)/from operating activities	<u>(93,042)</u>	<u>29,521</u>
Cash flows from investing activities		
Acquisition of shares in associate companies	(20,930)	(10,500)
Purchase of property, plant and equipment	(2,946)	(1,090)
Purchase of financial assets at fair value through other comprehensive income	(1,037)	-
Purchase of available for sale investments	-	(97)
Purchase of investment properties	(97)	(385)
Proceeds from disposal of shares in an associate company	14,000	10,978
Proceeds from disposal of property, plant and equipment	2,548	27,638
Proceeds from redemption of held to maturity investments	-	1,569
Capital repayment from an associate company	-	29
Dividend received	13,783	14,830
Net cash from investing activities	<u>5,321</u>	<u>42,972</u>
Cash flows from financing activities		
Increase in fixed deposits pledged	(20,165)	(4,298)
Decrease in cash and bank balances pledged	4,564	10,489
Net drawdown/(repayment) of loans and borrowings	46,378	(17,517)
Repayment of hire purchase payables	(8,480)	(26,322)
Net cash from/(used in) financing activities	<u>22,297</u>	<u>(37,648)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(65,424)</u>	<u>34,845</u>
Cash and cash equivalents at beginning of the financial period	418,590	301,394
Exchange differences	1,835	(484)
Cash and cash equivalents at end of the financial period	<u>355,001</u>	<u>335,755</u>
Cash and cash equivalents comprise of:-		
Bank overdrafts	(3,777)	(5,124)
Cash and bank balances	85,892	99,067
Deposits with licensed banks and financial institutions	272,886	241,812
	<u>355,001</u>	<u>335,755</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 2018 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 2018 - 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 2018, 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 2018.

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 2018 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 2018. The adoption of the new standards, amendments to standards and IC interpretations are not expected to have any material financial impact on the financial statements of the Group except for the following:-

MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (a) classification and measurement of financial assets; (b) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (c) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption are described below:-

1) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”).

A2. Changes in Accounting Policies (Cont'd)

MFRS 9 "Financial Instruments" (cont'd)

1) Classification and measurement (cont'd)

The Group has elected to classify the Group's equity investments previously classified as available for sale investments as financial assets at FVOCI. Fair value changes on equity investments at FVOCI are presented in other comprehensive income ("OCI") and are not subsequently transferred to profit or loss. Upon sale of equity instruments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

The other financial assets held by the Group include:-

- equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9; and
- debts instruments currently classified as loans and receivables and held to maturity investments and are measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

As MFRS 9 retains most of MFRS 139 requirements on financial liabilities, there is no change to the classification and measurement of the Group's financial liabilities.

2) Impairment

Under MFRS 9, the Group is required to record expected credit loss on its trade and other receivables either on a 12-month expected credit loss and/or lifetime expected credit loss basis.

The Group's trade receivables mainly consist of creditworthy debtors with good payment records and debtors which are adequately securitised. The Group minimises credit risk by dealing with high credit rating counterparties, application of credit approval limits and continuous monitoring procedures. There is no significant financial impact to the Group's financial statements arising from impairment based on the expected credit loss model on the Group's trade and non-trade receivables.

A2. Changes in Accounting Policies (Cont'd)

MFRS 9 "Financial Instruments" (cont'd)

In accordance with the transitional provisions in MFRS 9, comparative figures have not been restated. The effects of adoption of MFRS 9 to the Group's consolidated statements of financial position are as follows:-

	As at 30/06/2018 RM'000	Effects of adoption of MFRS 9 RM'000	As at 01/07/2018 RM'000
Non-current assets			
Available for sale investments	45,022	(45,022)	-
Financial assets at fair value through other comprehensive income	-	45,022	45,022
Held to maturity investments	3,814	(3,814)	-
Financial assets at amortised cost	-	3,814	3,814
Current assets			
Held to maturity investments	1,538	(1,538)	-
Financial assets at amortised cost	-	1,538	1,538
Equity			
Available for sale investments fair value reserve	6,075	(6,075)	-
Fair value through other comprehensive income reserve	-	6,075	6,075

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 2018.

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 2018.

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-2018	30-Sep-2017	30-Sep-2018	30-Sep-2017
	RM'000	RM'000	RM'000	RM'000
Fair value gain/(loss) on derivative financial instruments	4,300	(3,594)	4,300	(3,594)
Gain on disposal of a subsidiary company	6	-	6	-
Gain on disposal of shares in an associate company	12,381	9,159	12,381	9,159
Loss on fair value changes of financial assets at fair value through profit or loss	(7,595)	(1,397)	(7,595)	(1,397)
(Loss)/Gain on exchange differences				
- realised	(139)	(804)	(139)	(804)
- unrealised	986	2,644	986	2,644
Effects of dilution of equity interests in associate companies	(1,564)	(2,204)	(1,564)	(2,204)

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 23 November 2017, 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 2018. 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 2018.

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 2018.

A8. Dividends paid

During the current financial quarter and financial period-to-date, the Company paid the following dividend:

- (i) a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the 6 months period ended 30 June 2018, on 2 July 2018.

A9. Segment Information

The segment analysis on the Group's results for the financial period ended 30 September 2018 is as follows:-

	Financial services and credit & leasing RM'000	Investment holding and trading RM'000	Technology and IT-related manufacturing, trading and services RM'000	Retail trading and car rental RM'000	Property investment and development RM'000	Eliminations RM'000	Consolidated Total RM'000
Revenue							
External revenue	14,858	9,206	1,103	15,317	204	-	40,688
Inter-segment revenue	238	1,911	9,261	3,940	154	(15,504)	-
Total segment revenue	15,096	11,117	10,364	19,257	358	(15,504)	40,688
Results							
Segment profit/(loss) from operations	8,073	(772)	12,315	1,763	(158)	(132)	21,089
Interest income	1,122	4,653	2,642	-	14	(3,901)	4,530
Finance costs	(3,667)	(4,640)	(18)	(1,416)	(203)	4,033	(5,911)
Exceptional item	-	-	(1,564)	-	-	-	(1,564)
Share of profits less losses of associate companies	-	677	9,305	(1)	665	-	10,646
Profit/(loss) before tax	5,528	(82)	22,680	346	318	-	28,790
Tax expense	(1,941)	(205)	-	-	-	-	(2,146)
Profit/(loss) for the financial period	3,587	(287)	22,680	346	318	-	26,644
Attributable to:-							
Owners of the Company							26,632
Non-controlling interests							12
Segment assets	596,170	875,836	482,988	182,316	175,322	-	2,312,632
Segment liabilities	59,229	438,711	2,426	113,895	4,538	-	618,799

A9. Segment Information (Cont'd)

The segment analysis on the Group's results 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
Revenue							
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
Results							
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
Attributable to:-							
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

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 2018.

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 25 July 2018, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary of the Group had disposed off 12,000 ordinary shares, representing the entire shareholding in Vigcashlimited LLC ("Vigcash"), to Mr. Sanj Natsagdorj for a total cash consideration of USD1,500 ("Disposal"). Arising from the Disposal, Vigcash ceased to be an indirect subsidiary company of the Group.

Vigcash was incorporated in Mongolia on 7 December 2005 and its issued and paid-up share capital is USD10,000. The Company is currently dormant and the net asset value of the Company is USD31.

There is no material financial impact to the Group arising from the Disposal.

- (ii) On 17 August 2018, ITB acquired an additional 110,000,000 ordinary shares in Diversified Gateway Solutions Berhad ("DGSB") via direct business transaction from Omesti Holdings Berhad for a total cash consideration of RM6,930,000.

Arising from this acquisition, ITB's shareholding in DGSB has increased from 19.91% to 25.48%, and DGSB became an associate company of the Group.

A12. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 September 2018 and up to the date of this Report, which affects substantially the results of the operation of the Group.

A13. Contingent Assets or Liabilities

As at the date of this Report, the Group has provided guarantees amounting to RM185,730,000 to financial institutions in respect of banking and credit facilities granted to certain of its subsidiary companies and an associate company. There is no contingent asset as at the date of this Report.

A14. Commitments

Contractual commitments not provided for in the financial statements as at 30 September 2018 are as follows:-

	RM'000
To acquire property, plant and equipment	1,285
To acquire investment properties	152
Investment commitments in relation to financial assets at fair value through other comprehensive income	<u>12,324</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 RM40.7 million and a pre-tax profit of RM28.8 million in the current financial quarter (Q1/2019) as compared to revenue of RM92.7 million and a pre-tax profit of RM41.8 million in the preceding year corresponding financial quarter (Q1/2018). The review of performance by divisions is as follows:-

Financial services and credit & leasing division

There is no significant variance on revenue between the current financial quarter of RM14.9 million as compared to RM14.7 million recorded in Q1/2018.

The unit reported higher pre-tax profit of RM5.5 million in Q1/2019 as compared to RM1.9 million in Q1/2018 primarily due to the decrease in loss on fair value changes of financial assets at fair value through profit or loss.

Investment holding and trading division

The investment unit reported lower revenue of RM9.2 million in the Q1/2019 mainly due to lower trading activities as compared to revenue of RM48.6 million in Q1/2018.

The unit reported a pre-tax loss of -RM0.1 million in Q1/2019 as compared to pre-tax profit of RM17.4 million in Q1/2018 mainly due to the depressed stock market conditions and RM6.9 million arising from the 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 RM1.1 million in Q1/2019 mainly due to lower sales of trading products as compared to revenue of RM10.2 million in Q1/2018.

The pre-tax profit is fairly consistent between the current financial quarter and preceding year corresponding financial quarter of RM22.7 million. For the current financial quarter, Inari Amertron Group contributed after-tax profit of RM11.4 million (Q1/2018: RM13.6 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-2018 RM'000	Immediate Preceding Quarter 30-June-2018 RM'000	Changes (%)
Revenue	40,688	78,394	-48.1%
Profit/(Loss) from operations	21,089	(4,266)	>100%
Profit before tax	28,790	9,267	>100%
Profit after tax	26,644	7,036	>100%
Profit attributable to owners of the Company	26,632	6,960	>100%

The Group reported higher pre-tax profit of RM28.8 million as compared to the immediate preceding financial quarter of RM9.3 million mainly due to lower loss on fair value changes of financial assets at fair value through profit or loss of -RM7.6 million (Q4/2018: -RM13.5 million) and fair value gain on derivative financial instruments of RM4.3 million (Q4/2018: loss of -RM4.0 million).

B3. Prospects for financial year ending 30 June 2019

Financial services and credit & leasing division

The Board is of the view that the stock broking and structured finance units 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.

Investment trading division

The investment unit's performance for the financial year ending 30 June 2019 is largely dependent on the global economy and financial markets outlook which the Group expects will be moderate and/or to the downside, on the possibility of disorderly financial market movements, escalating trade protectionism and rising geopolitical tensions.

Technology and IT-related manufacturing, trading and services division

Barring any unforeseen circumstances resulting from global factors, the Board is cautiously optimistic the Technology unit will maintain their positive financial performance for the financial year ending 30 June 2019.

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 2018 is as follows:-

	Individual Quarter ended 30-Sep-2018 RM'000	Quarter Quarter ended 30-Sep-2017 RM'000	Cumulative Period ended 30-Sep-2018 RM'000	Quarter Period ended 30-Sep-2017 RM'000
<u>Income tax:-</u>				
Provision for current financial quarter/period				
- Malaysian income tax	2,065	2,372	2,065	2,372
- Overseas income tax	117	95	117	95
<u>Deferred tax:-</u>				
Transfer to deferred taxation	(36)	(35)	(36)	(35)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,146	2,432	2,146	2,432
	<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-Sep-2018 RM'000	Quarter Quarter ended 30-Sep-2017 RM'000	Cumulative Period ended 30-Sep-2018 RM'000	Quarter Period ended 30-Sep-2017 RM'000
Profit before tax	28,790	41,828	28,790	41,828
Income tax at Malaysian statutory tax rate of 24%	6,910	10,039	6,910	10,039
<u>Tax effects in respect of:-</u>				
Non-allowable expenses	2,360	3,131	2,360	3,131
Income not subject to tax	(7,404)	(10,761)	(7,404)	(10,761)
Effect of different tax rates in other countries	(70)	(247)	(70)	(247)
Overseas tax paid on dividend income	119	208	119	208
Utilisation of previously unrecognised deferred tax assets	(69)	(41)	(69)	(41)
Deferred tax not recognised in the financial statements	300	103	300	103
Tax expenses for the financial quarter/period	2,146	2,432	2,146	2,432

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 2018

	As at 30 September 2018					
	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	-	-	-	1,284	-	1,284
- SGD	-	-	823	2,493	823	2,493
Term loans						
- RM	-	12,736	-	697	-	13,433
- SGD	2,708	8,202	24,915	75,470	27,623	83,672
- HKD	-	-	8,809	4,672	8,809	4,672
- USD	-	-	21,664	89,788	21,664	89,788
- GBP	-	-	750	4,064	750	4,064
- EUR	-	-	2,725	13,147	2,725	13,147
Revolving credit facilities	-	-	-	91,700	-	91,700
Margin financing facility	-	-	-	12,042	-	12,042
Total loans and borrowings	-	20,938	-	295,357	-	316,295

	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
Secured						
Bank overdrafts						
- RM	-	-	-	3,808	-	3,808
- SGD	-	-	423	1,316	423	1,316
Term loans						
- 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
Revolving credit facilities	-	-	-	82,100	-	82,100
Total loans and borrowings	-	21,680	-	267,815	-	289,495

B8. Group Borrowings and Debt Securities as at 30 September 2018 (cont'd)

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

	Floating (%)	
	As at 30.09.2018	As at 30.09.2017
Secured		
Bank overdrafts	8.29%-9.54%	5.50%-9.29%
Term loans	0.40%-8.00%	0.30%-7.20%
Revolving credit facilities	5.52%-6.13%	4.96%-5.88%
Margin financing facility	6.92%	6.67%

Debt securities

	RM'000
<u>Redeemable preference shares ("RPS")</u>	
132,601,268 RPS at RM1.00 per RPS	132,601
- Fair value of 265,202,536 free Warrants recognised in equity under warrants reserve	(4,622)
- Effects of deferred tax liabilities	(1,460)
Accumulated RPS dividends charged to statements of profit or loss	22,129
Accumulated RPS dividends paid and payable	<u>(19,051)</u>
RPS issued by the Company – liability component, disclosed as per MFRS requirements	<u>129,597</u>
Total Group debt securities	<u>129,597</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 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 2.0 sen per ordinary share each in the Company in respect of financial year ending 30 June 2019.

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-2018	Quarter ended 30-Sep-2017	Period ended 30-Sep-2018	Period ended 30-Sep-2017
Net profit attributable to owners of the Company for the financial quarter and financial period (RM'000)	26,632	39,475	26,632	39,475
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)	4.02	5.95	4.02	5.95

(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. Trade Receivables

	<u>As at 30.09.2018</u> RM'000	<u>As at 30.09.2017</u> RM'000
Trade receivables	461,844	411,021
Less: Allowance for impairment	(13,532)	(14,975)
	<u>448,312</u>	<u>396,046</u>

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

	<u>As at 30.09.2018</u> RM'000	<u>As at 30.09.2017</u> RM'000
Neither past due nor impaired	383,277	337,782
Past due but not impaired	65,035	58,264
Impaired	13,532	14,975
	<u>461,844</u>	<u>411,021</u>

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (Q1/2018: 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 (Q1/2018: 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.

B13. Derivative Financial Liabilities

Details of derivative financial liabilities as at 30 September 2018 are set out below:-

Type of Derivatives	<u>As at 30.09.2018</u>	
	<u>Contract/ Notional value</u> RM'000	<u>Fair value</u> RM'000
<u>Currency Forward Contract and Options</u>		
- Less than 1 year	2,075	(4,025)
<u>Other equity related contracts</u>		
- Less than 1 year	26,526	(3,716)
	<u>28,601</u>	<u>(7,741)</u>

There is no significant changes in respect of the following since the end of the previous financial year ended 30 June 2018:-

- (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.

B14. 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 RM4.3 million in the current financial quarter and financial period 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, hire purchase payables 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.