



INSAS BERHAD

(Company No. 4081-M)

ANNUAL REPORT LAPORAN TAHUNAN

2017

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Corporate Information

BOARD OF DIRECTORS

Chairperson

Y.A.M. Tengku Puteri Seri Kemala Pahang
Tengku Hajjah Aishah bte Sultan Haji
Ahmad Shah, DK(II), SIMP *

Executive Deputy Chairman / Chief Executive Officer

Dato' Sri Thong Kok Khee

Executive Director

Dato' Dr. Tan Seng Chuan

Non-Executive Directors

Dato' Wong Gian Kui
Ms. Soon Li Yen
Mr. Oh Seong Lye *

AUDIT COMMITTEE

Y.A.M. Tengku Puteri Seri Kemala Pahang
Tengku Hajjah Aishah bte Sultan Haji
Ahmad Shah, DK(II), SIMP *
Ms. Soon Li Yen
Mr. Oh Seong Lye *

NOMINATION COMMITTEE

Y.A.M. Tengku Puteri Seri Kemala Pahang
Tengku Hajjah Aishah bte Sultan Haji
Ahmad Shah, DK(II), SIMP *
Ms. Soon Li Yen
Mr. Oh Seong Lye *

COMPANY SECRETARIES

Ms. Chow Yuet Kuen
Ms. Lau Fong Siew

REGISTERED OFFICE

No. 45-5, The Boulevard, Mid Valley City
Lingkar Syed Putra, 59200 Kuala Lumpur
Tel: 03-22848311 Fax: 03-22824688

PRINCIPAL PLACE OF BUSINESS

Suite 23.02, Level 23
The Gardens South Tower
Mid Valley City
Lingkar Syed Putra, 59200 Kuala Lumpur
Tel: 03-22829311 Fax: 03-22848500

AUDITORS

SJ Grant Thornton (AF0737)
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

PRINCIPAL BANKERS

Affin Hwang Investment Bank Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Credit Suisse AG
Citibank N.A., Singapore
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Raslan Loong, Shen & Eow
Shearn Delamore & Co.
Tan Pheok San & Co.
James Monteiro

SHARE REGISTRARS

Megapolitan Management Services Sdn. Bhd.
No. 45-5, The Boulevard, Mid Valley City
Lingkar Syed Putra, 59200 Kuala Lumpur
Tel: 03-22848311 Fax: 03-22824688

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

SECTOR

Finance

STOCK CODE

3379

(*) - Independent Non-Executive Directors

Profile of Directors

Y.A.M. TENGKU PUTERI SERI KEMALA PAHANG TENGKU HAJJAH AISHAH BTE SULTAN HAJI AHMAD SHAH, DK(II), SIMP

Aged 60, Malaysian, Female
Independent Non-Executive Director/Chairperson
Chairperson of Audit Committee and
Nomination Committee

Y.A.M. Tengku Aishah was appointed as the Chairperson of Insas Berhad on 12 November 1986.

She graduated with a Diploma in Business Administration from Dorset Institute, United Kingdom in 1980 and has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur. Y.A.M. Tengku Aishah is also the Independent Non-Executive Chairperson of Inari Amertron Berhad and Mieco Chipboard Berhad.

She has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad.

DATO' SRI THONG KOK KHEE

Aged 63, Malaysian, Male
Executive Deputy Chairman cum
Chief Executive Officer

Dato' Sri Thong was appointed to the Board of Insas Berhad as Executive Deputy Chairman on 28 February 2007 and subsequently became the Executive Deputy Chairman cum Chief Executive Officer on 30 January 2009. Prior to this, Dato' Sri Thong was the Chief Executive Officer of Insas Berhad from 10 March 1993 to 29 November 2004.

A graduate from the London School of Economics, United Kingdom, Dato' Sri Thong had worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore from October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division. Dato' Sri Thong is also a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad, Ho Hup Construction Company Berhad and SYF Resources Berhad.

Dato' Sri Thong is a substantial shareholder of Insas Berhad. He has no conflict of interest with Insas Berhad.

DATO' WONG GIAN KUI

Aged 58, Malaysian, Male
Non-Independent Non-Executive Director

Dato' Wong was appointed to the Board of Insas Berhad as an Executive Director on 11 September 1992, and as Managing Director from November 2000 to January 2009. He was re-designated as a Non-Independent Non-Executive Director on 30 January 2009.

Dato' Wong is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Prior to joining Insas Berhad, Dato' Wong had worked for Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991. Dato' Wong is an Executive Director of Inari Amertron Berhad, an Independent Non-Executive Chairman of Yi-Lai Berhad, Executive Director of Ho Hup Construction Company Berhad and Alternate Director to Dato' Sri Thong Kok Khee in SYF Resources Berhad.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad.

DATO' DR TAN SENG CHUAN

Aged 62, Malaysian, Male
Executive Director

Dato' Dr Tan was appointed to the Board of Insas Berhad on 18 March 1997.

He graduated with First Class Honours in Mechanical Engineering from Imperial College, England in 1978. Dato' Dr Tan also obtained a Masters and PhD in Engineering Science in 1981 and 1983 respectively from Harvard University, USA. Dato' Dr Tan has vast experience in the IT industry and has more than 30 years experience in the global IT and related high technology industries. He joined Insas Berhad in 1997 where he currently heads the Technology Division. Dato' Dr Tan is also the Executive Vice Chairman of Inari Amertron Berhad.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad.

Profile of Directors

(Cont'd)

OH SEONG LYE

Aged 69, Malaysian, Male
Independent Non-Executive Director
Member of Audit Committee and
Nomination Committee

Mr Oh was appointed to the Board of Insas Berhad on 18 March 2009.

Mr Oh is a London-trained Chartered Accountant. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration degree from United Business Institutes, a Brussels-based business school.

After a year of post-qualifying experience in London, he worked for a "big-eight" accounting firm and a foreign bank in Kuala Lumpur before starting his accounting practice in 1978 and has been in public practice ever since. He was the Executive Chairman and International Liaison Partner and also a Director of Horwath Asia Pacific when his firm was a member of Horwath International until 1992. His firm was the external auditors and tax agents for 2 major banks, several other financial institutions and insurance companies and other substantial private enterprises. He had also personally undertaken large receivership and liquidation assignments, and conducted, together with foreign partners, market and financial feasibility studies for several organizations involved in the hospitality business and tourism industry.

Mr Oh was previously a director of two Bursa Malaysia public listed companies and was also the founder/promoter and first Honorary Secretary of a national manufacturing association and a past Honorary Secretary-General of a national tourism-related association. He is also an Independent Non-Executive Director of Inari Amertron Berhad.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad.

SOON LI YEN

Aged 49, Malaysian, Female
Non-Independent Non-Executive Director
Member of Audit Committee and
Nomination Committee

Ms Soon was appointed to the Board of Insas Berhad on 6 March 2009.

She is an accountant by profession and prior to joining Insas Berhad in August 1995, she worked for Coopers & Lybrand as Audit Senior from 1991 to 1995. Ms Soon graduated from the Royal Melbourne Institute of Technology with a Bachelor of Business in Accounting in 1991. She is a member of the Malaysian Institute of Accountants and Certified Public Accountants of Australia and has extensive experience in auditing, accounting, financial planning and financial related work.

She has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad.

CONVICTION OF OFFENCES

None of the Directors has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2017.

Profile of Key Senior Management

DATO' SRI THONG KOK KHEE

Aged 63, Malaysian, Male
Executive Deputy Chairman cum Chief Executive Officer
Insas Berhad

The profile of Dato' Sri Thong is stated in the Profile of Directors on page 3 of the Annual Report.

DATO' DR TAN SENG CHUAN

Aged 62, Malaysian, Male
Executive Director, Insas Berhad
Director, Insas Technology Berhad (a principal subsidiary company of Insas Berhad)

The profile of Dato' Dr Tan is stated in the Profile of Directors on page 3 of the Annual Report.

DATO' WONG GIAN KUI

Aged 58, Malaysian, Male
Director
Insas Technology Berhad,
Insas Credit & Leasing Sdn Bhd,
Insas Plaza Sdn Bhd,
M&A Securities Sdn Bhd,
Insas Pacific Rent-A-Car Sdn Bhd
(principal subsidiary companies of Insas Berhad)

The profile of Dato' Wong is stated in the Profile of Directors on page 3 of the Annual Report.

THONG MEI CHUEN

Aged 35, Malaysian, Female
Head of Global Treasury and Corporate Planning
Insas Berhad

Ms Thong was appointed as Head of Global Treasury and Corporate Planning of Insas Berhad on 1 July 2012.

She graduated with a Bachelor of Arts from Dartmouth College. She has had 5 years of equity capital markets experience having worked at Credit Suisse in New York from 2004 to 2006, and Deutsche Bank from 2006 to 2009 at their New York, Hong Kong and Singapore offices. She subsequently joined the corporate finance team in Genting Hong Kong from 2009 to mid-2012.

Her father, Dato' Sri Thong Kok Khee, is the Executive Deputy Chairman cum Chief Executive Officer and a substantial shareholder of Insas Berhad. Ms Thong was appointed to the Board of Inari Amertron Berhad on 2 July 2013 as an Alternate Director to Dato' Sri Thong Kok Khee, who is a Non-Independent Non-Executive Director of Inari Amertron Berhad. In February 2014, she has also undertaken the role of Chief Operating Officer in Omesti Berhad's Singapore division.

She has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

Profile of Key Senior Management

(Cont'd)

DATO' THONG KOK YOON

Aged 66, Malaysian, Male

Executive Director

M&A Securities Sdn Bhd ("M&A")

(a principal subsidiary company of Insas Berhad)

Dato' Thong was appointed as an Executive Director of M&A on 15 November 1991.

He graduated with a Bachelor of Science majoring in Mechanical Engineering from Imperial College of Science and Technology, University of London. He was attached to Phillip Singapore Limited prior to joining M&A. He has more than 40 years of working experience in the stock broking industry.

He does not hold directorships in any public listed companies in Malaysia.

He is the brother of Dato' Sri Thong Kok Khee. He has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

GOH HOCK JIN

Aged 50, Malaysian, Male

Executive Director cum Head of Operations

M&A Securities Sdn Bhd ("M&A")

Mr Goh was appointed as Executive Director cum Head of Operations of M&A on 28 December 2010.

He is a Fellow of the Association of Chartered Certified Accountants in United Kingdom and a member of the Malaysian Institute of Accountants. He joined Insas Group since September 1995 and was Head of Corporate Finance Department. He was re-assigned to M&A as Head of Kuala Lumpur Branch in November 2007. He was appointed to the Board of M&A as Executive Director cum Head of Operations in December 2010.

He does not hold directorships in any public listed companies in Malaysia.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad. He has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

DATUK TAN CHOON PEOW

Aged 46, Malaysian, Male

Executive Director-Corporate Finance

M&A Securities Sdn Bhd ("M&A")

Datuk Tan was appointed as Executive Director-Corporate Finance of M&A on 18 March 2013.

He is a member of the Malaysian Institute of Accountants and Certified Public Accountants of Australia. He started his career in 1993 with KPMG Peat Marwick.

He joined ECM Libra Avenue Securities Sdn Bhd in 2003 and subsequently joined MIMB Investment Bank Bhd as a director in 2007. He has more than 20 years experience in accounting and finance and was involved in various restructuring, initial public offering, fund raising and merger and acquisition cases.

He does not hold directorships in any public listed companies in Malaysia.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad. He has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

Profile of Key Senior Management

(Cont'd)

WONG YEW KIANG

Aged 46, Singaporean, Male

Director

Roset Logistics Holdings Pte Ltd ("Roset Holdings")

Mr Wong is the founder and director of Roset Limousine Services Pte Ltd since 1 June 2004. On 18 January 2016, Mr Wong was appointed as a director of Roset Holdings, the investment holding company for the car rental division of Insas Group. Mr. Wong currently heads the car rental division of Insas Group.

Prior to starting up Roset Limousine Services Pte Ltd, he had worked in the IT industry managing regional sales for more than 20 years.

He does not hold directorships in any public listed companies in Malaysia.

He has no family relationship with any Director or major shareholder of Insas Berhad and has no conflict of interest with Insas Berhad. He has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

THONG WENG SHENG

Aged 27, Malaysian, Male

Director

Roset Limousine Services Pte Ltd,

Insas Pacific Rent-A-Car Sdn Bhd,

Insas Plaza Sdn Bhd,

Insas Credit & Leasing Sdn Bhd

(principal subsidiary companies of Insas Berhad)

Mr Thong was appointed as Director of Roset Limousine Services Pte Ltd and Insas Plaza Sdn Bhd on 1 January 2016.

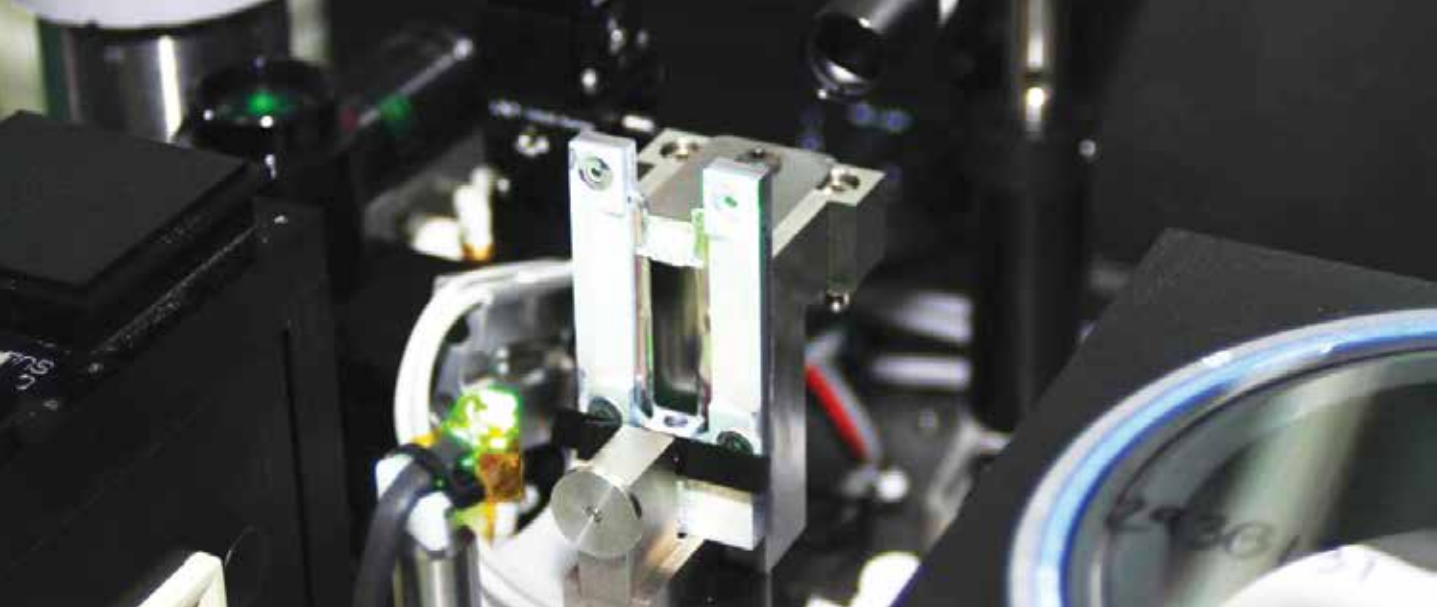
Mr. Thong graduated with a BA in Economics from Durham University, United Kingdom in 2012. Prior to joining Insas Group, he worked as a journalist for The Peak (Malaysia) magazine and swiftly rose through the ranks to become the publication's Senior Writer. He joined Insas Group in 2015 and heads the long-term contract car hire and fleet management operations.

Mr Thong was appointed as IOT Product Manager in Microlink Solutions Berhad, a subsidiary of Omesti Berhad, in May 2017.

He does not hold directorships in any public listed companies in Malaysia.

He is the son of Dato' Sri Thong Kok Khee. He has not been convicted of any offence within the past 5 years and there are no sanctions and/or penalties imposed by any regulatory bodies during the financial year.

Chief Executive Officer's Statement



In the last financial year, the Group benefited from continued strong performance from our technology division and from the increase in the value of our balance sheet arising from our investments that were made during the sharp market downturns in 2015 and early 2016. As a result, the Group's profits rose to RM180.6 million after taxation from RM78.0 million in the previous year.

As a Group, we continue to benefit greatly from our business diversity. Our technology division spearheaded by Insas Technology and Inari Amertron Berhad are likely to continue to be the main growth drivers. Our structured finance, corporate advisory and stock broking division will continue to complement each other to provide a broader front in this area of business although stock broking margins continue to be challenging and competitive. Overall this combined Group has continued to perform well. It also provides a constant source of new business opportunities for the Group.



Inari Amertron Berhad, the semi conductor company that we seeded in 2007, continues to hold its position as the largest semi conductor company in Malaysia with current market capitalisation of about RM5 billion. It also achieved profits of RM228.6 million after taxation for the financial year, an increase from RM147.1 million in the previous year.



Chief Executive Officer's Statement

(Cont'd)



Our property development division under Ho Hup Construction Company Berhad continues to perform satisfactorily. Our high fashion and retail division under the Melium Group is recovering from the adverse effects of the Ringgit depreciation and adverse market sentiment in 2015 and 2016.

Overall the economic outlook is volatile with a new US President and his America first policies and the North Korea missiles threat. The convergence of disruptive technologies, especially artificial intelligence and renewable energy will provide new opportunities as well as disrupt some traditional businesses. We remain vigilant to the new threats as well as new opportunities from these disruptions.

Overall, we are well positioned for the Group to move forward constructively in a challenging environment.



APPRECIATION

I would like to thank our management and employees for their contributions and dedication in carrying out their duties over the past year.

I would also like to record my sincere appreciation to our valued shareholders, clients, business associates, bankers and the regulatory authorities for their continued confidence and cooperation extended to the Group.

Last but not least, I wish to extend my deepest gratitude to our Board of Directors for their invaluable support and wise counsel during the course of the year.

DATO' SRI THONG KOK KHEE

Executive Deputy Chairman / Chief Executive Officer

Management Discussion and Analysis

The Board of Directors of Insas Berhad and its management are pleased to present the Management Discussion and Analysis (“MD&A”) which contained commentary from the management on the performance of the Company and its subsidiaries (“the Group”) for the financial year ended 30 June 2017 (“FY 2017”).

The MD&A contains commentary on the following:

- 1) Overview of the Group’s business segments
- 2) Review of the Group’s operating activities
- 3) Review of the Group’s financial results
- 4) Analysis of the anticipated risks
- 5) Future prospects of the Group

1. OVERVIEW

The Group has delivered good financial results for FY 2017 amidst a tough and challenging economic environment. The sustained result is achieved through the Group’s continued focus on its core business segments which are:

- (i) stock broking, provision of corporate finance & advisory services and structured finance (“Financial services”);
- (ii) investment holding & trading;
- (iii) technology & IT related services (“Technology”);
- (iv) retail trading and car rental; and
- (v) property investment & development.

The main contributor of revenue to the Group this year remains to be from the investment holding & trading segment contributing 62% of total revenue (2016: 48%), followed by retail trading and car rental segment contributing 18% (2016: 22%). The stock broking and structured finance segment has also contributed significantly, amounting to 16% (2016: 17%) of total revenue.

In line with revenue, the main contributor of pretax profit to the Group this year is the investment holding & trading segment contributing 53% of total pretax profit (2016: -54%). The technology & IT related services segment also contributed notably to the Group pretax profit at 34% (2016: 106%) followed by the stock broking and structured finance segment contributing 10% (2016: 32%).

The Group’s main operations are in Malaysia and Singapore.

As a public listed corporation, the Group’s long term business objectives are to generate sustainable revenue and profits, which is supported by positive cash flows and the ability to pay a stable dividend yield to our shareholders. The Group strives to achieve these by actively seeking revenue growth opportunities and cost management strategies.

2. OPERATIONAL REVIEW

Stock broking and provision of corporate finance & advisory services

M&A Securities Sdn Bhd (“M&A”) is a stockbroker licensed by the Securities Commission Malaysia. Besides stock broking, M&A has extensive experience in corporate finance and advisory services.

M&A’s headquarter is located in Mid Valley City, Kuala Lumpur. M&A extended its stock broking services to its clients through a principal office in Mid Valley, Kuala Lumpur and six (6) branch offices in Georgetown, Penang; Ipoh, Perak; Kuchai Lama, Kuala Lumpur; and Johor Bahru, Johor, with its aim to offer its clients the best and easy reach in financial services.

Although there is a general slow down in the financial market during FY 2017 that affected the stock broking business, M&A’s revenue increased marginally to RM31.1 million for FY 2017 as compared to RM30.1 million in the preceding financial year mainly due to the increased contributions from the corporate advisory and the margin finance business. During FY 2017, M&A undertook measures to become more cost efficient amidst the current challenging landscape.

Management Discussion and Analysis

(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

Stock broking and provision of corporate finance & advisory services (cont'd)

As at 30 June 2017, M&A's Capital Adequacy Ratio was 9.8 which is above the minimum value of 1.2 as determined by Bursa Malaysia Securities Berhad.

Structured Finance

Insas Credit & Leasing Sdn Bhd ("ICL") is a licensed money lender under the purview of the Ministry of Urban Wellbeing, Housing and Local Government. ICL is a boutique structured finance provider to selected sophisticated investors and corporations seeking short and medium term financing. As of 30 June 2017, the Company has provided loans in excess of RM200 million to borrowers which are fully collateralised.

ICL has stringent operating policies in place in evaluating the credit profile of the borrowers, the project viability and the evaluation of the collateral offered by the borrowers. After the loans are disbursed, ICL conducts ongoing monitoring procedures to assess and to ensure the loan positions are well maintained and comply with the necessary covenants.

Investment holding and trading

The Group acquires fixed and variable income investments typically money market funds, debt securities and high yield listed equities and options. These investments are held on a medium to long term horizon of 3 to 5 years. The Group's investment objectives are to maximise capital growth with recurring income and cash flows above the cost of funds.

As of 30 June 2017, the investment in listed equities in excess of RM10 million in market value include IGB Corporation Berhad, IGB REITS, SYF Resources Berhad, Ho Hup Construction Company Berhad, Omesti Berhad and Oversea-Chinese Banking Corporation Limited.

Technology and IT related services

The Group's technology's core activity is investment holding in high growth technology companies. Since early 2011 and driven by shift in the tech market, the Group's technology segment reorganised and expanded its investments into three broad tech sectors namely electronics manufacturing services ("EMS"), financial transaction processing and bio-technology.

Amongst the Group's technology segment's major investee companies in the respective tech sectors are Inari Amertron Berhad ("IAB"), Numoni Pte Ltd ("Numoni") and Sengenics (B) Sdn Bhd ("Sengenics").

IAB Group is involved in the OSAT and EMS industry and is a leading OSAT provider to multinational independent device manufacturers ("IDMs"), providing DC and RF wafer testing, wafer back-grind and sawing, wire bonding, substrate bonding and sawing, flip-chip SIP assembly and other related services. Amertron Global Group, a wholly owned subsidiary of IAB is a leading provider of tailored contract EMS to the semiconductor and optoelectronic industry. As at 30 June 2017, IAB Group operate in 12 plants situated in Malaysia, Philippines and China with total facilities floor space of over 1 million square feet.

IAB is listed on Bursa Malaysia's Main Market, and has a market capitalisation of about RM5 billion. Based on this, the Group's 20.2% stake in IAB is worth around RM1 billion. In January 2017, IAB completed its one-for-one bonus shares issue of 971,862,761 shares. IAB also won "The Edge Billion Ringgit Club" in the highest-returns-to-shareholders-over-three-years Category in year 2016. Total dividend payout by IAB in FY2017 is 9.2sen per share (FY2016: 8.5sen per share).

Management Discussion and Analysis

(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

Technology and IT related services (cont'd)

Numoni was formed in 2011 in Singapore to bring financial inclusion to the under-banked with its Cash-in Cash-out solutions. Numoni developed the user-friendly Cash Transaction Terminal, NUGEN, to empower the under-banked community in the under-developed and developing countries with e-transactions. The NUGEN are simple self-service terminals which allow users to carry out micro remittance and payment transactions. Numoni's subsidiary in Malaysia, Numoni DFS Sdn Bhd ("Numoni DFS"), is licensed by Bank Negara Malaysia to conduct e-wallet and remittance business. Acquired in early 2016, Numoni DFS is focused on providing remittance and payment solutions to its customers via mobile apps & other electronic channels. Numoni is still at a growth stage.

Sengenics is a functional proteomics and research and diagnostics company, with a range of proprietary and patented technologies and products that are marketed to pharmaceutical companies, scientists and hospitals. Its flagship technology is the patented Immunome auto-antibody profiling platform. The company also has a vestigial clinical genomics business unit that has additional proprietary products for Human disease diagnostics and screening that use the GalaxC, Exomax, ThalaSURE and Genovese brand names. Sengenics is still at a growth stage.

The technology segment, as in the past financial years, is one of the key contributors to the Group's profits and cash flows. During FY 2017, the Group's technology segment disposed a small stake in IAB in the market to reap capital return on investment, whilst continuing to maintain significant equity holding in IAB to generate recurring dividend income. With capital gains and income returns from mature investments such as IAB, the Group's technology segment is able to generate cash flow at the same time growth from new and promising investments in the technology segment.

Retail trading

As Malaysia's leading retail group on international luxury fashion and lifestyle brands, the Melium Group ("Melium") is committed to offering the finest shopping experiences and premium choices of leading world-class brands such as Aigner, Emilio Pucci, Farah Khan, Givenchy, Hackett London, Lanvin, Max Mara, MCM, Roger Vivier, Stuart Weitzman, Tod's and more; thus catapulting Kuala Lumpur to global recognition as an international fashion capital.

Melium has expanded its operations into Indonesia, with the opening of Seminyak Village, a boutique mall in Bali that offers coveted international brands along with the best of Bali's home grown labels.

Sales per square feet are the primary measurement of store success for the retail trading segment. As rental is the main contributor to operating costs, Melium constantly review sales per square feet, brand mix and product mix to improve the utilisation of space to maximise revenue.

Inventory turnover is another important indicator for the retail trading segment as it denotes the efficiency of inventory management. Overall, Melium strives to maintain high inventory turnover as being engaged in high fashion industry means staying on top of the latest fashions are keys to attract shoppers and retain market share. An efficient inventory management helps Melium's management to manage inventory and warehousing costs and keep inventory obsolescence under control.

Car rental

The Group's car rental operations are carried out mainly by the following subsidiaries:

- Insas Pacific Rent-A-Car Sdn Bhd ("IPRAC")
- Roset Limousine Services Pte. Ltd ("Roset")
- Tribecar Pte. Ltd ("Tribecar")

IPRAC is an established licensed car rental company in Malaysia. Incorporated since 1982, IPRAC is endowed with a dedicated management team with more than 30 years of experience in the car rental industry. IPRAC offers the conventional self drive as well as chauffeured services on short or long term leases with its wide fleet of sedans, SUVs and MPVs. IPRAC is head quartered in Kuala Lumpur and has branch presence in Bayan Lepas, Penang; Kuantan, Pahang; Johor Bahru, Johor; Kota Kinabalu, Sabah; and Miri and Kuching, Sarawak.

Management Discussion and Analysis

(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

Car rental (cont'd)

Roset was established since 2004 primarily as a premium limousine services provider in Singapore. Roset's fleet, comprising of luxury premium vehicles namely Mercedes Benz E class and S class, made Roset a sought-after provider in Singapore. Roset further expanded its fleet to include a fleet of mini bus with variable seating capacity ranging from 8 seaters to 13 seaters and luxury MPV. Multi-national companies regional head offices, banks and high net worth individuals make up this niche market in Singapore. Opportunities in providing sedan vehicles for short or long term leases was increasing in Singapore and Roset expanded its fleet to include sedan vehicles which made up of popular Japanese makes such as Toyota's, Honda's and Nissan's range of vehicles.

From humble beginnings, the fleet size grew quickly in line with the ever expanding market in Singapore and Roset is now among the rapidly expanding independent automobile solutions provider in Singapore. Roset is poised to become a one-stop centre that corporate companies can look towards as a reliable and trustworthy automobile solutions provider for all their needs. Roset now provides premium chauffeured services with experienced professional drivers and short or long term leases, fleet management services and vehicle maintenance workshop that is equipped with the latest equipment and tools specialised for Japanese and Continental vehicles.

Other than the conventional car leasing, enhancement of vehicle rental experience and promote efficiency remain a critical component of the Group's car rental business strategies. Under the Group's branding of "Tribecar", we have successfully introduced and implemented a new innovation that allows Tribecar's customers to rent-a-car easily whereby registration, booking, locking and unlocking the choice car are made using smart phones in Singapore. Tribecar also allows customers to pick up and return cars at their desired location and timeslot and permits ultra short-term rental which customers can opt to rent on hourly basis. These flexibility and efficiency focused on innovation and strategies managed to increase our edge in this highly competitive and fast change in the travel demand vehicle rental industry.

Vehicle utilisation rate remains the key factor that affects operating strategies. Vehicle reallocation is carried out when necessary to meet cross sell demand within the car rental operating subsidiaries. Vehicle utilisation rate is also being reviewed by category basis to analyse vehicle makes that are in demand and those vehicles which are under utilised are disposed to reduce operating cost.

Other than vehicle utilisation rate, profit or loss generated by car is also a main factor that management considers in planning operational strategies. We constantly review our pricing and marketing strategies to ensure competitiveness and profitability.

Property investment and development

The Group's property portfolio comprises a mix of residential and shops/office spaces held to generate rental income and for resale. Occupancy for the shops/office spaces remain encouraging with near full occupancy during FY 2017 as with the preceding year whereas occupancy rate for the residential properties remained soft during the year. In view of the soft market and low take up rate for the residential properties, the division is working hard to attract new tenants and retain existing tenants by offering a range of incentives such as longer rent free periods as well as secure longer term tenancies where possible.

Ho Hup Construction Company Berhad ("Ho Hup")

With effect from 1 January 2016, the Group adopted equity accounting for its investment in Ho Hup.

Ho Hup Group has 3 core divisions ie. construction, property development and building materials. Ho Hup initiated the following strategic direction to sustain its growth and future profitability:

- i) Selectively focus on Government-related construction projects to build its core order book;
- ii) Actively seek to enlarge its land bank in strategic and prime locations to support future property development activities; and
- iii) Build the Building Material Division which comprised of the ready-mix concrete and quarry business to expand capacity and productivity.

Management Discussion and Analysis

(Cont'd)

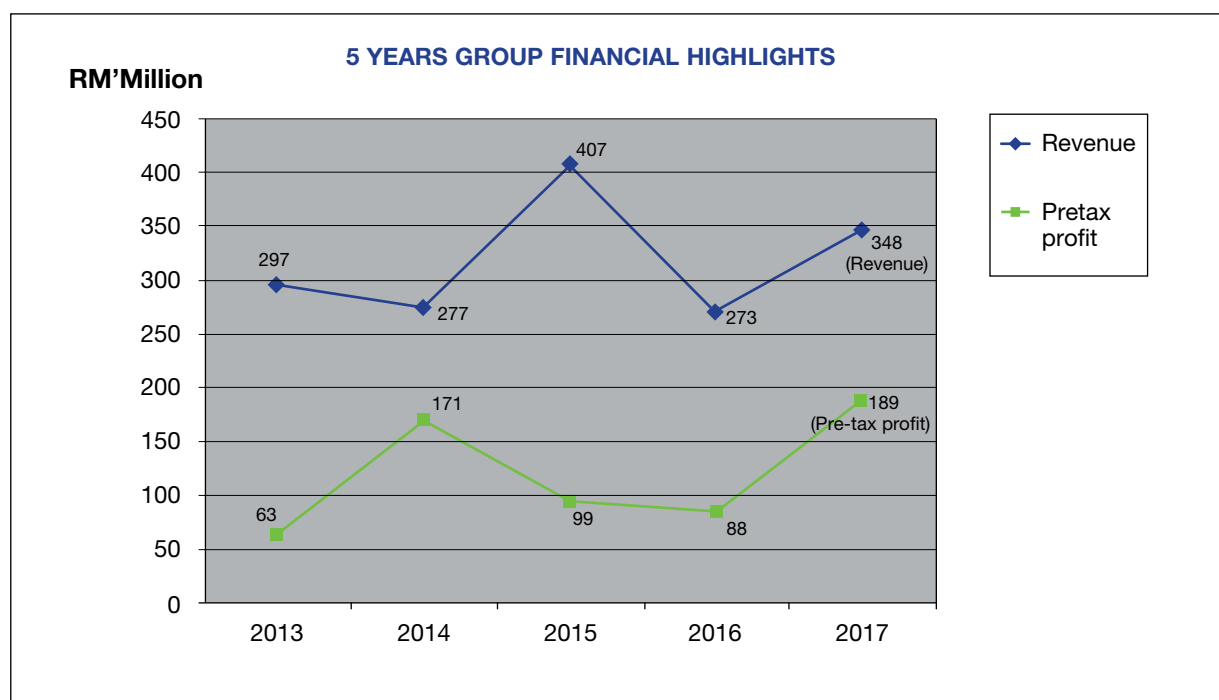
2. OPERATIONAL REVIEW (CONT'D)

Ho Hup Construction Company Berhad ("Ho Hup") (cont'd)

Ho Hup's property development arm, Bukit Jalil Development Sdn Bhd ("BJD"), stands strong with its signature development of the Aurora Place, a vibrant mixed development project in Bukit Jalil, Kuala Lumpur comprising two office towers, a SOVO tower and 3, 4 and 5 storey shop offices. Besides Aurora Place, BJD as the landowner of the 50 acres Bukit Jalil City project, had formed a joint venture with Malton Berhad, which will see the development of the Pavillion Bukit Jalil City Mall by the Pavillion Group. Launched in 2015, the Bukit Jalil City project has an estimated gross development value of RM4 billion.

For FY 2017, Ho Hup derived income from its ongoing construction and development project ie. Aurora Place in Bukit Jalil, the Kem Askar Project in Johor, Immigration Quarters in Pengkalan Hulu, Perak and Polytechnic Hulu Terengganu.

3. FINANCIAL REVIEW



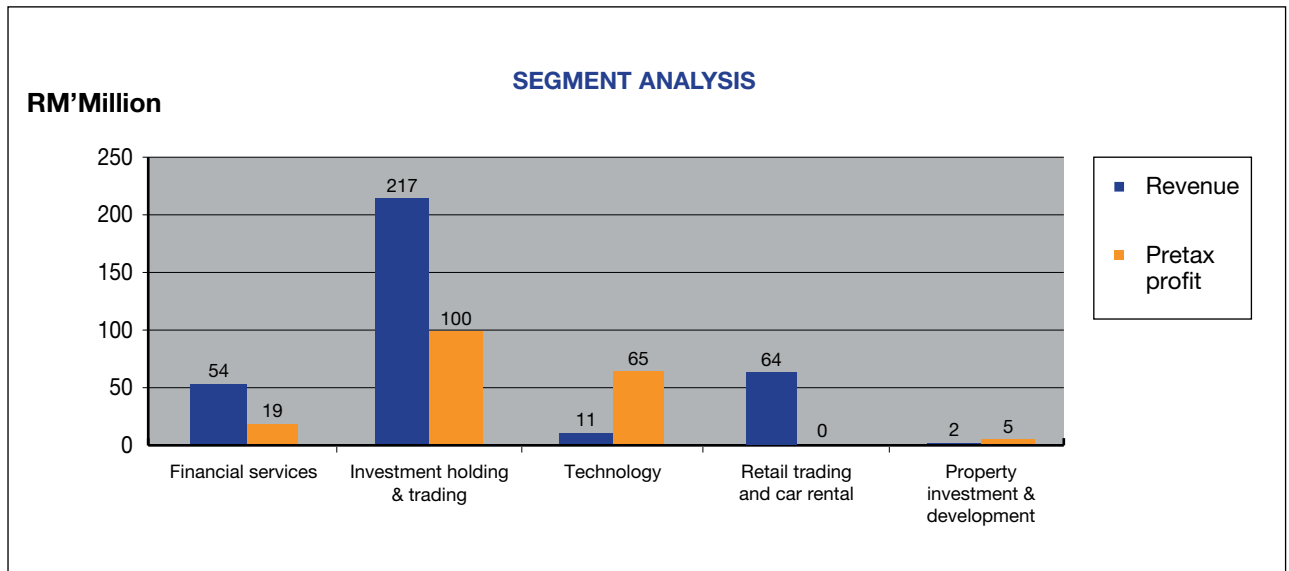
For FY 2017, the Group recorded revenue of RM347.8 million, increasing 28% from the preceding financial year's revenue of RM272.7 million, mainly due to higher trading activities by the investment holding & trading segment. The Group recorded a bigger pretax profit for the current financial year of RM189.5 million as compared to the preceding financial year's RM88.1 million primarily due to unrealised gain on fair value changes of financial assets at fair value through profit or loss of RM42.2 million and gain on disposal of shares in associate companies of RM34.5 million.

Management Discussion and Analysis

(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

The financial performance by business segments for FY 2017 is as follows:



Division	2017		2016	
	Revenue RM'mil	Pretax profit RM'mil	Revenue RM'mil	Pretax profit RM'mil
Financial services	54	19	47	28
Investment holding & trading	217	100	130	(48)
Technology	11	65	33	93
Retail trading and car rental	64	0	60	8
Property investment & development	2	5	3	7
Total	348	189	273	88

Stock broking and provision of corporate finance & advisory services

For FY 2017, M&A reported revenue of RM31.1 million, which was higher than the RM30.1 million reported in the preceding financial year mainly due to increased contributions from the corporate advisory and margin finance business. Pretax profit for the year was higher at RM7.0 million as compared to RM6.1 million in the preceding financial year. The higher profit arose mainly due to higher gain on fair value changes of financial assets at fair value through profit or loss for the year of RM0.8 million (FY 2016: Loss on fair value changes of -RM1.6m).

The corporate finance and advisory services division performed much better in the current year. Corporate finance advisory fee income rose by 11% to RM7.2 million in FY 2017 on the back of higher Initial Public Offering ("IPO") & rights issue exercises undertaken by M&A during the year. Some of the new IPO undertaken by M&A are HSS Engineers Berhad, BCM Alliance Berhad, Matang Berhad and Inta Bina Group Berhad.

Management Discussion and Analysis

(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

Structured finance

For FY 2017, ICL reported revenue of RM23.8 million, an increase of 34% as compared to RM17.8 million reported in the preceding financial year. The higher revenue was achieved due to new loans amounting to RM90 million to several new clients. However, pretax profit reduced 51% from RM25 million in the preceding financial year to RM12.2 million in the current financial year mainly due to loss on fair value changes of financial assets at fair value through profit or loss of -RM2.0 million in the current financial year (2016: gain on fair value changes of RM8.6 million).

Both M&A and ICL have strong balance sheets and positive cash positions and reported net assets position of RM170 million and RM106 million respectively as at 30 June 2017.

Investment holding and trading

For FY 2017, the investment holding & trading segment performed well. Revenue comprised mainly sale of financial assets at fair value through profit or loss and other financial instruments totaling RM210.5 million, up 74% compared to RM121.0 million in the preceding financial year. Pretax profit for the year was RM100.3 million as compared to loss before tax of -RM47.6 million in the preceding financial year.

The improvement in results was mainly due to higher gain on fair value changes of financial assets at fair value through profit or loss of RM43.3 million and foreign exchange gain of RM11.2 million as compared to loss on fair value changes of financial assets at fair value through profit or loss of -RM42.5 million and foreign exchange loss of -RM17.4 million reported in the preceding financial year.

As at 30 June 2017, the investment holding & trading segment financial position recorded financial assets at fair value through profit or loss of RM295.8 million, an increase of 8% as compared to RM273.6m on 30 June 2016.

Technology and IT related services

The technology segment reported revenue of RM11.6 million in FY2017, a decrease of 65% as compared to RM32.7 million in the preceding financial year, mainly due to decrease in trading of quoted securities.

Pretax profit decreased by 30% from RM93.1 million in the preceding financial year to RM65.3 million in FY 2017 primarily caused by the decrease in gain on disposal of shares in associate companies and of quoted securities.

Retail trading

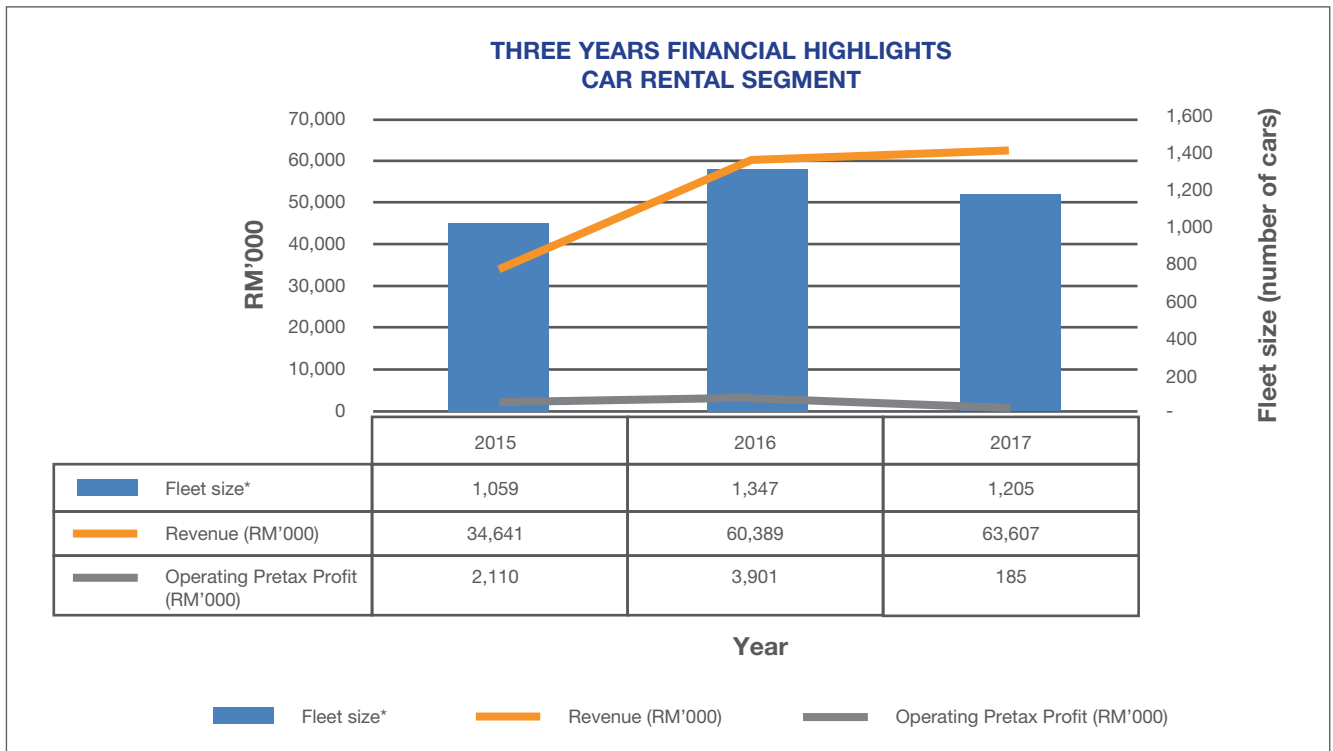
Melium Group's revenue decreased close to 10% Y-O-Y as a result of the introduction of Goods and Service Tax in April 2015 and the general economic slowdown. Sales were also impacted by the sharp decline in value of the Ringgit, thereby the Melium Group suffered losses from the burden of higher cost of imported goods.

Management Discussion and Analysis

(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

Car rental



* Fleet size as at financial year end.

Increase in revenue in the car rental segment slowed down in FY2017 mainly due to the competition from smartphone-enabled 'Ride-hailing' services which resulted in lower demand and revenue stream from the Group's conventional car leasing businesses. In tandem, the operating pretax profit dipped sharply in FY2017. Management has downsized the car fleet to 1,205 units for cost savings and to achieve better utilisation of its car fleet.

The newly commenced businesses which are engaged in development of fleet-related software and other programming activities and repair and maintenance of motor vehicles are still at their early growth stage and the management is actively seeking ways to generate new sustainable revenue and profit streams.

Property investment and development

Revenue has declined to RM1.5 million as compared to RM2.4 million in the preceding financial year mainly due to lower sale of apartment units.

Pretax profit decreased to RM4.9 million as compared to RM6.7 million in the preceding financial year mainly due to decrease in revenue and lower profit contribution from equity accounting of Ho Hup financial results.

Management Discussion and Analysis

(Cont'd)

4. ANALYSIS OF THE ANTICIPATED RISKS

The Group acknowledges there is inherent risks involved in undertaking the Group's businesses and adopts a proactive approach to risks management in order to sustain the Group's income and businesses. The major risks that affect the respective segments are set out below.

Stock broking and provision of corporate finance & advisory services

Globalization, aided by the advances of technology, could adversely affect businesses including M&A as globalization leads to increased competition towards market share, services, costing and pricing amongst others.

M&A Securities has in place risk management procedures including a Risk Management Committee ("RMC") managing the risks of its stock broking and corporate finance business exposure. There are growing risks of doing business over the years and hence, M&A has set up the RMC to focus on assessing, developing, establishing, monitoring and reporting the risks and preventive measures undertaken by the company.

M&A also acknowledges the presence of cyber security risks including intentional and unintentional infection by malwares, online fraud and cyber hacking into M&A's EDP environment. M&A and the Group has in place policies to govern IT and data security.

Structured finance

In the current economic condition, ICL is susceptible to credit risk arising from its structured finance loans portfolio. To counter this, the management incorporated stringent measures and requirements in the approval of loans to strong credit standing clients, requirement of adequate collateral cover and monitoring of client's repayment performance to reduce incidence of bad debts.

Investment holding and trading

The investment holding and trading segment's operating results and cash flows are expected to be impacted by fluctuations in foreign currency exchange rates as majority of the revenue stream, assets & borrowings are denominated in foreign currencies and subject to currency translation risks. In line with the Group's adoption of accounting policies that meet the requirements of the Malaysian Financial Reporting Standards, changes in accounting value of the assets and borrowings arising from foreign exchange translation are taken to the statements of profit or loss.

Where necessary, the Group enters into forward foreign exchange contracts and match local currency income and investments to local currency expenditures and borrowings to minimize the foreign exchange exposure.

Technology and IT related services

The technology segment is susceptible to business/market risk as in accordance to the semiconductor market research report from Gartner, Inc in January 2017 has shown prospects for the worldwide smart phones market is not expected to be overly favourable over the next couple of years.

Nevertheless, although smart phones growth has slowed down as compared to previous years due to market saturation and a slower rate of innovation, it is inevitable there will always be demand for smart phones with newer applications to cope with the latest mobile data applications. This results in demand for high performance RF devices, the market where IAB is positioned.

Retail trading

In tandem with the global economic environment, the year ahead will remain challenging. Although the GST impact has started to wean off, the weak Ringgit and decrease in local purchasing power will continue to have negative impact to the retail industry. We will continue to focus on our merchandising, pricing, promotional strategies and to expand our network whenever good opportunities arise.

Management Discussion and Analysis

(Cont'd)

4. ANALYSIS OF THE ANTICIPATED RISKS (CONT'D)

Car rental

The rapid transformation of consumer preferences and technology advancement remain the biggest challenge to the car rental subsidiaries on customer retention and optimizing vehicle utilisation.

Customers are now heavily relying on their smart phones and gravitate companies which offers easy and stress-free ride. With the introduction of 'rideshare' services, the conventional car rental businesses have seen their market share significantly hit and created a strong competition among car rental companies.

Furthermore, the performance of the passenger car rental and operational leasing market in Malaysia is correlated to the performance of the tourism industry while companies leasing cars for their top level executives would also contribute to market revenue. With the current global economic slowdown, many companies are cutting travel expenses hence customers retention became more challenging.

To stay ahead in the market, we always prioritize customers' needs, which include introducing car leasing with smart phones applications; and we also strive to differentiate and gain advantage over competitors by introducing full electric vehicles for the niche market.

Property investment and development

With the progressive expansion of Ho Hup's business activities, the financing requirements to fund these on-going activities and new projects have increased. Given the current economic climate, the challenge will be for Ho Hup Group to obtain funding at a reasonable cost to cover the funding needs for its projects.

5. FUTURE PROSPECTS OF THE GROUP

The Group expects FY 2018 to be a slow year as both the local and global economic landscape remains uncertain due to expected slowdown in growth, the UK grappling with Brexit and the United States leadership adopting a protectionist stance which affect businesses the world over to cut costs and downsize operations.

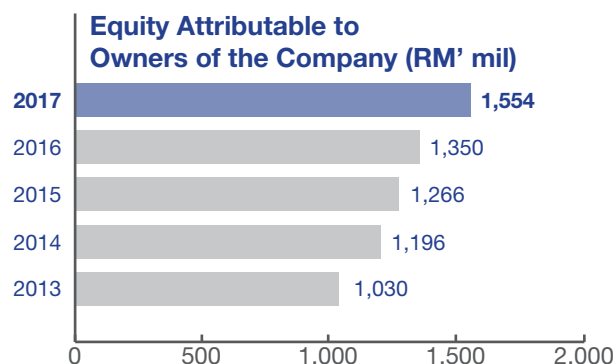
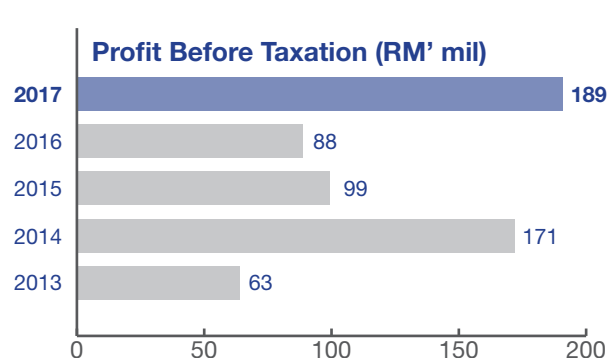
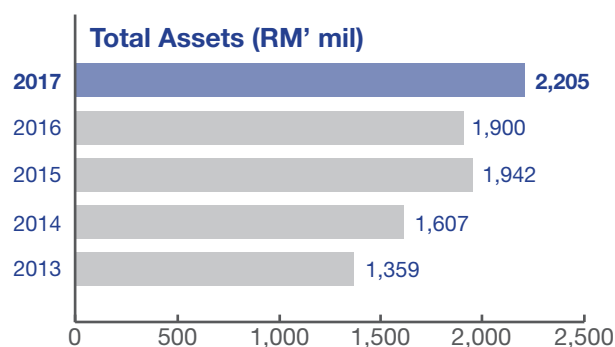
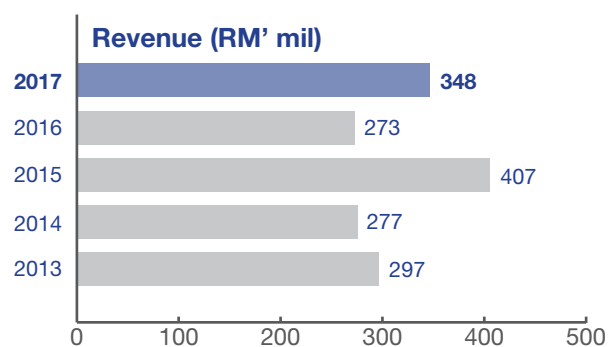
With this theme on the grounds, the Group is not spared but we are in a sturdy position to weather the storm ahead. The Group has strong fundamentals, low gearing and sound management teams and hence, we believe the Group is able to deliver positive results and intrinsic growth in FY 2018.

M&A corporate finance division expects FY 2018 market environment to remain challenging but is committed to continue innovating and exploring various fund raising approaches for their clients including SMEs, whom they view will help secure another year of healthy income level.

The Group will continue to identify and invest in good property investment and development projects that yield attractive return and have good development potential.

Five Years Group Financial Highlights

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	347,829	272,723	406,802	276,520	297,324
Profit Before Taxation	189,496	88,090	98,911	171,151	62,600
Profit After Taxation Attributable to Owners of the Company	181,010	77,376	91,129	160,404	62,041
Total Assets	2,204,979	1,899,602	1,941,751	1,607,052	1,359,311
Total Liabilities	643,065	542,380	671,458	404,234	326,097
Total Borrowings	548,613	462,980	564,548	282,339	169,916
Equity Attributable to Owners of the Company	1,554,157	1,349,664	1,265,770	1,195,681	1,030,292
<hr/>					
Number of Shares in Issue, net of Treasury Shares (Thousands)	663,007	663,007	663,007	664,206	670,178
Earnings Per Share (Sen)	27.30	11.67	13.73	24.10	9.14
Net Assets Per Share (RM)	2.34	2.04	1.91	1.80	1.54
Return on Equity (%)	11.6	5.7	7.2	13.4	6.0
Return on Total Assets (%)	8.2	4.1	4.7	10.0	4.6
Gearing Ratio	0.35	0.34	0.45	0.24	0.16



Statement on Corporate Governance

INTRODUCTION

Corporate governance set out the framework and process which corporations, through their Board of Directors and senior management, regulate their businesses activities. These principles aim to balance sound business operations with compliance to relevant laws, guidelines and regulations.

The Board of Directors (“the Board”) of Insas Berhad is committed to maintain a high standard of corporate governance throughout the Group. To this end, the Board has adopted a set of Corporate Governance guidelines to govern its conduct within the spirit of the Malaysian Code on Corporate Governance 2012 (“the MCCG 2012” or “the Code”) and the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”). The Board believes that high standards of corporate governance is the key to building an organisation of high integrity and corporate accountability with the ultimate objective of enhancing long-term shareholders value and returns to its stakeholders. The Board will look into complying with the latest MCCG 2017 which came into effect on 26 April 2017 for its annual report to be published in year 2018 for financial year 1 July 2017 to 30 June 2018.

The Board is pleased to set out below the manner in which it has applied the principles of corporate governance and the extent of compliance with the best practices set out in the Code throughout the financial year and where there are deviations, the alternative measures undertaken pursuant to the Listing Requirements.

1. BOARD OF DIRECTORS

a) Formal Schedule of Matters Reserved for the Board

The Board considers the following matters as required to be, in the best interests of the Company and the Group, should be decided by the Board as a whole, to ensure the direction and control of the Group and compliance towards regulatory requirements is provided for or are met:

1. Review, approve and adopt the Group’s strategic plans and the review of performance of the Group in the light of the Group’s strategic aims and plans and ensuring any necessary corrective action is taken;
2. Review and approve changes relating to the Company’s capital structure including share issues and reduction of capital;
3. Review and approve major changes to the Group’s corporate structure including but not limited to acquisition or establishment of new substantial subsidiaries and disposal or closure of businesses;
4. Review and approve the unaudited quarterly financial statements & reports; the audited annual financial statements and annual report and any significant changes in accounting policies and practices of the Group;
5. Approve the declaration of interim dividends and recommend for shareholders’ approval, the final dividends;
6. Ensure maintenance of a sound system of internal control and risk management, through receiving reports on, and reviewing the effectiveness of the Group’s risk management and internal control processes brought to the attention of the Board by the Audit Committee;
7. Approve major capital investments and disposal of major assets of the Group with oversight over execution and delivery delegated to the management;
8. Review and approve resolutions and corresponding documentation to be put forward to the Company’s shareholders at general meetings;
9. Review and approve all circulars, prospectuses and listing particulars requiring authorities and shareholders approval;
10. Approve changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee;
11. Ensure adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and the Group including appointment of the Company Secretaries;
12. Approve the appointment, reappointment and removal of the external auditors to be put to the Company’s shareholders for approval in general meeting, following the recommendations of the Audit Committee;
13. Approve the establishment of board committees and their terms of reference;
14. Receive and review reports on the views of the Company’s shareholders to ensure they are communicated to the Board as a whole and for the Board to look into and act upon the matters raised by the shareholders; and
15. Review of the Group’s corporate governance arrangements.

Statement on Corporate Governance

(Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

b) Roles and Responsibilities

The Board has overall stewardship responsibility for supervising the Group's affairs within a framework of acceptable risks and in compliance with the relevant laws, guidelines and regulations. The Board concentrates principally on financial performance, critical and material business issues and specific areas such as management of risks, the Group's system of internal control, succession planning for senior management and investors and shareholders communication policies. The Board is also accountable for the corporate governance, setting strategic direction of the Group and overseeing major investments and businesses of the Group.

The Board is mindful of the importance to promote sustainability strategies while conducting the Group's businesses and will embed the environment, social and governance elements in its corporate strategy.

On 4 October 2013, the Board adopted a Board Charter which outlines the Board's roles and responsibilities and the principles and adoption of best practices on the structures and processes towards achieving good governance standards:-

1. oversee the conduct of the Group's businesses and determine the Group's overall long term direction and business objective;
2. review the Group's strategic direction, annual operating plan and overall business affairs;
3. oversee and monitor the Group's on-going performance;
4. adopting performance measures to monitor the Group's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed;
5. ensure high standards of ethics and corporate behavior in the conduct of business;
6. review the adequacy and integrity of the system of internal control and ensure that the Company maintains a sound system of internal control and risk management policies to safeguard the Group's assets;
7. establish and implement appropriate policies and procedures that govern management conduct, monitoring of performance and succession planning;
8. review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group; and
9. establish and oversee succession planning for key positions.

The Charter will be reviewed and updated periodically to ensure it remains consistent with the Board's objectives and to take into consideration the Board's strategic plan and any development in the rules and regulations that may have an impact on the roles and responsibilities of the Board. The Board Charter is made available on the Company's website at www.insas.net.

The Board has also delegated certain responsibilities to the two Board Committees namely the Audit Committee and the Nomination Committee which operate within clearly defined terms of reference. From time to time and where necessary, the Board establishes limits on management's authority depending on the nature and size of the transactions.

c) Board Composition

The establishment of an active, dynamic and independent Board is paramount in improving corporate governance practices. The current Board composition provides an effective combination of industry and professional experience, skills and expertise for the direction of the existing businesses and new corporate ventures undertaken by the Group. The Board is made up of an appropriate balance of Executives and Non-Executive Directors with diverse experience required for the effective stewardship of the Group and independence in decision making at Board level.

The Board comprises six (6) members, namely the Chief Executive Officer (cum Executive Deputy Chairman), an Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors including the Chairperson. A brief profile of each of the Directors is presented on pages 3 and 4 of the Annual Report.

Statement on Corporate Governance

(Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

d) Appointment and Re-Election

The Nomination Committee ensures that the appointment of new directors to the Board of the Company and its subsidiaries are properly made with an established and transparent procedure and in compliance with the rules of the relevant authorities. Any appointment of additional director is made as and when it is deemed necessary with due consideration given to the mix and range of expertise and experience required for an effective Board.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by the shareholders at the following Annual General Meeting after their appointment. The Articles also provide that the Directors are subject to re-election by rotation at least once in every three years. Reappointments are not automatic and the Directors who retire are to submit themselves for re-election by the shareholders at the Company's Annual General Meeting.

Details of the directors seeking re-election at the forthcoming annual general meeting are disclosed in the profile of Directors.

e) Code of Ethics

The Board acknowledges its leadership role in promoting ethical values and observing ethical conduct. The Board adopts and observes the Code of Ethics ("Code") for Company Directors established by the Companies Commission of Malaysia, as the Board finds it suitable for the Company to uphold the same principles.

The Code provides a clear approach of how the Group expects the Board to conduct themselves. The principles on which the Code relies are those that concerns transparency, integrity and accountability. It provides clear direction on conducting business, guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good practices and internal control and a duty to report when there is a breach against the Code.

f) Access to Information and Advice

The Board has full and timely access to information concerning the Group. An agenda and board reports containing information relevant to the business for consideration at the Board meetings are circulated timely at least two days prior to the Board meetings to enable the Directors to obtain information and explanation to enable them to discharge their duties and responsibilities competently and in a well-informed manner. Senior management and key operation personnel are informed of the guidelines on the preparation of the board papers, in particular on its form and contents, to ensure a systematic and comprehensive presentation of information at all times. The board papers and reports provide updates of periodical information on the Group's financial performance, operational matters and corporate developments.

Board proceedings, deliberations and conclusions of the Board at every Board meeting are duly recorded in the Board minutes and all minutes are signed by the Chairperson of the meeting in compliance with the Companies Act, 2016. All Directors have the right and duty to make further enquiries whenever they consider it necessary.

The Board has access to the advice and services of the senior management of the Group who work with the Board to ensure that all Board procedures are followed and that applicable laws and regulations are complied with. The Board has open access to the Company's and the Group's management for consultation at all times other than during Board meetings. The Board is expected to exercise judgement to ensure their contact will not be distracted unduly from the business operations.

Statement on Corporate Governance

(Cont'd)

1. BOARD OF DIRECTORS (CONT'D)

f) Access to Information and Advice (cont'd)

The Management's responsibilities include but are not limited to:-

1. setting the right example on behavior and actions, encourage and reinforce the importance of good business behaviors and apply the required rules and regulations;
2. recommending Group Policies for the Board's approval and implementing and monitoring the effectiveness of approved policies and procedures to manage risk;
3. ensuring appropriate and timely corrective actions are undertaken to strengthen internal controls and minimize occurrence of non-compliance incidences; and
4. keeping the Board appraised of new or emerging risk and/or controls issues on a timely basis and seeks guidance when required.

The Board may also obtain independent professional advice at the Company's expense in furtherance of their duties.

The Board is regularly updated and advised by two fully qualified, experienced and competent Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are able to advise on implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Company Secretaries also advise the Board on any corporate announcements released to Bursa Malaysia Securities Berhad, impending restriction in dealing with the securities of the Company prior to the announcements of financial results and corporate proposals and new statutory and relevant regulatory requirements, guidelines or directives issued by Bursa Malaysia Securities Berhad, the Securities Commission and other relevant regulatory authorities.

2. STRENGTHEN COMPOSITION

a) Audit Committee

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the Audit Committee, which operates within clearly defined terms of reference. The Audit Committee members are thus able to deliberate in greater detail and examine the issues within their terms of reference in compliance with the Code.

The Audit Committee has been established to assist the Board in execution of its responsibilities. The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members are also invited to attend the Audit Committee meetings when the needs arise. The Audit Committee meets with the internal auditors quarterly and with the external auditors at least three times a year.

The details of the composition, meetings and attendance and a summary of the work of the Audit Committee in discharging its functions and duties during the financial year are set out in the Audit Committee Report.

Statement on Corporate Governance

(Cont'd)

2. STRENGTHEN COMPOSITION (CONT'D)

b) Nomination Committee

The Nomination Committee comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors, as follows:-

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
Independent Non-Executive Director

Mr. Oh Seong Lye
Independent Non-Executive Director

Ms. Soon Li Yen
Non-Independent Non-Executive Director

The duties and responsibilities of the Nomination Committee are set out in the terms of reference which is accessible via the Company's website at www.insas.net.

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met once during the financial year ended 30 June 2017 with full attendance of its members and carried out the following activities during the meeting held on 24 May 2017.

- (i) assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. The criteria used in the assessment are guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad and adapted according to the Company's needs and the Board's expectation;
- (ii) evaluated the independence of the Independent Directors including Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP who has served in that capacity for more than nine (9) years (without the participation of Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP);
- (iii) reviewed the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, experience and competence; and
- (iv) reviewed the term of office and performance of the Audit Committee and its members.

c) Remuneration

The remuneration of the Directors are linked to performance, service seniority, experience and scope of responsibilities and industry market rate so as to ensure that the Group attracts, motivates and retains Directors with the necessary skills and experience needed to run the Group effectively.

In line with this, the remuneration for the Executive Directors is aligned to individual and corporate performance. For the Non-Executive Directors, the level of remuneration will commensurate with the level of experience and responsibilities undertaken by them.

The remuneration of the Executive Directors comprises salaries and allowances and other customary benefits made available by the Company and the Group. The remuneration of the Non-Executive Directors comprises fees, salaries, allowances and other customary benefits. The aggregate annual directors' fees and benefits for the Independent Non-Executive Directors as recommended by the Board are to be approved by shareholders at the Annual General Meeting.

Statement on Corporate Governance

(Cont'd)

2. STRENGTHEN COMPOSITION (CONT'D)

c) Remuneration (cont'd)

The details of the remuneration of the Directors of the Company, paid and payable by the Company and the Group for the financial year ended 30 June 2017, categorised into appropriate components are as follows:-

Company

	Fees RM	Salaries & other emoluments RM	Benefits in kind RM	Total RM
Executive Directors	-	286,000	35,000	321,000
Non-Executive Directors	64,000	-	13,000	77,000

Group

	Fees RM	Salaries & other emoluments RM	Benefits in kind RM	Total RM
Executive Directors	-	3,112,000	35,000	3,147,000
Non-Executive Directors	64,000	1,314,000*	41,000	1,419,000

* This includes the aggregate remuneration of two Non-Independent Non-Executive Directors of the Company who are Executive Directors of certain subsidiary companies.

The remuneration of the Directors are further analysed by applicable bands of RM50,000 which comply with the disclosure requirements under the Listing Requirements. The Board is of the view that the transparency and accountability aspect of corporate governance which is applicable to Directors' Remuneration are appropriately served by the band disclosure.

The aggregate remuneration of Directors analysed into the appropriate bands are as follows:-

Range of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000		1
RM50,001 to RM100,000		1
RM350,001 to RM400,000		1
RM900,001 to RM950,000		1
RM1,450,001 to RM1,500,000	1	
RM1,650,001 to RM1,700,000	1	

3. REINFORCE INDEPENDENCE

a) Annual Assessment of Independence

The Board recognises the importance and contribution of its Independent Non-Executive Directors. The Independent Non-Executive Directors provide independent assessment and judgement on corporate proposals undertaken by the Group. They fulfill a pivotal role in bringing corporate accountability and independent, unbiased judgement and advice to bear on the Board's deliberation and decision-making. The role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Executive Directors and management team are discussed and examined fully and to take into account long-term interest of all parties affected by the Group's business activities. The Independent Non-Executive Directors are independent of the management and the major shareholders.

Statement on Corporate Governance

(Cont'd)

3. REINFORCE INDEPENDENCE (CONT'D)

a) Annual Assessment of Independence (cont'd)

The Board, with the assistance of the Nomination Committee, had assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the Listing Requirements of which the purpose of the assessment was to ensure the Independent Non-Executive Directors bring independent and objective judgement to the Board and to mitigate conflict of interest or undue influence from interested parties. Should any Director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

b) Boardroom Gender Diversity

The Board takes cognizance of gender diversity in the boardroom as recommended by the MCGG 2012 to promote the representation of women in the composition of the Board. Presently, there are two (2) female Directors on the Board of the Company. The Nomination Committee, who is responsible to recommend to the Board, candidates for all directorships of the Company and its subsidiaries to be filled for any vacancies on the Board of the Company and its subsidiaries, believes in providing equal opportunities to both genders based on merit against objective criteria with due regards to the individual's qualification, working experience, independence and good judgement to complement the Board's skillset to ensure the Board is able to discharge its duties effectively in the best interest of the Company and its shareholders.

c) Tenure of Independent Directors

One of the recommendations of the MCGG 2012 provides that the tenure of an Independent Director should not exceed nine (9) years of service. After completion of the nine (9) years, the Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director.

The Board does not limit the tenure for Directors as the Board is of the view that there are significant advantages gained from long-serving Directors who possess invaluable knowledge of the Group's operations. Subject to the annual assessment and the Board's recommendation, the Independent Directors who have served the Board for a cumulative term of more than nine (9) years may continue to serve on the Board without re-designation.

Currently, the longest serving Independent Director is Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, who has served the Board for thirty-one (31) years. However, the Nomination Committee and the Board have assessed the independence of Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and are satisfied with the skills, contribution and independent judgement that she brings to the Board and she remains objective and independent in expressing her views and in participating in deliberations and decision making of the Board and Board Committees. The Board takes the view to retain Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP as Independent Director as the Board is confident that she is able to provide independent and objective judgement on the Board's deliberations and decision making and in the best interest of the Company and the Group.

In line with Recommendation 3.3 of the MCGG 2012, the Company will be seeking the shareholders' approval at the forthcoming Annual General Meeting to retain Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP as an Independent Director of the Company.

d) Separation of Position of the Chairperson and Chief Executive Officer

One of the recommendations of the MCGG 2012 states that the position of the Chairperson and Chief Executive Officer should be held by different individuals and the Chairperson must be a Non-Executive member of the Board. The Chairperson of the Company is held by an Independent Non-Executive Director of the Board.

There is a clear division of responsibilities on the differing roles of the Chairperson and the Chief Executive Officer to ensure a balance of authority and power. The Chairperson heads the Board and is responsible for ensuring the Board meets regularly and ensure its effectiveness and standards of conduct. She has authority over the general agenda for each Board meeting to ensure that all Directors are provided with relevant information on a timely basis. The general agenda may include minutes of prior meetings of the Board, review of the Group's periodic financial reports, proposal papers from the management, matters requiring the Board's deliberation and approval and other reports.

Statement on Corporate Governance

(Cont'd)

3. REINFORCE INDEPENDENCE (CONT'D)

d) Separation of Position of the Chairperson and Chief Executive Officer (cont'd)

The Chief Executive Officer is responsible to the Board for the management and performance of the Group's businesses and resources within the framework of the Group's policies, reserved powers and routine reporting requirements.

4. FOSTER COMMITMENT

The Directors are required to devote sufficient time and efforts to carry out their duties and responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge their duties and responsibilities effectively, besides attending meetings of the Board and Board Committees. While it is not practical to specify on the minimum time commitment required of each Director, the Nomination Committee, as part of its review on the performance of the Directors, had considered whether the Directors including those with other listed issuer board representations and/or other principal commitments, have been able to adequately carry out their duties. In respect of financial year ended 30 June 2017, the Nomination Committee is satisfied that all the Directors of the Company have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties, as also evidenced by their exemplary attendance records and participation at the Board and Board Committee meetings, at the Annual General Meeting as well as made time to attend relevant Directors' training programmes and seminars.

a) Board Meetings

The Board held five (5) scheduled meetings annually, with additional meetings held as and when urgent issues and important matters arise that are required to be taken between the scheduled meetings. There were five (5) Board meetings held during the financial year ended 30 June 2017.

The date and time of the Board meetings were as follows:-

Date of meetings	Time
25 August 2016	12.00 pm
26 September 2016	12.00 pm
23 November 2016	12.50 pm
23 February 2017	11.45 am
24 May 2017	12.00 pm

Details of attendance of the Directors at the Board meetings were as follows:-

Directors	Attendance
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	5/5
Dato' Sri Thong Kok Khee	5/5
Dato' Wong Gian Kui	5/5
Dato' Dr. Tan Seng Chuan	4/5
Mr. Oh Seong Lye	5/5
Ms. Soon Li Yen	5/5

All the Directors have complied with the minimum 50% attendance requirement as stipulated in the Listing Requirements.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interest or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings.

Statement on Corporate Governance

(Cont'd)

4. FOSTER COMMITMENT (CONT'D)

b) Directors' Training and Continuing Board Development

All the Directors have attended and completed the Mandatory Accreditation Programme in compliance with the Listing Requirements and are encouraged to attend training programmes to update themselves on new developments in the industry as well as new rules and regulations and changes in laws and regulatory requirements.

During the financial year, the Directors had evaluated their own training needs and attended the following seminars, conferences and training programmes which they considered as relevant and would aid them in the discharge of their duties as Directors of the Company:-

Directors	Courses	Organiser	Date
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Capital Market Director Programme:-	The Securities Industry Development Corporation	
	Module 2A : Business challenges and regulatory expectations		22.08.2016
	Module 3 : Risk oversight and compliance – Action plan for Board of Directors		23.08.2016
	Module 4 : Current and emerging regulatory issues in the capital market		24.08.2016
	Module 1 : Directors as Gatekeepers of Market Participants		28.11.2016
Dato' Wong Gian Kui	Capital Market Director Programme:-	The Securities Industry Development Corporation	
	Module 1 : Directors as Gatekeepers of Market Participants		28.11.2016
	Module 2A : Business challenges and regulatory expectations		28.11.2016
	Module 3 : Risk oversight and compliance – Action plan for Board of Directors		29.11.2016
	Module 4 : Current and emerging regulatory issues in the capital market		30.11.2016
Oh Seong Lye	Withholding Tax and Cross Border Transactions	Malaysian Institute of Accountants	07.11.2016
	2017 Budget Seminar	Malaysian Institute of Accountants	10.11.2016
	LCD 1 – Listed Company Director Essentials	Singapore Institute of Directors	08.03.2017
	Audit Committee Conference 2017	Malaysian Institute of Accountants	05.04.2017
Dato' Dr Tan Seng Chuan	Sustainability Engagement Series for Directors/Chief Executive Officers 2017	Bursa Malaysia Securities Berhad	13.03.2017

Throughout the financial year, all the Directors also received regular briefings and updates at Board meetings by the External Auditors and the Companies Secretaries on changes to the Companies Act, 2016, regulations and guidelines and relevant new financial reporting standards affecting the Group.

Statement on Corporate Governance

(Cont'd)

4. FOSTER COMMITMENT (CONT'D)

b) Directors' Training and Continuing Board Development (cont'd)

The Board acknowledges that continuous education is essential to keep themselves abreast of corporate developments. The Directors have constantly obtain relevant materials and technical updates to enhance their knowledge in order to discharge their duties effectively as Directors of the Company.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

a) Financial Reporting

The Board has taken reasonable steps to provide a balanced and understandable assessment of the Group's financial performance and prospects, primarily through the annual report, quarterly financial statements and corporate announcements on significant developments affecting the Company and the Group in accordance to the Listing Requirements.

The Board is assisted by the Audit Committee to oversee the financial reporting process. The Board has empowered the Audit Committee to review the Group's financial reports to ensure conformity with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia before the financial statements are recommended to the Board for consideration and approval for release to the public.

b) Statement on the Board of Directors' Responsibility for Preparing the Financial Statements

The Board is collectively responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2017 and of its performance and cash flows for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements for the financial year ended 30 June 2017, the Company and the Group have:-

- a) ensured compliance with the requirements of the applicable Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board, the International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia;
- b) adopted and consistently applied the appropriate and relevant accounting policies; and
- c) exercised judgements and estimates that are prudent and reasonable.

The Directors are also responsible for ensuring that the Company and the Group keep proper accounting records. In addition, the Directors have overall responsibilities for proper safeguarding of the assets of the Company and the Group and taking such reasonable steps for the detection and prevention of fraud and other irregularities.

c) External Auditors

The Group's External Auditor is SJ Grant Thornton. The External Auditor's function and responsibilities are under the oversight of the Audit Committee.

The Board maintains, through the Audit Committee, an active, transparent and professional relationship with the External Auditors in seeking professional advice and ensuring compliance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and statutory requirements.

The External Auditors report their findings to the Audit Committee as part of the audit process on the financial statements of the Company and the Group and on any weaknesses in the system of internal control, non-compliance of financial reporting standards and communication of fraud that have come to their attention in the course of their audit.

Statement on Corporate Governance

(Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

c) External Auditors (cont'd)

The statement on the External Auditors' responsibilities on the Company's and the Group's audited financial statements for the financial year ended 30 June 2017 is set out in the Annual Report under the heading Independent Auditors' Report.

The Audit Committee is tasked with the annual assessment process on the performance and quality of the External Auditors and their independence, objectivity and professionalism. The Audit Committee had evaluated the suitability, effectiveness and independence of SJ Grant Thornton through internal review and input from the Company's management and staff who worked with SJ Grant Thornton's team throughout the audit process during the financial year under review. The Audit Committee is satisfied with SJ Grant Thornton's technical competency, skills, execution of audit plan and overall performance and had recommended for the approval of the Board on the reappointment of SJ Grant Thornton as the External Auditors for the ensuing financial year 2018, whereupon the Board had endorsed the Audit Committee's recommendations.

SJ Grant Thornton has provided confirmation of their independence to the Audit Committee that they were independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. It is also SJ Grant Thornton's policy in compliance with the Bye-Laws of the Malaysian Institute of Accountants to rotate audit engagement partners for listed issuers at least once every five years. A new audit engagement partner was appointed for the Group during financial year ended 30 June 2016.

The External Auditors also fulfill an essential role to the shareholders of the Company and other users of the financial statements by enhancing the reliability of the financial statements.

d) Audit Fees and Non Audit Fees

During the financial year, the amount of statutory audit fees and non-audit fees paid and payable to the external auditors by the Company and the Group respectively for the financial year ended 30 June 2017 were as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Statutory audit fees paid and payable to:-				
- SJ Grant Thornton	294	279	40	35
- Other external auditors	151	156	-	-
Total (a)	445	435	40	35
Non-audit fees paid and payable to:-				
- SJ Grant Thornton	86	84	8	11
- Other external auditors	52	56	-	-
Total (b)	138	140	8	11
% of non-audit fees (b/a)	31%	32%	20%	31%

The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the external auditors.

Statement on Corporate Governance

(Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

d) Audit Fees and Non Audit Fees (cont'd)

Upon completion of the assessment, the Audit Committee had make recommendation to the Board for re-appointment of SJ Grant Thornton as the Group External Auditors for the ensuing year. The proposed appointment will be subject to shareholders' approval at the Annual General Meeting.

6. RECOGNISE AND MANAGE RISKS

The Board is ultimately responsible for the Company's and the Group's risk management and system of internal control and recognise the importance of maintaining a sound system of internal control to safeguard the shareholders' investment and the Company's and the Group's assets.

To assist the Board in discharging this duty, the Board has the support of an Internal Audit function which reports directly to the Audit Committee. The Internal Audit function provides assurance on the adequacy, efficiency and effectiveness of the system of internal control within the Company and the Group. The works of the Internal Audit function are focused towards the areas of priority identified in accordance to the annual audit plan approved by the Audit Committee.

The information on the Group's risk management and system of internal control are set out in the Statement on Risk Management and Internal Control on Page 35 to Page 40 of the Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and the Group to be made to the regulators, shareholders, investors and the public.

The Board observes the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad which can be viewed at the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com. The Board is also committed to adhere to and comply with the disclosures required under the Listing Requirements.

The Company maintains a corporate website at www.insas.net where shareholders and members of the public can access the latest information on the Company and the Group. The Company's website incorporates an "Investors & Media" section to provide announcements made by the Company and annual reports of the Company.

Alternatively, the Group's latest announcements may be obtained via the website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the importance of maintaining effective communication with shareholders, stakeholders and the public on all material business matters affecting the Company and the Group. In addition to the announcements on the quarterly results and other corporate news, press releases and announcements for public dissemination are made periodically to capture any significant corporate event that would be of interest to investors and members of the public. The Board places emphasis on timely and equitable dissemination of information to shareholders and investors to keep them informed of the Company's and the Group's performance, corporate strategy and major developments.

Announcements to Bursa Malaysia Securities Berhad on corporate proposals, quarterly results, annual reports and other public announcements are accessible to shareholders through Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com or the Company's website at www.insas.net.

Statement on Corporate Governance

(Cont'd)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

Key investor relation activities such as dialogues with financial and research analysts and investors are held to provide constructive communications on matters concerning the Company and the Group.

Shareholders are presented a review of the Group's financial performance for the financial year at each Annual General Meeting. The Company's Annual General Meeting has always been well attended and is the principal forum for dialogue and interaction with the shareholders. It has always been the practice for the Chairperson to invite the shareholders to raise any questions that they may have in relation to the Company's and the Group's activities, financial performance and prospects and the shareholders' comments and suggestions noted by the Board for consideration.

All the resolutions set out in the Notice of the last Annual General Meeting were put to vote by poll. The shareholders were briefed on the voting procedures by the Company Secretary while the results of the poll were verified by the poll scrutineers. The Company Secretary announced the detailed results showing the number of votes cast for and against each resolution at the Annual General Meeting. The outcome of the Annual General Meeting was announced to Bursa Malaysia Securities Berhad on the same meeting day.

9. ADDITIONAL COMPLIANCE INFORMATION

a) Utilisation of Proceeds raised from Corporate Proposal

The Company received proceeds amounting to RM132,601,268 from the issuance of 132,601,268 Redeemable Preference Shares (RPS) at an issue price of RM1.00 per RPS during financial year ended 30 June 2015. The proceeds have been fully utilised in the following manner as at 30 June 2017:-

Purpose	Approved utilisation RM'000	Amount utilised RM'000	Balance unutilised RM'000
Capital injection into M&A Securities Sdn Bhd	60,000	60,000	-
Capital injection into Insas Pacific Rent-A-Car Sdn Bhd	5,000	5,000	-
Repayment of bank borrowings	20,000	20,000	-
Subscription of the rights issue of an associate company	30,000	30,000	-
Working capital and general business purposes	16,201	16,201	-
To defray expenses relating to the RPS issue	1,400	1,400	-
Total	132,601	132,601	-

b) Material Contracts

There were no material contracts entered into by the Company and the Group involving directors and substantial shareholders during the financial year.

c) Corporate Social Responsibility

The Board believes that Corporate Social Responsibility is essential to the long term sustainability of the environment and the community around us. Conservation and social priorities remain an integral part of the Group's operating policy regardless of the economic environment. As with the previous years, the Group continues to adopt environmentally friendly measures to conserve usage of energy and resources at workplace.

Statement on Corporate Governance

(Cont'd)

9. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

c) Corporate Social Responsibility (cont'd)

The Group remains focused on reaching out to the community. During the financial year under review, certain of the Group's operating subsidiary companies provided monetary contributions to various charitable organisations and accommodation facilities to certain religious bodies in the country. The Group will continue its effort to discharge its role as a responsible and caring corporate citizen.

COMMITMENT

The Board will continuously review its principles and practices in corporate governance in its efforts to achieve the highest standards of corporate governance throughout the Company and the Group. The Board is satisfied that the Company and the Group have in all material aspects, complied with the principles and recommendations of the MCCG 2012 during the financial year ended 30 June 2017.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 September 2017.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of Insas Berhad (“the Board”) is committed to maintain a sound system of internal control and risk management practices to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the Statement on Risk Management and Internal Control which is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which requires the Board of Directors of public listed companies to make a statement about the state, nature and scope of the system of internal control of the listed entity as a Group in the Annual Report.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its overall responsibility for the Group’s risk management and system of internal control and to oversee the establishment of appropriate control environment as well as review the adequacy, effectiveness and integrity of the Group’s internal control, risk management practices and management information systems. In view of the inherent limitations in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve its corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material errors, misstatement, financial losses or fraud. The system of internal control includes inter alia, financial, operational, information technology, organisation, compliance and risk management controls.

Also, the Group’s system of internal control involves all management and employees of the Group from all businesses as well as functional units. The Board is responsible for determining key strategies and policies for significant risks and controls issues, whilst the management team and functional key employees of the Group’s operating units are responsible to implement the Board’s policies effectively by designing, executing, monitoring and managing the risk management and internal control processes.

The Board confirms that there is an ongoing process, for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year, which is regularly reviewed by the Board through the Audit Committee, which dedicates separate time for discussion on this matter.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the system of internal control and good management practice that is critical to the Group’s continued profitability and for enhancement of shareholders’ value.

Risk management in the Group involves an ongoing process for identifying, evaluating and managing significant risks faced by the businesses in the Group. The risk management process involves all businesses and functional units of the Group in identifying the significant risks affecting the achievement of business objectives and the effectiveness of controls in place to manage them.

The senior management and the Executive Deputy Chairman/Chief Executive Officer uphold the role to assess the key risks inherent in the businesses and the system of internal control that are in place to manage these risks, on behalf of the Board. The management of the respective key businesses and functional units are responsible for the design, operation and monitoring of suitable internal controls to mitigate and control these risks. All management and employees are accountable to operate within the risks management policies and procedures that have been put in place. The Group Internal Audit function provides further independent assurance on the adequacy and effectiveness of the risk management and system of internal control and all significant exceptional reporting on the risk management and system of internal control processes are brought to the attention of the Board through the Audit Committee.

On identifying risks affecting the Group’s businesses, the management of the respective key businesses formulates procedures to identify potential risks having effect on critical business activities from events or circumstances that can adversely affect the Group businesses such as new competitor or sudden change in government regulations. Once the risks have been identified, the management evaluates the impact of these risks that may need to be managed immediately by examining the frequency, consequences and monetary losses arising from the risks. Once evaluated, the management rates the severity of the risks and formulates ways to manage them. The management test, evaluate and update the risk management plan regularly as risks can change in tandem with changes to the businesses, industry and the operating environment. The management regularly reviews the risk management plans which are essential for identifying new risks and monitoring the effectiveness of the risk management strategies and key risks issues are addressed at periodic management and operation meetings.

Statement on Risk Management and Internal Control

(Cont'd)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Group has an on-going credit risk management process undertaken by the respective units' management to identify, assess and evaluate principal credit risks and to ensure that appropriate risk treatments are in place to mitigate credit risks affecting the achievement of the Group's objectives.

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

The framework of the Group's system of internal control and the key procedures include:-

1. Management and direction of the Group's businesses

The Chief Executive Officer ("CEO") is empowered to manage the businesses of the Group and is accountable for the conduct and performance of the Group's businesses within agreed business strategies. The CEO reports to the Board on significant changes in the businesses and external environments which are relevant to the businesses. The CEO also implements the Board's expectations of the system of internal control.

2. Investment and capex appraisals

The CEO and the senior management of the Group's key operating subsidiary companies review material investments and the performance of significant projects undertaken by the Group and make appropriate recommendations and evaluations to be brought to the Board's attention.

Proposals for substantial and major capital expenditure of the Group are reviewed and approved by the Board.

3. Financial and operational review and reporting

The management team reviews and reports on significant operational, financial, risk management and legal issues of key operating subsidiary and associated companies and ensure that remedial actions are taken by the management of the subsidiary and associated companies concerned to address deficiencies that arise.

The CEO and/or the management team attend management and operational meetings to review financial and operations reports and to monitor the performance and profitability of the Group's businesses. Any deviation in corporate strategy and business objectives are deliberated and necessary action will be instituted. The CEO practices an 'open door' policy whereby matters arising are promptly highlighted and immediately dealt with.

4. Scheduled Board meetings

The Board meets quarterly and at other scheduled intervals when necessary to maintain full and effective supervision of the Group's activities and operations. The General Manager – Finance and the Company Secretaries will lead the presentation of board papers and provide comprehensive explanations on pertinent issues and the Board will go through thorough deliberation and discussion before arriving at any decision which has a bearing on the Group.

The Board reviews the financial and operating information and key performance indicators of strategic business units and legal and regulatory matters on a quarterly basis.

5. Audit Committee

The Board has the assistance of the Audit Committee whose principal duty is to review and monitor the effectiveness of the Group's system of internal control. The Audit Committee meets with the Group's principal external auditors at least three times a year and when the need arises to review the audit plan, the audit findings arising from the statutory audit of the financial statements and their tests on the system of internal control.

The Audit Committee also meets with the internal auditors quarterly and at other scheduled intervals when necessary to deliberate on the findings, recommendations and implementation of the recommendations of the audit of the various business units and operations as approved by the Audit Committee in its annual internal audit plan.

Statement on Risk Management and Internal Control

(Cont'd)

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONT'D)

6. Organisational Structure

The Group has an organisation structure which defines the responsibilities and appropriate level of empowerment at various authorisation levels. This is to facilitate quality and timely decision-making process at the appropriate level in the organisation hierarchy.

7. Centralised support functions

The Group also has in place key support functions, which are managed centrally at its Corporate Office. These comprise Group Secretarial and Share Registration, Legal, Human Resource, IT, Finance, Treasury and Tax Compliance functions. These support functions ensure consistency and compliance in the setting and application of policies and procedures relating to these functions thus reducing duplication of efforts and thereby providing synergy to the Group.

8. Defined accountability and authorisation levels

The senior employees and management team of key subsidiary companies are responsible for:-

- the conduct and performance of their respective business units;
- identification and evaluation of significant risks applicable to their respective businesses together with the design and institution of suitable internal control; and
- meeting defined reporting deadlines and ensuring compliance with policies, procedure and regulatory requirements.

9. Budgeting Process

Detailed budgeting process and development of business strategies whereby key operating subsidiary companies prepare budgets for the coming year, which are approved at the operating level. Key performance indicators are set for each of these operating subsidiary companies and the performance are monitored via reporting system which highlights significant variances against budgets for investigation and follow-up by the management of the respective operating subsidiary companies.

10. Specific credit risk management

The Board, through the relevant management team, adopted a prudent approach with regard to the management of credit risks. Procedures on credit application, review and approval of high value loans by the subsidiary company in the money lending and structured finance business are undertaken by designated senior management personnel to ensure credit risk is contained and the loans are properly and adequately securitised. Procedures for recovery for loans exceeding their credit limit are also in place.

11. Human resource management

The Board considers the integrity of employees at all levels to be of utmost importance, and this is pursued through its comprehensive and structured recruitment, appraisal and reward program. The Group also has ongoing training and development programs to ensure the Group attracts, motivates and retains competent and skilled employees.

Corporate values and code of conduct, which emphasise on the importance of key values such as loyalty, integrity, professionalism and cohesiveness are communicated to all employees and are set out in the Group's Employee Handbook.

12. Annual statutory audit

The external auditors provide assurance in the form of their annual statutory audit of the financial statements and review of internal control relevant to the preparation of financial statements of the Group. Areas for improvement identified during the course of the statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters or are deliberated at the Audit Committee meetings.

Statement on Risk Management and Internal Control

(Cont'd)

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONT'D)

13. Internal audit

The Board has the support of the Group Internal Audit function, which was established in financial year ended 30 June 2009. The Group Internal Audit function provides assurance on the adequacy, efficiency and effectiveness of the system of internal control within the Group. The works of the Group Internal Audit function are focused towards the areas of priority identified in accordance to the annual audit plan approved by the Audit Committee.

The Group Internal Audit function independently reviews the internal control processes implemented by the management. At least once every quarter, they will report to the Audit Committee their findings and highlight significant issues and exceptions, if any, identified during the course of their review together with the appropriate corrective actions to the Audit Committee.

The Board does not regularly review the system of internal control of its associate companies as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interest is served through representation on the boards of the respective associate companies and receipt and review of monthly management reports and inquiry thereon. Where practical, the Group would request for functional, operating and other financial information prepared in accordance with reporting standards that are acceptable to the Group in assessing the performance of these entities with the objective of safeguarding the investment of the Group.

INTERNAL AUDIT FUNCTION

The Board recognised that an internal audit function is necessary to provide independent assessment on the Group's system of internal control and in the assessment of potential risks exposures in key business processes and in controlling the proper conduct of businesses within the Group.

During the financial year ended 30 June 2009, the Board established a Group Internal Audit function as an independent appraisal function following the formal adoption of the Internal Audit Charter by the Audit Committee. The Group Internal Audit function reports to the Audit Committee, whose authority is sufficient to ensure a broad range of audit coverage and adequate consideration of effective action on internal audit findings and recommendations. The Group Internal Audit function aims to provide the Audit Committee with independent and objective advices on the effectiveness of the system of internal control within the Group's businesses and operations. The annual audit plan, established primarily on a risk based approach, is received and approved by the Audit Committee.

The scope of the Group Internal Audit function encompasses examining and evaluating the adequacy, effectiveness and efficiency of the Group's system of internal control. The scope of the examination and the evaluation performed includes the review of:-

- a) identification and evaluation of risks and ways to manage the risk;
- b) the internal controls established to ensure compliance to internal policies and procedures, relevant laws, guidelines and regulations that could have a significant impact on the Group's operations;
- c) the means of safeguarding the Group's assets and verification of their existence; and
- d) the efficiency which resources are utilised and employed.

Statement on Risk Management and Internal Control

(Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

The works carried out by the Group Internal Audit function during the financial year ended 30 June 2017 were as follows:-

1. Tabled the revised Internal Audit Charter and the Annual Audit Plan and Program for year 2017 for the Audit Committee's review and approval.
2. Presented the internal audit reports to the Audit Committee for their review and conducted follow up audit work to ensure the Group Internal Audit recommendations are effectively implemented for the audit carried out on the following areas:-
 - (a) On the Group's car rental operations:-
 - (i) Verified the approval and documentation on fleet replacement, terms of leasing and rental agreements, fleet inventory management and assets reconciliation for car rental operations;
 - (ii) Reviewed the effectiveness on sales and credit management, accountability of rental revenue and operating expenses, bank reconciliations, safekeeping and document retention for the car rental operations; and
 - (iii) Reviewed Goods and Services Tax compliance, reporting and submission to the authorities.
 - (b) On the stock broking subsidiary company:-
 - (i) Review the adequacy of the internal control system and efficiency in managing the Ipoh Branch's Credit Control Department (CCD), Central Depository System (CDS) Department and the Dealing Department to be in compliance with the internal standard operating policies and procedures (SOP) and the rules and regulations stipulated by the relevant authorities. Further review the adequacy of the Anti-Money Laundering and Terrorism Financing (AMLA) compliance program undertaken by Compliance Department;
 - (ii) Review the adequacy of internal control system and efficiency of the CDS Department in managing the department activities to be in compliance with the SOP and the rules and regulations stipulated by the relevant authorities;
 - (iii) Review the effectiveness and adequacy of the business continuity and disaster recovery plan (BCP). This review includes the review of the adequacy training provided and satisfactory test results of the BCP undertaken by the stock broking subsidiary company;
 - (iv) Review the adequacy of internal control system and efficiency of the Corporate Finance Department, Compliance Department, Human Resources Department and Research Department in managing the respective department's activities to be in compliance with the SOP and the rules and regulations stipulated by the relevant authorities;
 - (v) Review the adequacy of processes and efficiency of the Compliance Department in compliance with the SOP and the Guidelines of Money Laundering and Terrorism Financing for Capital Market Intermediaries. This review includes Compliance Department assessing the client's risk profiles, monitoring of unusual transactions, reporting of suspicious transaction to relevant authority, providing awareness training and dissemination of relevant information in relating to AMLA; and
 - (vi) Review the adequacy of preventive measures, systems and framework implemented by the stock broking subsidiary company in relation to Information Security and Cyber Security in compliance with the rules and guideline stipulated by the relevant authorities.

Statement on Risk Management and Internal Control

(Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

The cost incurred by the Group Internal Audit function in carrying out its duties in respect of the financial year ended 30 June 2017 is as follows:-

	RM
Staff cost	237,670
Reimbursements on traveling, accommodation and other out of pocket expenses	8,406
Total	246,076

EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

The Board reviews the effectiveness of the Group's risk management and system of internal control towards ensuring their effectiveness which will continue to be reviewed, enhanced and updated in line with the changes in the operating environment. The Board also has the assurance of the Chief Executive Officer and the General Manager – Finance that there were no significant weaknesses in the Group's risk management and system of internal control that may have an adverse effect on the Group's financial results and financial position for the year under review.

The Board is of the view that the current risk management and system of internal control that have been put in place throughout the Group is sufficient to safeguard the Group's assets and prevent any material loss to the Group and there were no significant deficiencies or weaknesses that resulted in material losses or contingencies to the Group during the financial year ended 30 June 2017 that would require disclosure in the Annual Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 September 2017 and has been reviewed by the external auditors as required pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Audit Committee Report

The Audit Committee (“AC”) is formed to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the management of risks and system of internal control, the internal audit and external audit processes as well as governance and compliance with laws and regulatory requirements.

The AC of Insas Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2017.

COMPOSITION

The membership of the AC has been selected with the aim of providing a wide range of financial and commercial expertise necessary to meet its responsibilities. The AC comprises three members of whom two are Independent Non-Executive Directors.

The members of the AC during the financial year ended 30 June 2017 are as follows:-

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah
bte Sultan Haji Ahmad Shah, DK(II), SIMP
Chairperson/Independent Non-Executive Director

Mr. Oh Seong Lye
Independent Non-Executive Director

Ms. Soon Li Yen
Non-Independent Non-Executive Director

Both Mr. Oh Seong Lye and Ms. Soon Li Yen are qualified accountants and are members of the Malaysian Institute of Accountants.

The annual review of the composition and performance of the AC, including members’ tenure, accountability and effectiveness were duly assessed via the annual assessment carried out by the Nomination Committee. Having reviewed the objectives, duties and responsibilities and primary activities undertaken by the AC members, the Nomination Committee is satisfied that the AC has effectively discharged its duties and responsibilities in accordance with its terms of reference.

MEETINGS AND ATTENDANCES

The AC meetings for the financial year are pre-scheduled and communicated to the AC members early to ensure their time commitment. The schedule of business considered by the AC is supported by information provided by the management, the Group Internal Auditor (“GIA”) and the External Auditors (“EA”).

Five (5) AC meetings were held during the financial year ended 30 June 2017 as follows:-

Date of meetings	Time
25 August 2016	10.00 a.m.
26 September 2016	10.00 a.m.
23 November 2016	10.00 a.m.
23 February 2017	10.00 a.m.
24 May 2017	10.00 a.m.

Audit Committee Report

(Cont'd)

MEETINGS AND ATTENDANCES (CONT'D)

Attendance at the AC meetings were as follows:-

Directors	Attendance
Y. A. M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	5/5
Mr. Oh Seong Lye	5/5
Ms. Soon Li Yen	5/5

The GIA Manager and the General Manager – Finance of the Company were invited to attend the AC meetings. The EA were also invited to attend three (3) of these meetings. Matters of significant concerns raised by the GIA and EA noted by the AC requiring the Board of Directors' ("the Board") direction and approval were highlighted by the AC Chairperson at Board meetings. Minutes of the AC meetings were circulated to the Board for their notice.

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The work carried out by the AC in the discharge of its functions and duties for the financial year were as follows:-

(a) Financial Reporting and Announcements

- (i) Reviewed the Group's quarterly financial statements including the draft announcements pertaining thereto, before recommending to the Board for its approval and release to Bursa Malaysia Securities Berhad.

Details of the review are as follows:-

Date of meetings	Review of Quarterly Financial Statements
25 August 2016	Fourth quarter and full year unaudited results of the Group for the financial year ended 30 June 2016
23 November 2016	First quarter results for the financial period ended 30 September 2016
23 February 2017	Second quarter results for the financial period ended 31 December 2016
24 May 2017	Third quarter results for the financial period ended 31 March 2017

The AC reviewed and ensured the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the reporting requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting, International Financial Reporting Standards ("IFRS"), requirements of the Companies Act, 2016 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- (ii) Reviewed the Directors' Report and audited financial statements of the Company and the Group for the financial year ended 30 June 2016 before recommending the same for consideration and approval by the Board at its meeting held on 26 September 2016, and ensured the financial statements presented a true and fair view of the Company and the Group's financial position and performance for the financial year ended 30 June 2016 and in compliance with the reporting requirements of the applicable MFRSs, IFRSs, requirements of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The AC had also reviewed the Audit Completion Memorandum for the audit for the financial year ended 30 June 2016 prepared by the EA at the said meeting.
- (iii) Discussed and reviewed the integrity of information and regulatory and accounting standards compliance in the quarterly and annual audited financial statements, with focus on changes in accounting policies and practices arising from implementation of the Companies Act, 2016, new Standards, amendments to Standards and annual improvements to Standards and IC Interpretations, going concern assumption, completeness of disclosures and consistency of presentation of transactions relating to management judgement and estimates to safeguard the integrity of financial reporting.

Audit Committee Report

(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

The work carried out by the AC in the discharge of its functions and duties for the financial year were as follows (cont'd):-

(b) Internal Audit

- (i) The AC reviewed with the GIA Manager, the Annual Audit Plan for Year 2017 together with the audit programs to ensure the selection of principal risk areas, key risk management and key processes were appropriately and adequately identified and covered in the audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and the principal risks areas are audited on an annual basis at the meeting held on 23 November 2016.
- (ii) The AC reviewed with the GIA Manager, the revised Internal Audit Charter at the meeting held on 23 February 2017.
- (iii) Reviewed on an ongoing basis, the adequacy of resources and the competencies of the staff within the GIA function to ensure the GIA function has the capabilities to carry out the audit scope and audit programs in execution of the audit plan approved by the AC.
- (iv) Reviewed the internal audit reports issued by the GIA function which covered the audit for the principal operating subsidiary companies of the Group in the following areas:-

Stock broking subsidiary company:-

- Central Depository System (CDS) department
- Business continuity and disaster recovery management
- Corporate finance department
- Compliance department
- Credit control department
- Dealing department
- Human resource department
- Research department
- Anti-Money Laundering and Terrorism Financing (AMLA) framework
- Information and cyber security

Car rental division – Branch audits covering:-

- sales, fleet and operational review
- standard operating procedures review on operations, reservations and fleet departments

The AC also reviewed the audit findings and recommendations to improve weaknesses or non-compliance and the management's responses thereto. The GIA function monitored the implementation of the management's action plan on outstanding issues through follow up reports to ensure the key risks and control weaknesses are addressed promptly and adequately and remedial actions taken.

- (v) Together with the GIA function, discussed and reviewed to ensure that an effective system of internal control is in place within the key processes and to ensure with reasonable assurance there is no occurrence of fraud nor material misstatement or error.

(c) External Audit

- (i) Reviewed with the EA at the meeting held on 25 August 2016 on the Audit Completion Memorandum in relation to the audit of the financial results and financial position of the Group for the financial year ended 30 June 2016 in particular, the status of the audit which has been substantially completed and the significant audit findings, discussed and considered the audit outstanding matters which were required to be followed up, the audit adjustments recommended by the EA that have been incorporated in the fourth quarter and unaudited results of the Group for the financial year ended 30 June 2016 and the internal control recommendations in respect of control weaknesses noted in the course of their audit. The Audit Committee also reviewed with the EA, the assistance and cooperation given by the officers and employees to the EA and ensured the EA were able to conduct their audit without any restriction.

Audit Committee Report

(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONT'D)

The work carried out by the AC in the discharge of its functions and duties for the financial year were as follows (cont'd):-

(c) External Audit (cont'd)

- (ii) Reviewed with the EA at the meeting held on 26 September 2016 on the Concluding of Audit Report, and that there was no material deviation between the announced unaudited and the audited profit attributable to owners of the Company for the financial year ended 30 June 2016 and review of the Directors' Report and the Auditors' Report and the independence of the EA in carrying out their duties. The AC having been satisfied with the performance of SJ Grant Thornton, had recommended to the Board for approval, the re-appointment of SJ Grant Thornton as external auditors for the ensuing financial year ended 30 June 2017.
- (iii) Reviewed with the EA at the meeting held on 24 May 2017, the Audit Planning Memorandum with emphasis on composition of the EA key team members, their audit plan and scope for the financial year ended 30 June 2017, outline of recent development of the Group, the audit approach, accounting and auditing development, amendments and changes to the Directors' Report and audited financial statements in order to comply with the newly enacted Companies Act, 2016, areas of audit focus, proposed reporting schedule and the new auditors' report which took effect in financial year ended 30 June 2017.

(d) Risks and Controls

- (i) Evaluated the overall adequacy and effectiveness of the Group's system of internal controls through review of the results performed by the GIA function and EA and discussion with key senior management.
- (ii) Reviewed and monitored the financial risks management in particular the credit risk and adequacy of the allowance for doubtful debts on the Group's structured finance receivables.
- (iii) Reviewed the adequacy and effectiveness of the Group's risk management framework in key risk areas based on the annual risk based audit planning and scheduling methodology presented by the GIA and monitor GIA assessment on the design, implementation and effectiveness of the control environment of the Group including financial, operational, compliance and management information systems. Based on the GIA's annual audit plan and reporting to the AC on the results of the audit, the AC is generally satisfied with the adequacy and integrity of the internal control and management information systems including systems for compliance with laws, rules, directives and guidelines. No significant irregularity or deficiency in internal controls came to the attention of the AC during the financial year ended 30 June 2017.

(e) Related Party Transactions and disclosures

- (i) Reviewed the procedures on related party transactions and recurrent related party transactions and ensured related party transactions are appropriately identified and reported.
- (ii) Reviewed the related party transactions of the Group during the financial year and its disclosure in the Group financial statements and ensured the transactions were undertaken on the Group's normal commercial terms and that the internal control procedures with regards to the transactions were adequate, and if any conflict of interest situation could have arise that raises questions of the management's integrity.

The AC took note that there were no management conflict of interest situations on significant related party transactions that took place during the financial year.

(f) Annual Reporting

Reviewed the extent of compliance with the reporting requirements of the Main Market Listing Requirements for the purposes of preparing the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2016 and recommended their adoption by the Board at its meeting held on 26 September 2016.

Audit Committee Report

(Cont'd)

INTERNAL AUDIT FUNCTION

The AC obtains reasonable assurance on the effectiveness of the system of internal control via the GIA function, which shall be responsible for the regular review and appraisal of the effectiveness of the risk management, system of internal control and governance processes within the Group.

The GIA function was performed by the in-house internal audit department set up in the financial year ended 30 June 2009.

The summary of work of the GIA function during the financial year ended 30 June 2017 are included under the Statement on Risk Management and Internal Control.

TERMS OF REFERENCE OF THE AC

The terms of reference of the AC which laid down its duties and responsibilities is accessible via the Company's website at www.insas.net.

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies and associate companies are disclosed in Note 49 and Note 50 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	180,641	7,172
Attributable to:-		
Owners of the Company	181,010	7,172
Non-controlling interests	(369)	-
	180,641	7,172

DIVIDENDS

Since the end of the previous financial year, the Company paid an interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM6,630,063 in respect of the financial year ended 30 June 2017 on 21 February 2017.

The Directors do not recommend any final dividend for the financial year ended 30 June 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Notes to the financial statements.

SHARE CAPITAL AND DEBENTURES

There were no issuance of new shares or debentures during the financial year.

REDEEMABLE PREFERENCE SHARES ("RPS") AND WARRANTS

There were no issuance of new redeemable preference shares ("RPS") and warrants during the financial year.

The terms of the RPS and Warrants are disclosed in Note 26(a) and Note 23 to the financial statements respectively.

As at end of the financial year, there is no Warrant that has been exercised into ordinary shares in the Company.

Directors' Report

(Cont'd)

TREASURY SHARES

During the financial year, the Company did not repurchase any of its shares from the open market. Of the total 693,333,633 issued and fully paid up ordinary shares in the Company, 30,327,291 shares are being held as treasury shares by the Company for the financial year ended 30 June 2017. Further relevant details are disclosed in Note 22 to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than those disclosed in the Notes to the financial statements.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

SUBSIDIARY COMPANIES

Details of subsidiary companies are set out in Note 49 to the financial statements.

Directors' Report

(Cont'd)

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion:-

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the Notes to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

The Company maintains Directors and officers liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the year which provides appropriate insurance cover for the Directors and officers of the Company and the subsidiary companies. The amount of insurance premium paid during the year amounted to RM34,000.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
 Dato' Sri Thong Kok Khee
 Dato' Wong Gian Kui
 Dato' Dr. Tan Seng Chuan
 Ms. Soon Li Yen
 Mr. Oh Seong Lye

The Directors of the subsidiary companies since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Datin Sri Yeoh Kwee See
 Ms. Thong Mei Chuen
 Mr. Thong Weng Sheng
 Dato' Thong Kok Yoon
 Datin Tan Few Teng
 Mr. Goh Hock Jin
 Ms. Yu Hong Tin
 Mr. Seet Hon Chiew
 Ms. Mun Nga Lai
 Ms. Chow Yuet Kuen
 Ms. Boon Yat Mee
 Ms. Yong Mee Yan
 Tuan Syed Ahmad Bin Syed Mustafa

Mr. Sundararajah A/L Ramasamy
 Dato' Ng Jet Heong
 Datuk Tan Choon Peow
 Mr. Monteiro Gerard Clair
 Mr. Wong Yew Kiang
 Mr. Melwani Ashok Bhagwandas
 Ms. Winnie Ng Yee Ching
 Mr. Tan Wen Jie
 Mr. Lee Chee Full
 Dato' Jaganath Derek Steven Sabapathy
 Mr. Sanj Natsagdorj
 Mr. Albert Jayaraj A/L Thanimalai
 Mr. Sylvester Martin Emuang

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, the interests and deemed interests of Directors in office at the end of the financial year in shares and warrants in the Company and its subsidiary companies during the financial year are as follows:-

Directors of the Company

Interest in the Company	Number of ordinary shares			At 30.6.2017
	At 1.7.2016	Bought	Sold	
<u>Direct interest</u>				
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	-	-	121,992
Dato' Sri Thong Kok Khee	5,184,678	-	-	5,184,678
Dato' Wong Gian Kui	212,160	-	-	212,160
<u>Deemed interest</u>				
Dato' Sri Thong Kok Khee	160,880,284	-	-	160,880,284
Dato' Wong Gian Kui	50,000	-	(50,000)	-
Interest in the subsidiary companies				
Insas Properties Sdn. Bhd.				
<u>Direct interest</u>				
Dato' Wong Gian Kui	80,000	-	-	80,000
Segar Raya Development Sdn. Bhd.				
<u>Direct interest</u>				
Dato' Wong Gian Kui	129,999	-	-	129,999
<u>Deemed interest</u>				
Dato' Wong Gian Kui	80,000	-	-	80,000
Dellmax Worldwide Sdn. Bhd.				
<u>Deemed interest</u>				
Dato' Wong Gian Kui	35,000	-	-	35,000
Number of Redeemable Preference Shares				
Interest in the Company	At 1.7.2016	Bought	Sold	At 30.6.2017
<u>Direct interest</u>				
Dato' Sri Thong Kok Khee	2,100,000	-	-	2,100,000
Dato' Wong Gian Kui	42,432	-	-	42,432
<u>Deemed interest</u>				
Dato' Sri Thong Kok Khee	55,706,385	-	(278,300)	55,428,085

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' shareholdings, the interests and deemed interests of Directors in office at the end of the financial year in shares and warrants in the Company and its subsidiary companies during the financial year are as follows (cont'd):-

Directors of the Company (cont'd)

Interest in the Company	Number of Warrants			At 30.6.2017
	At 1.7.2016	Bought	Sold	
<u>Direct interest</u>				
Dato' Sri Thong Kok Khee	2,904,600	-	-	2,904,600
Dato' Wong Gian Kui	84,864	-	-	84,864
<u>Deemed interest</u>				
Dato' Sri Thong Kok Khee	83,414,970	-	-	83,414,970

Directors of the subsidiary companies

Interest in the Company	Number of ordinary shares			At 30.6.2017
	At 1.7.2016	Bought	Sold	
<u>Direct interest</u>				
Datin Sri Yeoh Kwee See	504,960	-	-	504,960
Ms. Thong Mei Chuen	110,000	-	-	110,000
Mr. Thong Weng Sheng	110,000	-	-	110,000
Dato' Thong Kok Yoon	43,358,813	-	-	43,358,813
Datin Tan Few Teng	2,189,344	-	-	2,189,344
Mr. Monteiro Gerard Clair	5,000	-	(5,000)	-
Ms. Winnie Ng Yee Ching	12,652	-	-	12,652
Ms. Chow Yuet Kuen	5,304	-	-	5,304
<u>Deemed interest</u>				
Datin Sri Yeoh Kwee See	165,560,002	-	-	165,560,002
Dato' Thong Kok Yoon	30,844,835	-	-	30,844,835
Datin Tan Few Teng	72,014,304	-	-	72,014,304
Mr. Monteiro Gerard Clair	250,000	-	-	250,000

Interest in the subsidiary companies

Special Windfall Sdn. Bhd.

<u>Deemed interest</u>				
Mr. Monteiro Gerard Clair	109,000	-	-	109,000
Dato' Jaganath Derek Steven Sabapathy	109,000	-	-	109,000

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' shareholdings, the interests and deemed interests of Directors in office at the end of the financial year in shares and warrants in the Company and its subsidiary companies during the financial year are as follows (cont'd):-

Directors of the subsidiary companies (cont'd)

Interest in the subsidiary companies (cont'd)	Number of ordinary shares			At 30.6.2017
	At 1.7.2016	Bought	Sold	
Roset Logistics Holdings Pte. Ltd.				
<u>Direct interest</u>				
Mr. Wong Yew Kiang	956,469	-	-	956,469
<u>Deemed interest</u>				
Mr. Melwani Ashok Bhagwandas	195,198	-	-	195,198
Tribecar Pte. Ltd.				
<u>Direct interest</u>				
Mr. Tan Wen Jie	100	-	-	100
Mr. Lee Chee Full	100	-	-	100
Number of Redeemable Preference Shares				
Interest in the Company	At 1.7.2016	Bought	Sold	At 30.6.2017
<u>Direct interest</u>				
Datin Sri Yeoh Kwee See	230,700	-	-	230,700
Ms. Thong Mei Chuen	22,000	-	-	22,000
Mr. Thong Weng Sheng	153,700	-	-	153,700
Dato' Thong Kok Yoon	8,671,762	-	-	8,671,762
Datin Tan Few Teng	437,868	-	-	437,868
<u>Deemed interest</u>				
Datin Sri Yeoh Kwee See	57,575,685	-	(278,300)	57,297,385
Dato' Thong Kok Yoon	7,389,170	-	-	7,389,170
Datin Tan Few Teng	15,623,064	-	-	15,623,064
Mr. Monteiro Gerard Clair	278,300	-	(278,300)	-

Directors' Report

(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' shareholdings, the interests and deemed interests of Directors in office at the end of the financial year in shares and warrants in the Company and its subsidiary companies during the financial year are as follows (cont'd):-

Directors of the subsidiary companies (cont'd)

Interest in the subsidiary companies	Number of Redeemable Convertible Preference Shares			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Roset Limousine Services Pte. Ltd.				
<u>Direct interest</u>				
Mr. Wong Yew Kiang	300,000	-	-	300,000
<u>Deemed interest</u>				
Mr. Melwani Ashok Bhagwandas	300,000	-	-	300,000
Number of warrants				
Interest in the Company	At 1.7.2016	Bought	Sold	At 30.6.2017
<u>Direct interest</u>				
Datin Sri Yeoh Kwee See	461,400	-	-	461,400
Ms. Thong Mei Chuen	44,000	-	-	44,000
Mr. Thong Weng Sheng	307,400	-	-	307,400
Dato' Thong Kok Yoon	17,343,524	-	-	17,343,524
Datin Tan Few Teng	875,736	-	-	875,736
<u>Deemed interest</u>				
Datin Sri Yeoh Kwee See	85,858,170	-	-	85,858,170
Dato' Thong Kok Yoon	12,014,706	-	-	12,014,706
Datin Tan Few Teng	28,482,494	-	-	28,482,494
Mr. Monteiro Gerard Clair	556,600	-	-	556,600

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of the Company, he is also deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, warrants, options and debentures of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS AND BENEFITS

Details of Directors' remunerations are set out in Note 39 to the financial statements. Included in Directors' emoluments are benefits-in-kind (based on estimated monetary value) for the Group and the Company of RM98,000 and RM48,000 respectively.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

(Cont'd)

DIRECTORS' REMUNERATIONS AND BENEFITS (CONT'D)

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits as disclosed in the Notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 51 to the financial statements.

AUDITORS

Details of auditors' remuneration are set out in Note 33 and Note 34 to the financial statements. There was no indemnity given to or insurance effected for the auditors of the Company, Messrs SJ Grant Thornton.

Messrs SJ Grant Thornton, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 26 September 2017.

**Y.A.M. TENGKU PUTERI SERI KEMALA
PAHANG TENGKU HAJJAH AISHAH
BTE SULTAN HAJI AHMAD SHAH,
DK(II), SIMP**

Director

DATO' SRI THONG KOK KHEE

Director

Kuala Lumpur

Statement by Directors

We, Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Sri Thong Kok Khee, being two of the Directors of Insas Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 173 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 26 September 2017.

**Y.A.M. TENGKU PUTERI SERI KEMALA
PAHANG TENGKU HAJJAH AISHAH
BTE SULTAN HAJI AHMAD SHAH,
DK(II), SIMP**

DATO' SRI THONG KOK KHEE

Kuala Lumpur

Statutory Declaration

I, Dato' Sri Thong Kok Khee, being the Director primarily responsible for the financial management of Insas Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and the supplementary information are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
26 September 2017)

DATO' SRI THONG KOK KHEE

Before me:

S. ARULSAM Y (W.490)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of INSAS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Insas Berhad, which comprise the statements of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 60 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables

Due to the inherent subjectivity that is involved in making judgments in relation to credit risk exposures to determine the recoverability of trade receivables, recoverability of trade receivables is considered to be significant audit risk.

Our procedures included, amongst others:

- Evaluating and testing the controls relating to credit control and approval process;
- Assessing the recoverability of overdue receivables by comparing management's views of recoverability of overdue receivables to historical patterns of receipts, reviewing receipts subsequent to the financial year end for its effect in reducing overdue receivables as at the financial year end;
- Review of management's basis and justification in determining allowance for doubtful debts; and
- Assessing the adequacy of the disclosures in respect of credit risk.

We have determined that there are no key audit matters to communicate in our report in relation to our audit of the financial statements of the Company.

Independent Auditors' Report

to the members of INSAS BERHAD

(Cont'd)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company do not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the members of INSAS BERHAD

(Cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the consolidated financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group in order to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We have provided to the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 49 to the Financial Statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 173 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report

to the members of **INSAS BERHAD**
(Cont'd)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
26 September 2017

FOO LEE MENG
(NO: 03069/07/19(J))
CHARTERED ACCOUNTANT

Statements of Financial Position

As at 30 June 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	184,946	161,424	149	177
Investment properties	7	177,877	179,644	-	-
Available for sale investments	8	42,970	35,154	940	940
Held to maturity investments	9	4,591	3,095	-	-
Subsidiary companies	10(a)	-	-	806,324	826,035
Associate companies	11(a)	301,303	276,524	20	46
Intangible assets	12	26,047	26,047	-	-
Deferred tax assets	13	2,642	1,763	-	-
Total non-current assets		740,376	683,651	807,433	827,198
Current assets					
Property development costs	14	10,233	9,969	-	-
Inventories	15	14,107	11,251	-	-
Trade receivables	16	404,778	290,833	-	-
Amount due from subsidiary companies	10(b)	-	-	204,865	114,217
Amount due from associate companies	11(b)	92,702	92,519	375	371
Other receivables, deposits and prepayments	17	28,625	30,519	786	884
Held to maturity investments	9	2,383	8,878	-	-
Financial assets at fair value through profit or loss	18	330,544	312,594	-	-
Tax recoverable		1,881	800	922	776
Deposits with licensed banks and financial institutions	19	461,092	382,963	4,549	5,726
Cash and bank balances	20	118,258	75,625	4,243	2,700
Total current assets		1,464,603	1,215,951	215,740	124,674
TOTAL ASSETS		2,204,979	1,899,602	1,023,173	951,872

Statements of Financial Position

As at 30 June 2017

(Cont'd)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	21	741,113	693,334	741,085	693,334
Treasury shares	22	(14,499)	(14,499)	(14,499)	(14,499)
Reserves	23	93,485	111,289	4,622	52,373
Retained earnings		734,058	559,540	17,594	17,052
		1,554,157	1,349,664	748,802	748,260
Non-controlling interests		7,757	7,558	-	-
		1,561,914	1,357,222	748,802	748,260
Non-current liabilities					
Loans and borrowings	24	21,555	14,437	-	-
Hire purchase payables	25	74,183	60,546	-	17
Deferred tax liabilities	13	6,741	6,745	932	1,095
Preference shares	26	130,422	129,818	128,811	128,207
		232,901	211,546	129,743	129,319
Current liabilities					
Derivative financial liabilities	27	7,572	7,288	-	-
Trade payables	28	49,086	34,226	-	-
Amount due to subsidiary companies	10(b)	-	-	70,350	70,233
Other payables and accruals	29	30,399	30,116	561	431
Hire purchase payables	25	33,860	32,221	17	29
Loans and borrowings	24	288,593	225,958	73,700	3,600
Tax payable		654	1,025	-	-
		410,164	330,834	144,628	74,293
TOTAL LIABILITIES		643,065	542,380	274,371	203,612
TOTAL EQUITY AND LIABILITIES		2,204,979	1,899,602	1,023,173	951,872

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss

For the Financial Year ended 30 June 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	30	347,829	272,723	17,956	9,248
Cost of sales	31	(250,464)	(213,981)	-	-
Gross profit		97,365	58,742	17,956	9,248
Other income	32	138,060	151,696	6,881	14,569
Administration expenses	33	(28,122)	(28,554)	(6,540)	(6,966)
Other operating expenses	34	(51,996)	(94,081)	(2,397)	(5,861)
Finance costs	35	(20,442)	(17,724)	(8,037)	(6,286)
Exceptional item	36	(3,138)	(3,326)	-	-
Share of profits less losses of associate companies		57,769	21,337	-	-
Profit before tax		189,496	88,090	7,863	4,704
Tax expense	37	(8,855)	(10,117)	(691)	(840)
Profit for the financial year		180,641	77,973	7,172	3,864
Attributable to:-					
Owners of the Company		181,010	77,376	7,172	3,864
Non-controlling interests		(369)	597	-	-
		180,641	77,973	7,172	3,864
Earnings per share (sen)	38				
- Basic		27.30	11.67		
- Diluted	38	20.56	N/A		

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the Financial Year ended 30 June 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year	180,641	77,973	7,172	3,864
<u>Other comprehensive income/(loss) may be reclassified to profit or loss subsequently</u>				
Realised fair value gain transferred to statements of profit or loss upon disposal of available for sale investments, net of tax	-	(6,718)	-	-
Unrealised gain/(loss) on fair value changes on available for sale investments, net of tax	2,439	(2,421)	-	-
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	3,147	(1,656)	-	-
Foreign currency translation of foreign operations, net of tax	12,402	9,632	-	-
Total other comprehensive income/(loss) for the financial year, net of tax	17,988	(1,163)	-	-
Total comprehensive income for the financial year, net of tax	198,629	76,810	7,172	3,864
Attributable to:-				
Owners of the Company	198,741	76,538	7,172	3,864
Non-controlling interests	(112)	272	-	-
	198,629	76,810	7,172	3,864

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year ended 30 June 2017

Group	Attributable to Owners of the Company										Total equity
	Non-Distributable							Distributable			
	Share capital	Share premium	Available for sale investments fair value reserve	Warrants reserve	Other reserves	Exchange translation reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2015	693,334	47,751	15,002	4,622	11,279	17,407	(14,499)	490,874	1,265,770	4,523	1,270,293
<u>Total comprehensive (loss)/ income for the financial year</u>											
Profit for the financial year	-	-	-	-	-	-	-	77,376	77,376	597	77,973
Realised fair value gain transferred to statements of profit or loss upon disposal of available for sale investments, net of tax	-	-	(6,718)	-	-	-	-	-	(6,718)	-	(6,718)
Unrealised loss on fair value changes on available for sale investments, net of tax	-	-	(2,421)	-	-	-	-	-	(2,421)	-	(2,421)
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	-	-	-	-	(1,977)	292	-	29	(1,656)	-	(1,656)
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	9,957	-	-	9,957	(325)	9,632
Total comprehensive (loss)/ income for the financial year	-	-	(9,139)	-	(1,977)	10,249	-	77,405	76,538	272	76,810
<u>Transactions with owners:-</u>											
Post-acquisition reserves - associate companies	-	-	-	-	16,067	-	-	-	16,067	-	16,067
Cash dividends paid to owners of the Company (Note 41)	-	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
Non-controlling interests' changes in ownership interests in subsidiary companies	-	-	-	-	-	-	-	(2,074)	(2,074)	2,074	-
Acquisition of equity interest in a subsidiary company (Note 42(d))	-	-	-	-	-	-	-	-	-	682	682
Arising from redemption of preference shares in a subsidiary company	-	-	-	-	28	-	-	(35)	(7)	7	-
Total transactions with owners	-	-	-	-	16,095	-	-	(8,739)	7,356	2,763	10,119
Balance at 30 June 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

Statements of Changes in Equity

For the Financial Year ended 30 June 2017
(Cont'd)

Group (cont'd)	Attributable to Owners of the Company										
	Non-Distributable							Distributable			
	Share capital	Share premium	Available for sale investments fair value reserve	Warrants reserve	Other reserves	Exchange translation reserve	Treasury shares	Retained earnings	Total	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	RM'000
Adjustments for effects of Companies Act, 2016 (Note 23)	47,779	(47,751)	-	-	(28)	-	-	-	-	-	-
<u>Total comprehensive income for the financial year</u>											
Profit for the financial year	-	-	-	-	-	-	-	181,010	181,010	(369)	180,641
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	2,439	-	-	-	-	-	2,439	-	2,439
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-	-	2,083	926	-	138	3,147	-	3,147
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	12,145	-	-	12,145	257	12,402
<u>Total comprehensive income for the financial year</u>	-	-	2,439	-	2,083	13,071	-	181,148	198,741	(112)	198,629
<u>Transactions with owners:-</u>											
Post-acquisition reserves - associate companies	-	-	-	-	12,382	-	-	-	12,382	-	12,382
Cash dividends paid to owners of the Company (Note 41)	-	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
Subscription of shares in subsidiary companies by non-controlling interests	-	-	-	-	-	-	-	-	-	245	245
Deconsolidation of subsidiary companies on completion of members' voluntary winding up	-	-	-	-	-	-	-	-	-	109	109
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	(43)	(43)
<u>Total transactions with owners</u>	-	-	-	-	12,382	-	-	(6,630)	5,752	311	6,063
<u>Balance at 30 June 2017</u>	<u>741,113</u>	<u>-</u>	<u>8,302</u>	<u>4,622</u>	<u>39,834</u>	<u>40,727</u>	<u>(14,499)</u>	<u>734,058</u>	<u>1,554,157</u>	<u>7,757</u>	<u>1,561,914</u>

Statements of Changes in Equity

For the Financial Year ended 30 June 2017

(Cont'd)

Company	←----- Attributable to Owners of the Company -----→						Total RM'000
	←----- Non-distributable -----→			←----- Distributable -----→			
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000		
Balance at 1 July 2015	693,334	47,751	4,622	(14,499)	19,818	751,026	
Total comprehensive income for the financial year	-	-	-	-	3,864	3,864	
<u>Transaction with owners:-</u>							
Cash dividends paid to owners of the Company (Note 41)	-	-	-	-	(6,630)	(6,630)	
Total transaction with owners	-	-	-	-	(6,630)	(6,630)	
Balance at 30 June 2016	693,334	47,751	4,622	(14,499)	17,052	748,260	
Adjustments for effects of Companies Act, 2016 (Note 23)	47,751	(47,751)	-	-	-	-	
Total comprehensive income for the financial year	-	-	-	-	7,172	7,172	
<u>Transaction with owners:-</u>							
Cash dividends paid to owners of the Company (Note 41)	-	-	-	-	(6,630)	(6,630)	
Total transaction with owners	-	-	-	-	(6,630)	(6,630)	
Balance at 30 June 2017	741,085	-	4,622	(14,499)	17,594	748,802	

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year ended 30 June 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	189,496	88,090	7,863	4,704
Adjustments for:-				
Accretion of discounts on held to maturity investments	(12)	(1,119)	-	-
Allowance for doubtful debts	211	364	43	14
Allowance for doubtful debts no longer required	(150)	(373)	(33)	(8,012)
Amortisation of premium on held to maturity investments	2	618	-	-
Bad debts written off	47	25	52	-
Investment in subsidiary companies written off	-	-	123	-
Depreciation of property, plant and equipment	35,096	31,711	73	71
Dividend income	(11,020)	(9,463)	-	-
Effects of dilution of equity interests in associate companies	3,138	3,326	-	-
Excess of fair value of net assets over investment cost on acquisition of additional interest in associate companies	(567)	-	-	-
Fair value loss/(gain) on derivative financial instruments	287	(1,895)	-	-
Fair value loss/(gain) on investment properties	376	(239)	-	-
Gain on capital repayment from an associate company	-	(117)	-	(364)
Gain on disposal of an investment property	(244)	-	-	-
Gain on disposal of shares in associate companies	(34,538)	(87,354)	-	-
Gain on disposal of available for sale investments	-	(16,471)	-	-
Gain on disposal of property, plant and equipment	(807)	(718)	-	-
(Gain)/Loss on fair value changes of financial assets at fair value through profit or loss	(42,167)	33,485	-	-
(Gain)/Loss on redemption of held to maturity investments	(12)	3,870	-	-
Goodwill written off	-	2	-	-
Impairment of available for sale investments	-	1,042	-	-
Intangible assets written off	-	3	-	-
Interest expenses	20,442	17,724	8,037	6,286
Interest income	(11,890)	(11,845)	(6,848)	(6,193)
Property, plant and equipment written off	166	-	-	-
Provision for impairment loss on investment in an associate company	26	-	26	-
Provision for impairment loss on investment in subsidiary companies	-	-	-	4,020

Statements of Cash Flows

For the Financial Year ended 30 June 2017
(Cont'd)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Share of profits less losses of associate companies	(57,769)	(21,337)	-	-
Unrealised foreign exchange (gain)/loss	(15,967)	(5,784)	2,155	1,826
Waiver of debts	(11)	-	-	-
(Writeback of allowance)/Allowance for diminution in value of inventories	(28)	14	-	-
(Writeback of impairment)/Impairment of held to maturity investments	(18)	18	-	-
Operating profit before working capital changes	74,087	23,577	11,491	2,352
Changes in working capital:-				
Property development costs	(264)	(288)	-	-
Inventories	(1,024)	714	-	-
Financial assets at fair value through profit or loss	31,179	(67,559)	-	-
Receivables	(108,569)	10,988	98	(67)
Payables	17,359	(30,354)	130	52
Associate companies	(183)	(148)	(4)	(6)
Subsidiary companies	-	-	(66,495)	(6,589)
Net cash from/(used in) operations	12,585	(63,070)	(54,780)	(4,258)
Interest received	11,890	11,845	234	590
Interest paid	(20,288)	(17,353)	(7,443)	(5,678)
Net tax paid	(10,843)	(6,610)	(1,000)	(867)
Net cash used in operating activities	(6,656)	(75,188)	(62,989)	(10,213)

Statements of Cash Flows

For the Financial Year ended 30 June 2017
(Cont'd)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note A)	(17,196)	(17,893)	(45)	(11)
Proceeds from disposal of property, plant and equipment	16,996	16,610	-	-
Subscription of shares and investment in associate companies	(29,177)	(57,665)	-	-
Purchase of investment properties	(4,012)	(9,021)	-	-
Purchase of available for sale investments	(4,071)	(11,790)	-	-
Purchase of held to maturity investments	(2,279)	(3,863)	-	-
Proceeds from redemption and disposal of held to maturity investments	7,484	41,391	-	-
Dividends received	38,034	26,969	-	-
Subscription of shares in a subsidiary company	-	-	(51)	-
Proceeds from redemption and disposal of available for sale investments	-	31,507	-	-
Proceeds from disposal of investment properties	8,287	4,689	-	-
Proceeds from redemption of redeemable convertible preference shares in a subsidiary company	-	-	-	3,500
Proceeds from disposal of shares in associate companies	78,897	125,406	-	-
Capital repayment from an associate company	-	364	-	364
Net cash outflow on acquisition of equity interest in subsidiary companies (Note 42(d))	-	(267)	-	-
Net cash from/(used in) investing activities	92,963	146,437	(96)	3,853
CASH FLOWS FROM FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged	(37,289)	152,836	(30)	(30)
(Increase)/Decrease in cash and bank balances pledged	(29,653)	15,226	-	-
Repayment to non-controlling interests	(43)	-	-	-
Net of drawdown/(repayment) of loans and borrowings	70,250	(121,462)	70,100	900
Proceeds from subscription of shares in subsidiary companies by non-controlling interests	245	-	-	-
Cash dividends paid to owners of the Company	(6,630)	(6,630)	(6,630)	(6,630)
Repayment of hire purchase payables	(43,348)	(39,934)	(29)	(28)
Net cash (used in)/from financing activities	(46,468)	36	63,411	(5,788)

Statements of Cash Flows

For the Financial Year ended 30 June 2017

(Cont'd)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH AND CASH EQUIVALENTS				
Net changes	39,839	71,285	326	(12,148)
Brought forward	258,050	184,292	7,294	19,438
Exchange differences	3,505	2,473	10	4
Carried forward (Note B)	301,394	258,050	7,630	7,294

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total purchase of property, plant and equipment	70,713	87,204	45	11
Less: Purchase through hire purchase arrangements	(52,742)	(67,833)	-	-
Less: Purchase financed by other payables	(775)	(1,478)	-	-
Cash payments made	17,196	17,893	45	11

B. CASH AND CASH EQUIVALENTS COMPRISE OF:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank overdrafts	(7,708)	(9,897)	-	-
Cash and bank balances	118,258	75,625	4,243	2,700
Deposits with licensed banks and financial institutions	461,092	382,963	4,549	5,726
	571,642	448,691	8,792	8,426
Less:-				
Cash and bank balances pledged	(40,363)	(9,937)	-	-
Fixed deposits pledged	(229,885)	(180,704)	(1,162)	(1,132)
	301,394	258,050	7,630	7,294

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

- 30 June 2017

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiary companies and associate companies are disclosed in Notes 49 and 50 to the financial statements. There were no significant changes in the Group's and the Company's activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at Suite 23.02, Level 23, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 September 2017.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretations") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of the reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

(c) Functional and presentation currencies

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information presented is in Ringgit Malaysia and all values are rounded to the nearest thousand except when otherwise stated.

(d) The use of estimates and judgements

The preparation of financial statements in conformity with MFRSs and IC Interpretations require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires the management and Directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgements are based on the management’s and Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised from the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Useful lives of depreciable assets

The management reviews annually the estimated useful lives of depreciable assets based on factors such as business plans and strategies, expected level of usage and future technological developments. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned.

The management does not expect any material difference that would arise on the estimation of useful lives of depreciable assets and the current evaluation of the useful lives of depreciable assets represents a fair estimation of the useful lives of the Group’s and of the Company’s depreciable assets.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

(ii) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administration purposes. If the property is not to be sold separately, the property is an investment property only if an insignificant portion is held for administrative purpose.

(iii) Impairment of assets

(a) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of the impairment loss. For the purpose of impairment testing of non-financial assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

A non-financial asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(b) Financial assets

(i) Loans and receivables and other financial assets carried at amortised cost

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine if a financial asset is impaired, the Group and the Company consider factors such as probability of insolvency or significant or prolonged financial difficulties of the debtor and default and significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(ii) Available for sale investments

The Group and the Company review their available for sale investments at each reporting date to assess whether they are impaired. The Group and the Company also record impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of 'significant' or 'prolonged' requires judgement. The Group and the Company evaluate, amongst other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

(iv) Income taxes

Significant estimation is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Fair value of financial instruments

The management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, the management makes maximum use of market inputs, and uses estimates and assumptions that, as far as possible, consist of observable data that market participants would use in pricing the instrument. Where applicable data is not observable, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in a negotiated transaction at the reporting date.

(vii) Classification of financial instruments

Held to maturity investments

The Group classifies financial assets as held to maturity investments when they are non-derivative in nature with fixed and determinable payments and have defined maturity dates and the Group has a positive intention and ability to hold the investments to maturity.

Financial assets at fair value through profit or loss

The Group classifies portfolio quoted investments which was managed and principally held for short term profit making as financial assets at fair value through profit or loss.

Loans and receivables

The Group and the Company classify non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables.

Available for sale investments

The Group and the Company classify non-derivative financial assets as available for sale investments when an instrument cannot be classified in any of the above categories.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

(viii) Classification of leases

In applying the classification of leases in MFRS 117, the management considers its leases of motor vehicles as finance lease arrangements. In some cases, the lease transaction is not always conclusive, and the management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

(ix) Fair value of derivative financial instruments

The fair values of outstanding derivative transactions are based on fair values obtained from major financial institutions. Changes in the underlying assumptions could materially impact the statements of profit or loss.

(x) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economic and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 15 to the financial statements.

(xi) Fair value of investment properties

The Group carries its investment property at fair value, with changes in fair value being recognised in the statements of profit or loss. The Group engaged independent valuation specialists and make reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the property to assess fair value as at the end of reporting period.

The key assumptions used to determine the fair value of investment property are provided in Note 7 to the financial statements.

(xii) Significant influence over associated companies

Where an entity holds 20% or more of the voting power in an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated.

Interest in Ho Hup Construction Company Berhad (Ho Hup)

With effect from 1 January 2016, the Group commenced equity accounting for the Group's investment in Ho Hup although it holds less than 20% of the voting shares in Ho Hup, as the Group undertakes to hold its equity interest in Ho Hup for long term and is able to participate in the financial and operating policies in Ho Hup by virtue of having board representation in Ho Hup.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks are interest rate, credit, foreign currency exchange, liquidity and market risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management practices. The Board regularly reviews these risks and approves the treasury policies covering the management of these risks. It is not the Group's policy to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Interest rate risk

The Group finances its operations through operating cash flows and borrowings. Interest rate exposures arise from the Group's borrowings. It is the Group's policy to manage its interest costs by obtaining the most favourable interest rates on its borrowings. Surplus funds of the Group are placed with licensed banks and financial institutions on term deposits to generate interest income.

(b) Credit risk

The Group seeks to invest cash assets safely and profitably. The Group controls credit risk by application of credit evaluations and approvals, credit limits and monitoring procedures. Trade and loan receivables are monitored on an ongoing basis via management reporting procedures and where necessary, loan receivables are required to deposit sufficient assets as collateral and adhere to credit limits within the fair values of assets placed as collateral. The Group does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instruments.

(c) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of its normal operating and investing activities whereby purchases, sales and investments are transacted in currencies other than the functional currencies of the entities within the Group. The Group maintains a natural hedge, whenever possible, by matching local currency income and investments against local currency expenditure and borrowings to minimise foreign exchange exposure. Where necessary, the Group enters into forward foreign currency exchange contracts to hedge the risk exposure on the receivables and payables. The Group also maintains gross profit margin levels that is sufficient to absorb the increase in cost of purchases arising from fluctuation in foreign currencies exchange rates.

(d) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all financing and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. Certain subsidiary companies within the Group maintain reasonable amount of committed credit and banking facilities to meet their operating needs.

(e) Market risk

The Group faces exposure to the risk from changes in the debt and equity prices, in particular the Group's exposure from changes in market price on its investments in quoted securities and other long term quoted investments. The risk of loss in value of the Group's quoted securities and investments are minimised through thorough analysis before making investments and continuous monitoring of the performance of the investments.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies as disclosed in Note 49 to the financial statements made up to the end of the financial year. The subsidiary companies are consolidated using acquisition method except for M & A Securities Sdn. Bhd., which is consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiary companies are accounted on a full year basis irrespective of the date of merger. The difference between the nominal value of shares issued as consideration for merger and nominal value of share capital of the subsidiary companies is taken to merger reserve, which in turn is transferred to the statements of profit or loss.

Following the adoption of MFRS 3, Business Combinations, the Group will comply with the required criteria stipulated in the said standard to consolidate the financial statements using acquisition method for future acquisition of subsidiary companies.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and reflected in the Group's financial statements. The excess of the fair value of purchase consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired represents goodwill arising on consolidation. The goodwill on consolidation is accounted for in accordance with the accounting policy for goodwill stated in Note 4(i) to the financial statements.

The excess of fair value of the underlying net assets of the subsidiary companies acquired over the purchase consideration paid for the shares in the subsidiary companies represents excess of fair value over investment costs and it is recognised immediately in the statements of profit or loss.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in the statements of profit or loss.

If the Group retains any interest in the subsidiary company, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

All inter-company transactions, balances and the resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

Uniform accounting policies are adopted by the subsidiary companies for transactions and events in similar circumstances. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

The total assets and liabilities of subsidiary companies are included in the consolidated statements of financial position and the interest of non-controlling interests in the net assets is stated separately.

(b) Property, plant and equipment

(i) Recognition, measurement and derecognition

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

(i) Recognition, measurement and derecognition (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Cost of properties under construction is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost. It is reclassified to freehold and/or leasehold land and building once it is available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of profit or loss.

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation of other property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:-

Buildings	2%
Plant, machinery, motor vehicles and renovation	10%-34%
Office furniture, fittings and equipment	10%-50%
Leasehold land and buildings	over the period of 41 to 99 years

The depreciable amount is determined after deducting the residual value.

The residual value, depreciation method and useful lives are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by the Directors by reference to market evidence of transacted prices for similar properties and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in the statements of profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the statements of profit or loss in the financial year in which they arise.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment properties (cont'd)

Investment properties under construction are measured at cost. These properties are measured at fair value upon them being brought into use.

Land held for development with no significant development activity is accounted for as an investment property.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

(d) Financial assets

Financial assets are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are measured initially at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value. All financial assets except for those at fair value through profit or loss are subject to review of impairment loss at the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or when the financial assets and all subsequent risks and rewards are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that have been recognised in other comprehensive income is recognised in the statements of profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale investments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are financial assets acquired principally for the purpose of resale in the near future.

Financial assets held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in the statements of profit or loss. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in the statements of profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss that are held primarily for trading purposes are presented as current whereas financial assets that are not held for trading purposes are presented as non-current based on the settlement date.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. The Group's and the Company's loans and receivables comprise of receivables, deposits with licensed banks and financial institutions and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment loss. Discounting is omitted where the effect of discounting is immaterial. Gains and losses are recognised in the statements of profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held to maturity investments

Financial assets that are non-derivative in nature with fixed and determinable payments and fixed maturity are classified as held to maturity investments when the Group and the Company have the intention and ability to hold the investments to maturity.

Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in statements of profit or loss when the held to maturity investments are derecognised or impaired, and through the amortisation process.

Held to maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available for sale investments

Available for sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale investments comprise of investments in quoted and unquoted shares held for long term and club memberships.

Available for sale investments are measured at fair value subsequent to the initial recognition. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income and reported within the available for sale investments fair value reserve within equity, except for impairment losses, foreign exchange differences on monetary assets and interest calculated using the effective interest method which are recognised in the statements of profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statements of profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest income calculated using the effective interest method is recognised in the statements of profit or loss. Dividends on available for sale equity investment are recognised in statements of profit or loss when the rights to receive payment are established.

Available for sale investments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale investments are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(f) Subsidiary companies

Subsidiary companies are entities that are controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

Upon the disposal of investment in subsidiary companies, the difference between net disposal proceeds and its carrying amounts is recognised in statements of profit or loss.

Equity loan represents amount due from subsidiary companies for which settlement is not likely to occur in the foreseeable future and is intended to provide the subsidiary companies with a long-term source of additional capital. It is, in substance, an addition to the investment in the subsidiary companies by the Company and accordingly, is accounted for in accordance with MFRS 127 Separate Financial Statements as part of the investments in subsidiary companies and measured at cost.

(g) Associate companies

Associate companies are entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control over those policies.

The considerations made in determining significant influence or control are similar to those necessary to determine control over subsidiary companies.

Investments in associate companies are accounted for in the statements of financial position using the equity method. Under the equity method, the investment in an associate company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate company since the acquisition date. Goodwill relating to the associate companies is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statements of profit or loss reflect the Group's share of the results of operations of the associate companies. Any change in statements of comprehensive income of these investees is presented as part of the Group's statements of comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate company, the Group recognises its share of such change, when applicable, in the statements of changes in equity. Unrealised gains or losses on transactions between the Group and its associate companies are eliminated to the extent of the Group's interest in the associate companies. When the Group's share of losses exceeds its interest in an associate company, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate company.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associate companies (cont'd)

The most recent available financial statements of the associate companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss on its investment in the associate company. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of these associate companies and its carrying value. Impairment loss is recognised in statements of profit or loss.

When the Group's interest in an associate company decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in statements of profit or loss. Any gains or losses previously recognised in statements of comprehensive income are also reclassified proportionately to the statements of profit or loss if that gain or loss would be required to be reclassified to statements of profit or loss on the disposal of the related assets or liabilities.

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment against proceeds from disposal is recognised in statements of profit or loss.

In the Company's separate statements of financial position, investments in associate companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to statements of profit or loss.

(h) Intangible assets

Intangible assets acquired are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date.

Intangible assets with infinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an infinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Intangible assets - Stock broking dealer's license

The stock broking dealer's license was acquired by M & A Securities Sdn. Bhd., a wholly-owned subsidiary company of the Company, to operate as a "1+1 Broker" and the acquisition cost is recognised as an intangible asset in the statements of financial position.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible assets (cont'd)

(i) Intangible assets - Stock broking dealer's license (cont'd)

The useful life of the stock broking dealer's license is reassessed to be infinite and therefore is not amortised. The useful life of the intangible asset is reviewed annually to determine whether the infinite useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

The intangible asset is stated at cost less accumulated impairment losses. The intangible asset is tested for impairment annually, or more frequently if the event and circumstances indicates that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

(ii) Intangible assets - Development expenditure

Intangible asset arising from development or from the development phase of an internal project is recognised if all of the following have been demonstrated:-

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical feasibility, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible assets during its development.

The amount initially recognised for expenditure incurred on development activities is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Expenditure incurred on development activities that do not meet these criteria are expensed to the statements of profit or loss when incurred.

The expenditure on development activities are stated at cost less accumulated amortisation and impairment losses. The expenditure is to be amortised on a straight line basis over the expected useful lives of between 2 to 3 years.

The policy for recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

(iii) Intangible assets - Trademarks

The initial cost incurred on the search, application for registration and certification for the rights to use a trademark is capitalised, and is stated at cost less accumulated amortisation and impairment losses. The trademark is assessed to have a finite useful life and is amortised on a straight-line basis over 10 years, being the validity period of the certificate of registration of the trademark granted.

The policy for recognition and measurement of impairment losses is in accordance with Note 4(j)(ii) to the financial statements.

(i) Goodwill

Goodwill acquired in a business combination represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets acquired and the liabilities assumed of a subsidiary company at the date of acquisition.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Goodwill (cont'd)

Goodwill arising on the acquisition of subsidiary companies is presented separately in the consolidated statements of financial position while goodwill arising on the acquisition of associate companies is included in the carrying amount of the investment in associate company.

Goodwill on consolidation is stated at cost less impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the statements of profit or loss when the carrying amount of the cash generating unit including goodwill exceeds the recoverable amount of the cash generating unit. Recoverable amount of the cash generating unit is the higher of the cash generating unit's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash generating unit and then to the other assets of the cash generating unit proportionately on the basis of the carrying amount of each asset in the cash generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(j) Impairment of assets

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio over the average credit period and the observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statements of profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an impairment account for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statements of profit or loss.

Stated below is the policy adopted by a stockbroking subsidiary company of the Group on the impairment of trade receivables:-

In accordance with Rule 12.04 of the Rules of Bursa Malaysia Securities Berhad ("Rules"), clients' accounts are classified as non-performing (doubtful and bad) under the following circumstances:-

Type of accounts	Criteria for classification as non-performing	
	Doubtful	Bad
Contra losses	When an account remains outstanding for 16 to 30 calendar days from the date of contra transaction.	When an account remains outstanding for more than 30 calendar days from the date of contra transaction.
Overdue purchase contracts	When an account remains outstanding from T+5 market days to 30 calendar days.	When an account remains outstanding for more than 30 calendar days.
	When a Discretionary Financing ("DF") Account remains outstanding from T+9 market days to 30 calendar days.	When a DF Account remains outstanding for more than 30 calendar days.
Margin accounts	-	When the value of the collateral provided to secure the margin accounts fall below 130% of the outstanding balance.

Specific allowances are made for trade receivables which are considered bad and doubtful or have been classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held and the deposits of all amounts due to a stockbroking subsidiary company of the Group in accordance with the Rules.

(b) Available for sale investments

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that available for sale investments are impaired. If any such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statements of profit or loss, is removed from equity and recognised in statements of profit or loss. Impairment losses recognised in the statements of profit or loss on equity instruments are not reversed through the statements of profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

(b) Available for sale investments (cont'd)

For debt securities, if any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statements of profit or loss is removed from equity and recognised in statements of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statements of profit or loss, the impairment loss is reversed through the statements of profit or loss.

(ii) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for a non-financial asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the non-financial asset is less than its carrying amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset.

An impairment loss is recognised in the statements of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for a non-financial asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the non-financial asset recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously.

All reversals of impairment losses are recognised as income in the statements of profit or loss. After such a reversal, the depreciation and amortisation of non-financial assets charges are adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful lives.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Property development costs

When property is under development, the Directors have to consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property.

When a contract is judged to be for the construction of property whereby the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser and when the financial outcome of a development activity can be reliably estimated, property development revenue and expenditure are recognised using the percentage of completion method as construction progresses. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. In applying this method, only those costs that reflect actual development work performed are included as property development costs incurred. Where the financial outcome of a development activity cannot be reliably estimated, development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

When the contract is judged to be for the sale of a completed property, property development revenue and expenditure are recognised when significant risks and rewards of ownership of the real estate have been transferred to the purchaser.

Property development expenditure comprise cost of land and all related costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Any expected loss on a development project, including costs to be incurred over the defect liability period is recognised as an expense immediately.

(l) Inventories

Inventories comprising goods purchased for resale and completed development properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined using first in first out method, weighted average cost method or by specific identification. The cost of completed development properties held for sale under inventories comprises cost associated with the acquisition of land and construction costs, other direct costs and appropriate proportion of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs incurred in marketing, selling and distribution.

(m) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances, bank overdrafts and deposits placed with licensed banks and financial institutions that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of change in value.

The Group has excluded dealer's representatives' security deposits and clients' monies held in trust by the stock broking subsidiary company and cash and deposits pledge to licensed banks and financial institutions from its cash and cash equivalents.

(n) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial liabilities (cont'd)

Financial liabilities are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accruals, hire purchase payables, loans and borrowings and amount due to subsidiary companies.

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. Loans and borrowings are classified as current liabilities unless the Group and the Company have unconditional rights to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains or losses are recognised in statements of profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of profit or loss.

(o) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date a derivative financial instrument contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the statements of profit or loss immediately.

Fair value changes on derivative financial instruments that are not designated or do not qualify for hedge accounting are recognised in statements of profit or loss when the changes arise.

A derivative financial instrument with a positive fair value is recognised as a financial asset whereas a derivative financial instrument with a negative fair value is recognised as a financial liability. A derivative financial instrument is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivative financial instruments are presented as current assets or current liabilities.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Equity instruments

(i) Share capital, share premium and treasury shares

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction cost of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from share premium.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the statements of profit or loss on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

With the Companies Act, 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

(ii) Redeemable preference shares ("RPS")

The RPS issued by the Company are regarded as compound instrument, consisting of a liability component and an equity component. The component of RPS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position. The fair value of the liability component is calculated based on the present value of the discounted cash flows of the RPS and RPS dividend over the term of the RPS, using the weighted average cost of borrowings of the Company. The dividends on the RPS are recognised as interest expense in the statements of profit or loss using the effective interest rate method.

The equity component is represented by the fair value of the warrants, of which the fair value is allocated based on the difference between the gross proceeds from the issuance of the RPS and the fair value of the RPS, net of deferred tax. The accounting policy for warrants is in accordance with Note 4(p)(iv) to the financial statements.

(iii) Redeemable convertible preference shares ("RCPS")

The RCPS issued by a subsidiary company is regarded as a liability component due to the terms of its issuance and is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in the statements of profit or loss using the effective interest rate method.

(iv) Warrants

The warrants issued by the Company is recognised as equity instrument in the statements of financial position. Its value is determined based on the difference between the gross proceeds from the issuance of the RPS and the fair value of the RPS, net of deferred tax and is classified as warrants reserve in equity.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Equity instruments (cont'd)

(iv) Warrants (cont'd)

The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares in the Company. The proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants will be reversed upon expiry of the warrants.

(q) Non-controlling interests

Non-controlling interests in the consolidated statements of financial position consist of their share of the fair values of identifiable assets and liabilities of the acquiree and advances received from the non-controlling interests.

Non-controlling interests are presented in the consolidated statements of financial position and consolidated statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented on the face of the consolidated statements of profit or loss as an allocation of the total profit or loss for the period between the non-controlling interests and the owners of the Company.

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if it results in the non-controlling interests carrying a deficit balance.

(r) Hire purchase payables

The cost of property, plant and equipment acquired under hire purchase arrangements are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group's property, plant and equipment depreciation policy. Outstanding obligation due under the hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase arrangements are allocated to statements of profit or loss over the period of the respective agreements.

(s) Provision for liabilities

Provision for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(t) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised in the statements of financial position, initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as expenses in the statements of profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As at the end of the reporting period, no values were placed on corporate guarantees provided by the Group and the Company as the Directors of the Group and of the Company regard the value of the credit enhancement provided by the corporate guarantee as minimal.

(v) Income tax and deferred tax

Income tax on the statements of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statements of profit or loss except to the extent that the tax relates to items recognised outside the statements of profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statements of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Revenue recognition

(i) Sales of goods and trading activities

Revenue from sale of goods and trading activities is measured at the fair value of the consideration receivable and is recognised upon delivery of product and customer acceptance, if any, net of discount and sales returns. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Sale of securities

Revenue from sale of securities are recognised based on the contracted value.

(iii) Revenue from broking activities

Revenue from broking activities are recognised upon execution of contract. Brokerage income is accounted for before dealer's representatives' commissions and incentives.

(iv) Rental income

Rental income from investment properties are recognised in statements of profit or loss on a straight-line basis over the specific tenure of the respective leases. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the right to receive payment has been established and no significant uncertainty existed with regard to its receipt.

(vi) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

Interest income from investments in bonds, loan stocks and other income generating investments are recognised on a time proportion basis that takes into account the effective yield of the assets.

(vii) Revenue from services and fee income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and goods and services tax, where applicable.

Fee from advisory and corporate finance activities, revenue on fee income from sale of customised goods and services and contract maintenance are recognised upon completion of each stage of the engagement.

(viii) Other revenue

All other revenues are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Foreign currencies

(i) Functional and presentation currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the functional currency of the Company.

(ii) Foreign currency translation and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the statements of profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statements of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

For the purposes of consolidation, net assets of the foreign subsidiary and associate companies are translated into Ringgit Malaysia at the exchange rate ruling at the reporting date. Income and expenses of the foreign subsidiary companies and share of comprehensive income less losses of associate companies are translated at average exchange rates for the financial year, which is taken as a close approximation of the exchange rates applicable at the date of the transactions. All resulting exchange differences arising from these translations are recognised in other comprehensive income and accumulated under exchange translation reserve in equity. The exchange translation reserve is reclassified from equity to the statements of profit or loss on disposal of the foreign operation.

(y) Operating leases

Leases of assets where substantially all the risks and rewards of ownership of the assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in the statements of profit or loss on a straight-line basis over the term of the relevant leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the statements of profit or loss immediately. The aggregate benefit of incentives provided by the lessor, if any, is recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Borrowing costs

All borrowing costs are expensed to the statements of profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as part of the cost of a qualifying asset if the cost is directly attributable to the acquisition, construction or production of the qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(aa) Employee benefits

(i) Short term employee benefits

Wages, salaries, allowances, bonuses, incentives and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contribution is recognised as an expense in the statements of profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries statutory pension schemes.

(bb) Segmental reporting

The Group prepares segmental reporting wherein the operating segments are identified on the basis of internal reports on the operating segments of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance.

In identifying the operating segments, the management generally follows the Group's classification of operating segments, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these segments requires different technologies and resources. All inter segment transfers are carried out on negotiated basis.

(cc) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(cc) Related parties (cont'd)

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:-

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

(dd) Goods and services tax ("GST")

All items in the financial statements are stated exclusive of GST with exception where the GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the tax authorities, is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the tax authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authorities.

5 MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year and in conformity with the applicable MFRSs issued by the MASB:-

(a) Adoption of revised Standards that are effective

At the beginning of the current financial year, the Group and the Company adopted the amendments/improvements to MFRSs issued by the MASB which are relevant to the Group and the Company for the financial year beginning on or after 1 July 2016.

The amendments/improvements to the Standards did not have any material financial impact on the financial statements of the Group and the Company.

(b) New and revised Standards that are issued but not yet effective

At the date of authorisation of these financial statements, certain new Standards, amendments to Standards and annual improvements to Standards and IC Interpretations have been issued by the MASB but are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncements.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

5 MFRSs (CONT'D)

(b) New and revised Standards that are issued but not yet effective (cont'd)

The initial application of these new Standards, amendments to Standards and annual improvements to Standards and IC Interpretations are not expected to have any material financial impact on the financial statements of the Group and of the Company, except for those which are discussed below:-

MFRS 9 Financial instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new Standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's and the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

This Standard will come into effect for annual periods beginning on or after 1 January 2018 with early adoption permitted.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

This Standard will come into effect for annual periods beginning on or after 1 January 2018.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statements of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statements of financial position are expected to increase substantially.

This Standard will come into effect for annual periods beginning on or after 1 January 2019.

Notes to the Financial Statements

- 30 June 2017

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6 PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Office furniture, fittings and equipment RM'000	Total RM'000
2017						
Cost						
At beginning of financial year	31,010	440	174,778	7,904	9,019	223,151
Additions	3,686	210	64,892	631	1,294	70,713
Disposals	-	-	(38,780)	-	-	(38,780)
Written off	-	(267)	-	(500)	(316)	(1,083)
Exchange differences	505	20	4,793	37	57	5,412
At end of financial year	35,201	403	205,683	8,072	10,054	259,413
Accumulated depreciation						
At beginning of financial year	2,295	440	47,681	4,253	7,058	61,727
Charge for the financial year	575	71	32,814	801	835	35,096
Disposals	-	-	(22,591)	-	-	(22,591)
Written off	-	(267)	-	(338)	(312)	(917)
Exchange differences	21	18	1,073	14	26	1,152
At end of financial year	2,891	262	58,977	4,730	7,607	74,467
Net carrying amount						
As at 30 June 2017	32,310	141	146,706	3,342	2,447	184,946

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)

Analysis of land and buildings:-

	Freehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Long term leasehold land and building RM'000	Total RM'000
2017				
Cost				
At beginning of financial year	11,317	3,437	16,256	31,010
Additions	-	3,686	-	3,686
Exchange differences	321	184	-	505
At end of financial year	11,638	7,307	16,256	35,201
Accumulated depreciation				
At beginning of financial year	1,094	313	888	2,295
Charge for the financial year	225	169	181	575
Exchange differences	6	15	-	21
At end of financial year	1,325	497	1,069	2,891
Net carrying amount				
As at 30 June 2017	10,313	6,810	15,187	32,310

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)

	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Office furniture, fittings and equipment RM'000	Total RM'000
2016						
Cost						
At beginning of financial year	27,622	425	110,970	7,595	8,409	155,021
Additions	2,863	-	83,313	297	731	87,204
Transfer from/(to) investment properties	39	-	-	(19)	-	20
Disposals	-	-	(31,317)	-	(2)	(31,319)
Acquisition of a subsidiary company	-	-	8,436	-	11	8,447
Written off	-	-	-	-	(170)	(170)
Exchange differences	486	15	3,376	31	40	3,948
At end of financial year	31,010	440	174,778	7,904	9,019	223,151
Accumulated depreciation						
At beginning of financial year	1,844	420	32,410	3,545	6,445	44,664
Charge for the financial year	425	5	29,825	698	758	31,711
Transfer from/(to) investment properties	11	-	-	(2)	-	9
Disposals	-	-	(15,427)	-	-	(15,427)
Acquisition of a subsidiary company	-	-	204	-	-	204
Written off	-	-	-	-	(170)	(170)
Exchange differences	15	15	669	12	25	736
At end of financial year	2,295	440	47,681	4,253	7,058	61,727
Net carrying amount						
As at 30 June 2016	28,715	-	127,097	3,651	1,961	161,424

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)

Analysis of land and buildings:-

	Freehold land and buildings RM'000	Short term leasehold land and building RM'000	Long term leasehold land and building RM'000	Capital work-in- progress RM'000	Total RM'000
2016					
Cost					
At beginning of financial year	3,919	3,229	16,256	4,218	27,622
Additions	-	-	-	2,863	2,863
Reclassification	7,343	-	-	(7,343)	-
Transfer from investment properties	39	-	-	-	39
Exchange differences	16	208	-	262	486
At end of financial year	11,317	3,437	16,256	-	31,010
Accumulated depreciation					
At beginning of financial year	913	224	707	-	1,844
Charge for the financial year	170	74	181	-	425
Transfer from investment properties	11	-	-	-	11
Exchange differences	-	15	-	-	15
At end of financial year	1,094	313	888	-	2,295
Net carrying amount					
As at 30 June 2016	10,223	3,124	15,368	-	28,715

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Motor vehicles RM'000	Renovation RM'000	Furniture and fittings RM'000	Computer equipment RM'000	Office equipment RM'000	Total RM'000
2017						
Cost						
At beginning of financial year	147	108	501	97	159	1,012
Additions	-	-	1	43	1	45
Written off	-	-	(20)	-	(5)	(25)
At end of financial year	147	108	482	140	155	1,032
Accumulated depreciation						
At beginning of financial year	101	108	401	86	139	835
Charge for the financial year	29	-	33	5	6	73
Written off	-	-	(20)	-	(5)	(25)
At end of financial year	130	108	414	91	140	883
Net carrying amount						
As at 30 June 2017	17	-	68	49	15	149
2016						
Cost						
At beginning of financial year	147	108	501	106	185	1,047
Additions	-	-	-	8	3	11
Written off	-	-	-	(17)	(29)	(46)
At end of financial year	147	108	501	97	159	1,012
Accumulated depreciation						
At beginning of financial year	71	108	368	100	163	810
Charge for the financial year	30	-	33	3	5	71
Written off	-	-	-	(17)	(29)	(46)
At end of financial year	101	108	401	86	139	835
Net carrying amount						
As at 30 June 2016	46	-	100	11	20	177

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The net carrying amount of property, plant and equipment pledged to licensed financial institutions for banking facilities granted to the Group are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Freehold land and buildings	2,890	2,961
Short term leasehold land and buildings	6,810	3,124
Long term leasehold land and building	15,187	15,368
	24,887	21,453

- (b) The net carrying amount of property, plant and equipment acquired under hire purchase arrangements are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Motor vehicles	140,660	124,055	17	46

7 INVESTMENT PROPERTIES

Group

	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Freehold land and buildings under construction RM'000	Land held for development RM'000	Total RM'000
2017						
At beginning of financial year	14,000	70,687	44,842	12,115	38,000	179,644
Additions	-	-	-	4,462	-	4,462
Disposal	-	-	(8,043)	-	-	(8,043)
Fair value gain/(loss)	300	(676)	-	-	-	(376)
Exchange differences	-	1,923	267	-	-	2,190
Net carrying amount as at 30 June 2017						
- At fair value	14,300	71,934	37,066	-	38,000	161,300
- At cost	-	-	-	16,577	-	16,577
	14,300	71,934	37,066	16,577	38,000	177,877

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

Group (cont'd)

	Freehold land RM'000	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Freehold land and buildings under construction RM'000	Land held for development RM'000	Total RM'000
2016						
At beginning of financial year	14,000	54,048	44,371	21,456	38,000	171,875
Additions	-	182	-	9,044	-	9,226
Disposal	-	-	-	(4,689)	-	(4,689)
Reclassification	-	13,983	-	(13,983)	-	-
Transfer from property, plant and equipment	-	17	-	-	-	17
Transfer to property, plant and equipment	-	(28)	-	-	-	(28)
Fair value gain	-	239	-	-	-	239
Exchange differences	-	2,246	471	287	-	3,004
Net carrying amount as at 30 June 2016						
- At fair value	14,000	70,687	44,842	-	38,000	167,529
- At cost	-	-	-	12,115	-	12,115
	14,000	70,687	44,842	12,115	38,000	179,644

- (a) The rental income and associated direct operating expenses of the investment properties are disclosed in Note 30, Note 31 and Note 34 to the financial statements.
- (b) The carrying amount of investment properties pledged to licensed financial institutions for banking facilities granted to the Group are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Freehold land and buildings under construction	13,777	9,315
Freehold land	14,300	14,000
Freehold land and buildings	66,704	66,174
Long term leasehold land and buildings	36,978	44,754
	131,759	134,243

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

(c) The following table provides an analysis of the fair value hierarchy of investment properties that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable:-

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
<u>Investment properties</u>				
Freehold land	-	14,300	-	14,300
Freehold land and buildings	-	71,934	-	71,934
Long term leasehold land and buildings	-	37,066	-	37,066
Land held for development	-	38,000	-	38,000
	-	161,300	-	161,300
2016				
<u>Investment properties</u>				
Freehold land	-	14,000	-	14,000
Freehold land and buildings	-	70,687	-	70,687
Long term leasehold land and buildings	-	44,842	-	44,842
Land held for development	-	38,000	-	38,000
	-	167,529	-	167,529

The Level 2 fair value measurements are derived from the following valuation methods adopted to determine the fair value of the investment properties:-

- (i) Sales comparison method entails analysing the recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made to differences in location, visibility, size and tenure etc.
- (ii) Investment method entails determining the net annual income by deducting annual outgoings from gross annual income and capitalising the net income by suitable rate of return consistent with the type and investment to arrive at the market value of the investment properties.
- (iii) Reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the investment properties.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

- (d) The title deed to certain leasehold land and buildings have yet to be issued by the relevant land authority.
- (e) Borrowing costs capitalised during the year was RM450,000 (2016: RM205,000). The effective interest rates of the specific borrowing was 4.27% to 6.59% (2016: 4.45% to 6.56%).

8 AVAILABLE FOR SALE INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted investments outside Malaysia, at cost	22,478	16,991	-	-
Unquoted investments in Malaysia, at cost	5,033	5,000	-	-
Quoted securities in Malaysia, at fair value	16,664	14,225	-	-
Other investments in Malaysia, at cost	751	751	345	345
Other investments outside Malaysia, at cost	1,697	1,697	622	622
	46,623	38,664	967	967
Less:-				
Accumulated amortisation	(200)	(200)	-	-
Accumulated impairment loss	(3,453)	(3,310)	(27)	(27)
	42,970	35,154	940	940
Market value of quoted securities in Malaysia	16,664	14,225	-	-

Quoted securities in Malaysia with market value of RM16,646,000 (2016: RM14,210,000) has been pledged to a licensed financial institution for credit facilities granted to the Company.

Impairment on available for sale investments

The Group assesses at each reporting date whether there is objective evidence that an impairment loss has been incurred on available for sale investment that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured; wherein the available for sale investment will be carried at cost less impairment. The amount of the impairment loss is measured as the difference between the carrying amount of the available for sale investment and its realisable value. The Group uses both observable and unobservable inputs to estimate the realisable value. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the realisable value is less than its carrying amount.

During the financial year, the Group had identified an impairment of Nil (2016: RM1,042,000) on unquoted investments held as available for sale and had recognised the impairment loss in the statements of profit or loss.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

8 AVAILABLE FOR SALE INVESTMENTS (CONT'D)

Impairment on available for sale investments (cont'd)

The movement of the impairment account used to record impairment is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of financial year	3,310	2,009	27	27
Charge for the financial year	-	1,042	-	-
Exchange differences	143	259	-	-
At end of financial year	3,453	3,310	27	27

9 HELD TO MATURITY INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
<u>Non-current (maturity later than 1 year)</u>		
Unquoted corporate bonds outside Malaysia		
- At cost	4,601	3,120
Add/(Less):-		
Accretion of discount	(17)	(15)
Amortisation of premium	7	8
Accumulated impairment loss	-	(18)
Net carrying amount at end of financial year	4,591	3,095
<u>Current (maturity within 1 year)</u>		
Unquoted corporate bonds outside Malaysia		
- At cost	1,830	8,192
Add/(Less):-		
Exchange differences	553	691
Accretion of discounts	-	(5)
Net carrying amount at end of financial year	2,383	8,878
	6,974	11,973

The Group's investments in unquoted corporate bonds outside Malaysia amounting to RM6,974,000 (2016: RM11,973,000) have been pledged to certain licensed financial institutions for credit facilities granted to the Group.

The effective interest rate per annum for held to maturity investments are 4.38% to 6.63% (2016: 3.10% to 8.00%).

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

9 HELD TO MATURITY INVESTMENTS (CONT'D)

Impairment on held to maturity investments

The Group assesses at each reporting date whether there is objective evidence that an impairment loss on held to maturity investments carried at amortised cost has been incurred. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the reference value obtained from licensed financial institutions at the reporting date. In making this judgement, the Group evaluates, among other factors, the duration and/or extent to which the reference value of the investment is less than its carrying amount.

During the financial year, the Group had identified writeback of impairment loss of RM18,000 (2016: impairment of RM18,000) on unquoted corporate bonds and had recognised the (writeback of impairment loss)/impairment loss in the statements of profit or loss.

The movement of the impairment account used to record impairment is as follows:-

	Group	
	2017 RM'000	2016 RM'000
At beginning of financial year	18	2,270
Charge for the financial year	-	18
Writeback during the financial year	(18)	-
Disposal during the financial year	-	(2,270)
At end of financial year	-	18

10 SUBSIDIARY COMPANIES

	Company	
	2017 RM'000	2016 RM'000
(a) Unquoted shares, at cost	196,863	202,136
Equity loan (Note 10(c))	289,327	267,025
Redeemable convertible preference shares (Note 10(d))	352,990	395,000
Less: Accumulated impairment loss	(32,856)	(38,126)
	806,324	826,035

The movement of the impairment account used to record impairment is as follows:-

	Company	
	2017 RM'000	2016 RM'000
At beginning of financial year	38,126	34,696
Charge for the financial year	-	4,020
Written off*	(5,270)	(590)
At end of financial year	32,856	38,126

* Investment in certain subsidiary companies, of which allowance for impairment against cost of investment was fully provided in the preceding years, were written off during the financial year as these subsidiary companies have been placed under members' voluntary winding up.

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10 SUBSIDIARY COMPANIES (CONT'D)

(a) (cont'd)

The Group's and the Company's equity interest in the subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 49 to the financial statements. The Company does not have any subsidiary companies which are controlled with less than a majority of voting rights and the Group does not have any material non-controlling interests.

(b) Amount due from/(to) subsidiary companies

	Company	
	2017	2016
	RM'000	RM'000
Amount due from subsidiary companies	205,139	114,481
Less: Accumulated impairment loss	(274)	(264)
	204,865	114,217

The amount due from subsidiary companies are interest bearing (except for certain advances which are interest free), unsecured and are repayable on demand.

The amount due to subsidiary companies are interest free (except for certain advances which are interest bearing), unsecured and are repayable on demand.

The movement of the allowance account used to record the impairment is as follows:-

	Company	
	2017	2016
	RM'000	RM'000
At beginning of financial year	264	8,262
Charge for the financial year	43	14
Writeback during the financial year	(33)	(8,012)
At end of financial year	274	264

(c) Equity loan

During the financial year, an amount of RM22,302,000 (2016: RM92,815,000) due from certain subsidiary companies were reclassified as equity loan as the amount are not expected to be repayable within the next twelve months and is equity in nature. The fair value of this amount cannot be reliably measured, and consequently, the amount has been measured at cost.

(d) Redeemable convertible preference shares ("RCPS")

During the financial year:-

- (i) An amount of RM3,560,000 due from a subsidiary company was capitalised by way of investment in RCPS upon the allotment of 3,560,000 units of RCPS by the subsidiary company to the Company at an issue price of RM1.00 each;
- (ii) 42,550,000 RCPS of RM0.01 each were redeemed by certain subsidiary companies at the redemption price of RM1.00 per RCPS by way of issuance of 425,500 new ordinary shares of RM1.00 per ordinary share to the Company and RM42,124,500 out of share premium account for total cash of RM42,550,000; and

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10 SUBSIDIARY COMPANIES (CONT'D)

(d) Redeemable convertible preference shares ("RCPS") (cont'd)

During the financial year (cont'd):-

- (iii) Investment in RCPS of RM3,020,000 in two (2) subsidiary companies, of which allowance for impairment against cost of investment in the RCPS was fully provided in the preceding year, was written off during the financial year as the two (2) subsidiary companies has been placed under members' voluntary winding up.

In the preceding financial year:-

- (i) An amount of RM50,550,000 due from certain subsidiary companies were capitalised by way of investment in RCPS upon the allotment of 50,550,000 units of RCPS by the subsidiary companies to the Company at an issue price of RM1.00 each;
- (ii) 3,500,000 RCPS of RM0.01 each was redeemed by a subsidiary company at the redemption price of RM1.00 per RCPS together with arrears of unpaid dividend of RM49,575 out of the profits of the subsidiary company; and
- (iii) 5,050,000 RCPS of RM0.01 each was redeemed by a subsidiary company at the redemption price of RM1.00 per RCPS by way of issuance of 50,500 new ordinary shares of RM1.00 per ordinary share to the Company and RM4,999,500 out of share premium account for a total cash of RM5,050,000.

11 ASSOCIATE COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Quoted shares in Malaysia, at cost	118,959	131,557	-	-
Unquoted shares, at cost	41,892	41,605	262	262
Group's share of post acquisition profits less losses	97,702	76,406	-	-
Group's share of post acquisition reserves	42,992	27,601	-	-
Unrealised profit on transactions with associate companies	-	(429)	-	-
	301,545	276,740	262	262
Less:-				
Accumulated impairment loss				
- unquoted shares	(242)	(216)	(242)	(216)
	301,303	276,524	20	46
Represented by:-				
Share of net assets	257,626	227,807		
Goodwill on acquisition	43,677	48,717		
	301,303	276,524		
Market value of quoted shares in Malaysia	885,148	683,102		

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11 ASSOCIATE COMPANIES (CONT'D)

- (a) The movement of the impairment account used to record the impairment is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of financial year	216	216	216	216
Charge for the financial year	26	-	26	-
At end of financial year	242	216	242	216

The Group's and the Company's equity interest in the associate companies, their respective principal activities and countries of incorporation are shown in Note 50 to the financial statements.

In the preceding financial year, the Group commenced equity accounting for its interest in Ho Hup Construction Company Berhad ("Ho Hup") although the Group holds less than 20% of the voting shares in Ho Hup, in compliance with the provisions contained in MFRS 128 Investment in Associates and Joint Ventures, by virtue of the Group's ability to exercise significant influence and participate in the financial and operating policies in Ho Hup.

- (b) The amount due from associate companies are unsecured, interest free (except for certain advances which are interest bearing) and are repayable on demand.
- (c) The summarised financial information in respect of the Group's major associate companies are as follows:-

	Inari Amertron Berhad Group RM'000	Ho Hup Construction Company Berhad Group RM'000	Melium Holdings Sdn. Bhd. Group RM'000	Winfields Development Sdn. Bhd. Group RM'000	Other associate companies RM'000	Total RM'000
Financial positions as at 30 June 2017						
Assets and liabilities						
Non-current assets	346,009	269,936	53,936	94,190	8,539	772,610
Current assets	857,377	474,752	76,823	333,783	176,948	1,919,683
Non-current liabilities	(29,340)	(140,815)	(11,171)	(9,227)	(339)	(190,892)
Current liabilities	(298,515)	(285,218)	(77,944)	(367,710)	(184,664)	(1,214,051)
Net assets	875,531	318,655	41,644	51,036	484	1,287,350
Carrying amount of proportion of the Group's ownership	176,667	38,800	17,935	20,414	3,810	257,626

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11 ASSOCIATE COMPANIES (CONT'D)

- (c) The summarised financial information in respect of the Group's major associate companies are as follows (cont'd):-

	Inari Amertron Berhad Group RM'000	Ho Hup Construction Company Berhad Group RM'000	Melium Holdings Sdn. Bhd. Group RM'000	Winfields Development Sdn. Bhd. Group RM'000	Other associate companies RM'000	Total RM'000
Financial performance for financial year ended 30 June 2017						
Results						
Revenue	1,176,672	181,762	149,022	10,121	52,681	1,570,258
Attributable to owners of the investee:-						
Profit/(Loss) for the financial year	227,761	49,586	(1,136)	35,782	(25,379)	286,614
Other comprehensive income/(loss)	12,819	(909)	-	296	2,483	14,689
Total comprehensive income/(loss)	240,580	48,677	(1,136)	36,078	(22,896)	301,303
Group's share of:-						
Profit/(Loss) for the financial year	45,960	6,038	(493)	14,313	(8,049)	57,769
Other comprehensive income/(loss)	2,644	(234)	-	118	619	3,147
Total comprehensive income/(loss)	48,604	5,804	(493)	14,431	(7,430)	60,916
Dividend received	26,724	-	-	-	724	27,448

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11 ASSOCIATE COMPANIES (CONT'D)

- (c) The summarised financial information in respect of the Group's major associate companies are as follows (cont'd):-

	Inari Amertron Berhad Group RM'000	Ho Hup Construction Company Berhad Group RM'000	Melium Holdings Sdn. Bhd. Group RM'000	Winfields Development Sdn. Bhd. Group RM'000	Other associate companies RM'000	Total RM'000
Financial positions as at 30 June 2016						
Assets and liabilities						
Non-current assets	324,034	185,423	51,163	90,914	24,539	676,073
Current assets	551,761	452,851	76,148	281,295	94,132	1,456,187
Non-current liabilities	(27,071)	(63,902)	(13,407)	(7,553)	(7,489)	(119,422)
Current liabilities	(164,661)	(304,828)	(71,026)	(349,696)	(81,323)	(971,534)
Net assets	684,063	269,544	42,878	14,960	29,859	1,041,304
Carrying amount of proportion of the Group's ownership	155,692	35,256	18,428	5,985	12,446	227,807
Financial performance for financial year ended 30 June 2016						
Results						
Revenue	1,043,120	128,594	163,627	265	48,904	1,384,510
Attributable to owners of the investee:-						
Profit/(Loss) for the financial year	148,254	39,427	(10,135)	(15,739)	(26,502)	135,305
Other comprehensive (loss)/income	(6,164)	1,157	-	744	(1,916)	(6,179)
Total comprehensive income/(loss)	142,090	40,584	(10,135)	(14,995)	(28,418)	129,126
Group's share of:-						
Profit/(Loss) for the financial year	33,743	5,157	(4,394)	(6,295)	(6,874)	21,337
Other comprehensive (loss)/income	(1,587)	151	-	298	(518)	(1,656)
Total comprehensive income/(loss)	32,156	5,308	(4,394)	(5,997)	(7,392)	19,681
Dividend received	17,710	-	-	-	-	17,710

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11 ASSOCIATE COMPANIES (CONT'D)

- (d) Quoted shares with market value of RM299,270,000 (2016: RM233,473,000) have been pledged to licensed bank and financial institutions for credit facilities granted to the Company and certain subsidiary companies.

12 INTANGIBLE ASSETS

Group

	Stock broking dealer's license RM'000	Development expenditure capitalised RM'000	Trademarks RM'000	Total RM'000
2017				
Cost				
At beginning and end of financial year	45,500	-	-	45,500
Accumulated amortisation				
At beginning and end of financial year	7,053	-	-	7,053
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
Net carrying amount as at 30 June 2017	26,047	-	-	26,047
2016				
Cost				
At beginning of financial year	45,500	130	6	45,636
Written off	-	(130)	(6)	(136)
At end of financial year	45,500	-	-	45,500
Accumulated amortisation				
At beginning of financial year	7,053	130	3	7,186
Written off	-	(130)	(3)	(133)
At end of financial year	7,053	-	-	7,053
Accumulated impairment losses				
At beginning and end of financial year	12,400	-	-	12,400
Net carrying amount as at 30 June 2016	26,047	-	-	26,047

Impairment testing of stock broking dealer's license

The stock broking dealer's license had been allocated to the stock broking subsidiary company's stock broking business as a cash generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 5% (2016: 8%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 5% (2016: 8%). The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license.

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12 INTANGIBLE ASSETS (CONT'D)

Key assumptions used in value in use calculation of CGU

The key assumptions on which the management of the stock broking subsidiary company has based its cash flow projections to undertake impairment testing of the stock broking dealer's license are set out below:-

(a) Budgeted gross brokerage rate and gross margin rate

This is determined based on the CGU's past performance and the management of the stock broking subsidiary company's expectation of the performance of the local stock market indexes and market development.

(b) Operational costs

Other operational costs are expected to increase in line with expected inflation and expansion of the stock broking business.

13 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of financial year	(4,982)	(3,605)	(1,095)	(1,233)
Recognised in statements of profit or loss (Note 37)	969	(1,324)	163	138
Exchange differences	(86)	(53)	-	-
At end of financial year	(4,099)	(4,982)	(932)	(1,095)
Presented as follows:-				
Deferred tax assets	2,642	1,763	-	-
Deferred tax liabilities	(6,741)	(6,745)	(932)	(1,095)
	(4,099)	(4,982)	(932)	(1,095)

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13 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and liabilities during the financial year are as follows:-

Deferred tax assets

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Temporary differences between depreciation and capital allowances RM'000	Other timing differences RM'000	Total RM'000
Group					
2017					
At beginning of financial year	16	314	841	592	1,763
Recognised in statements of profit or loss	11	595	(442)	699	863
Exchange differences	4	35	(23)	-	16
At end of financial year	31	944	376	1,291	2,642
2016					
At beginning of financial year	7	269	751	1,029	2,056
Recognised in statements of profit or loss	9	45	72	(437)	(311)
Exchange differences	-	-	18	-	18
At end of financial year	16	314	841	592	1,763

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. The utilisation of the deferred tax assets is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

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13 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and liabilities during the financial year are as follows (cont'd):-

Deferred tax liabilities

	Real Property Gains Tax on fair value adjustment of investment properties RM'000	Temporary differences between depreciation and capital allowances RM'000	Warrant reserves RM'000	Total RM'000
Group				
2017				
At beginning of financial year	2,785	2,905	1,055	6,745
Recognised in statements of profit or loss	141	(102)	(145)	(106)
Exchange differences	-	102	-	102
At end of financial year	2,926	2,905	910	6,741
2016				
At beginning of financial year	2,773	1,695	1,193	5,661
Recognised in statements of profit or loss	12	1,139	(138)	1,013
Exchange differences	-	71	-	71
At end of financial year	2,785	2,905	1,055	6,745
Company				
2017				
At beginning of financial year	-	40	1,055	1,095
Recognised in statements of profit or loss	-	(18)	(145)	(163)
At end of financial year	-	22	910	932
2016				
At beginning of financial year	-	40	1,193	1,233
Recognised in statements of profit or loss	-	-	(138)	(138)
At end of financial year	-	40	1,055	1,095

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13 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

As at reporting date, the Group has deferred tax assets (stated at gross) not recognised in the financial statements as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Temporary differences between depreciation and capital allowances	998	219
Unutilised tax losses	(69,271)	(73,373)
Unabsorbed capital allowances	(6,462)	(5,342)
Other timing differences	-	(35)
	(74,735)	(78,531)

The above unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits. Deferred tax assets in respect of these items have not been recognised as it was not certain that future taxable profit will be available against which the Group can utilise the benefits.

14 PROPERTY DEVELOPMENT COSTS

	Group	
	2017	2016
	RM'000	RM'000
<u>Development costs:-</u>		
At beginning of financial year	9,969	9,760
Addition during the financial year	264	209
At end of financial year	10,233	9,969

15 INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
Unsold units of apartments and retail lots	7,116	7,426
Wines and others	6,991	3,825
	14,107	11,251

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16 TRADE RECEIVABLES

	Group	
	2017 RM'000	2016 RM'000
Trade receivables	419,605	305,528
Less: Allowance for impairment	(14,827)	(14,695)
	404,778	290,833

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	348,950	241,868
1 to 30 days past due not impaired	1,429	1,426
31 to 60 days past due not impaired	1,088	1,002
61 to 90 days past due not impaired	2,266	1,814
91 to 120 days past due not impaired	801	350
More than 121 days past due not impaired	50,244	44,373
	55,828	48,965
Impaired	14,827	14,695
	419,605	305,528

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM326,536,000 (2016: RM231,867,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM53,944,000 (2016: RM48,923,000) are secured in nature. The remaining balance of trade receivables of RM1,884,000 (2016: RM42,000) that are past due but not impaired are unsecured in nature and the management is of the view these debts are recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM14,827,000 (2016: RM14,695,000) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

The carrying amount of the collateral represents an approximation of fair value of the assets at the reporting date.

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16 TRADE RECEIVABLES (CONT'D)

The movement of the allowance account used to record impairment is as follows:-

	Group	
	2017	2016
	RM'000	RM'000
At beginning of financial year	14,695	14,673
Charge for the financial year	195	345
Written off during the financial year	-	(16)
Writeback during the financial year	(150)	(373)
Exchange differences	87	66
At end of financial year	14,827	14,695

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sundry receivables	22,628	21,344	1	45
Deposits paid	4,236	6,243	727	778
Prepayments	2,762	3,832	58	61
	29,626	31,419	786	884
Less: Allowance for impairment	(1,001)	(900)	-	-
	28,625	30,519	786	884

The Group's and the Company's sundry receivables are creditworthy debtors and are repayable on demand. The Group's and the Company's deposits paid are not impaired.

The movement of the allowance account used to record impairment is as follows:-

	Group	
	2017	2016
	RM'000	RM'000
At beginning of financial year	900	845
Charge for the financial year	16	19
Written off during the financial year	-	(11)
Exchange differences	85	47
At end of financial year	1,001	900

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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2017 RM'000	2016 RM'000
Quoted securities, at market value		
- in Malaysia	121,031	131,164
- outside Malaysia	209,513	181,430
	330,544	312,594

The Group's financial assets at fair value through profit or loss amounting to RM248,709,000 (2016: RM246,124,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

19 DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits consist of the followings:-				
- fixed deposits	319,481	225,685	1,162	1,132
- short term deposits	141,611	157,278	3,387	4,594
	461,092	382,963	4,549	5,726

Deposits placed with licensed banks and financial institutions amounting to RM229,885,000 (2016: RM180,704,000) of the Group are pledged to licensed banks and financial institutions as security for banking and credit facilities granted to the Group.

Deposits placed with a licensed bank amounting to RM1,162,000 (2016: RM1,132,000) of the Company is pledged as security for credit facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM106,394,000 (2016: RM100,366,000) are excluded from deposits with licensed banks and financial institutions of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

The effective interest rate for deposits with licensed banks and financial institutions of the Group and of the Company range from 0.01% to 4.50% (2016: 0.02% to 4.10%) and 2.55% (2016: 2.70%) per annum respectively.

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20 CASH AND BANK BALANCES

Included in the cash and bank balances of the Group are:-

- (a) an amount of RM477,000 (2016: RM467,000) maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations. The withdrawal of funds from the housing development account is restricted to cost incurred in respect of the development project.
- (b) an amount of RM40,363,000 (2016: RM9,937,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

Dealer's representatives' deposits and clients' trust monies received of RM11,111,000 (2016: RM11,697,000) are excluded from cash and bank balances of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

21 SHARE CAPITAL

	Number of shares		Amount	
	2017 Unit'000	2016 Unit'000	2017 RM'000	2016 RM'000
Group				
Issued and fully paid up:-				
<u>Ordinary shares</u>				
At beginning of financial year	693,334	693,334	693,334	693,334
Transfer from share premium and capital redemption reserve pursuant to Section 618(2) of the Companies Act, 2016*	-	-	47,779	-
At end of financial year	693,334	693,334	741,113	693,334
Company				
Issued and fully paid up:-				
<u>Ordinary shares</u>				
At beginning of financial year	693,334	693,334	693,334	693,334
Transfer from share premium pursuant to Section 618(2) of the Companies Act, 2016*	-	-	47,751	-
At end of financial year	693,334	693,334	741,085	693,334

* The new Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital, par value of share capital, share premium and capital redemption reserve.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

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22 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2017	2016	2017	2016
	Unit '000	Unit '000	RM'000	RM'000
At beginning and end of financial year	30,327	30,327	14,499	14,499

The shareholders of the Company had by an ordinary resolution passed at the Annual General Meeting held on 24 November 2016, approved the Company's plan to purchase its own shares up to a maximum of 69,333,363 ordinary shares representing 10% of the total issued and fully paid up share capital of the Company.

The Directors of the Company are of the opinion that the share buy-back is in the best interest of the Company and its shareholders.

The Company did not repurchase any of its shares from the open market during the financial year.

The share buy-back transactions were financed by internal generated funds of the Company. The shares bought back are being held as treasury shares in accordance with the provision of Section 127 of the Companies Act, 2016.

23 RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-distributable:-				
Share premium	-	47,751	-	47,751
Available for sale investments fair value reserve	8,302	5,863	-	-
Exchange translation reserve	40,727	27,656	-	-
Warrants reserve	4,622	4,622	4,622	4,622
Other reserves	39,834	25,397	-	-
	93,485	111,289	4,622	52,373

Share premium

With the new Companies Act, 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of the Company and the capital redemption reserve account of a subsidiary company of RM47,751,000 and RM28,000 respectively, have been transferred to the share capital accounts. Pursuant to subsection 618(3) and 618(4) of the New Act, the Company and the subsidiary company may exercise their rights to use the credit amounts being transferred from the share premium account and the capital redemption reserve account within 24 months after the commencement of the New Act.

Available for sale investments fair value reserve

Available for sale investments fair value reserve represents the cumulative fair value changes of the available for sale equity investments until the investments are disposed or impaired.

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23 RESERVES (CONT'D)

Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the Group's equity share of certain associate companies' exchange translation reserves.

Warrants reserve

The warrants reserve is in respect of the allocated fair value of the 265,202,536 warrants issued by the Company in February 2015 pursuant to the Rights Issue of 132,601,268 redeemable preference shares ("RPS") at an issue price of RM1.00 each on the basis of one RPS for every five (5) ordinary shares of RM1.00 in the Company held by the entitled shareholders together with 265,202,536 free warrants in the Company on the basis of two (2) free warrants for every one (1) RPS subscribed.

The fair value is allocated based on the difference between the gross proceeds from the issuance of the RPS and the fair value of the RPS, net of deferred tax.

The salient terms of the warrants are as follows:-

- (i) The warrants may be exercised into ordinary shares in the Company at any time during the tenure of the warrant of five (5) years including and commencing from the issue date of the warrants and ending on the expiry date, 25 February 2020.
- (ii) Each warrant carries the entitlement to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.00 which shall be satisfied fully in cash or by way of surrendering 1 RPS by the warrant holders at 100% of the issue price of the RPS for the exercise of the warrant in lieu of the exercise price of RM1.00 per warrant, subject to adjustments in accordance with the Deed Poll.
- (iii) The warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other distributions in the Company until and unless such holder of warrants exercise their warrants into new ordinary shares in the Company.
- (iv) All new ordinary shares to be issued arising from the exercise of the warrants shall upon allotment, rank pari passu in all respects with the existing ordinary shares in the Company, save and except that such new shares will not entitled its holders to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders prior to the relevant date of allotment of the new ordinary shares arising from the exercise of the warrants.
- (v) Where a resolution has been passed for a members' voluntary winding-up, compromise or arrangement to which the warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the warrant holders.
- (vi) Subject to the provisions in the Deed Poll, the exercise price and the number of warrants held by each warrant holder may from time to time be adjusted in the event of any alteration to the share capital of the Company.
- (vii) The rights attached to the warrants which are not exercised during the exercise period will lapse thereafter.

As at the end of the reporting period, the entire 265,202,536 warrants that were issued remained unexercised.

Other reserves

Other reserves refer to the Group's equity share of certain associate companies' capital and other reserves.

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24 LOANS AND BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Short term loans and borrowings</u>				
<u>Unsecured</u>				
Term loan	-	45	-	-
<u>Secured</u>				
Bank overdrafts	7,708	9,897	-	-
Term loans	195,297	183,724	-	-
Revolving credit facilities	83,700	28,600	73,700	3,600
Margin financing facility	1,888	3,692	-	-
	288,593	225,958	73,700	3,600
<u>Long term loans and borrowings</u>				
<u>Secured</u>				
Term loans	21,555	14,437	-	-
	21,555	14,437	-	-
	310,148	240,395	73,700	3,600

The maturity of the loans and borrowings as at the reporting date are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amounts repayable:-				
On demand or within 1 year	288,593	225,958	73,700	3,600
More than 1 year but not later than 2 years	1,209	1,007	-	-
More than 2 years but not later than 5 years	3,661	3,041	-	-
More than 5 years	16,685	10,389	-	-
	310,148	240,395	73,700	3,600

The loans and borrowings of the Group are secured against the followings:-

- (i) fixed charge over certain properties of the Group;
- (ii) certain quoted and unquoted securities, fixed deposits and bank balances of the Group;
- (iii) certain quoted securities of a subsidiary company's margin clients;
- (iv) corporate guarantee by the Company;
- (v) deeds of assignment over the rights, titles and interests of certain properties of the Group;
- (vi) assignment of rental proceeds of certain properties of the Group;
- (vii) power of attorney in favor of the financial institutions over the properties; and
- (viii) personal guarantee extended by a Director of a subsidiary company.

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24 LOANS AND BORROWINGS (CONT'D)

The loans and borrowings of the Company are secured against the followings:-

- (i) fixed charge over properties held by certain subsidiary companies;
- (ii) quoted securities held by certain subsidiary companies;
- (iii) certain fixed deposit of the Company;
- (iv) a deed of assignment over the rights, titles and interests of certain properties held by a subsidiary company; and
- (v) assignment of rental proceeds of properties held by certain subsidiary companies.

The effective interest rates per annum on the loans and borrowings as at the reporting date were as follows:-

	Group		Company	
	2017	2016	2017	2016
Bank overdrafts	5.50%- 9.29%	1.64%-9.35%	-	-
Term loans	0.30%-6.59%	0.30%-7.20%	-	-
Revolving credit facilities	4.91%-6.21%	5.11%-6.23%	4.91%-5.77%	5.11%-5.77%
Margin financing facility	6.67%	6.82%	-	-

25 HIRE PURCHASE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Gross amount payable:-				
Within 1 year	37,702	35,498	18	30
More than 1 year but not later than 5 years	76,706	63,012	-	18
More than 5 years	2,326	1,530	-	-
	116,734	100,040	18	48
Less: Interest in suspense	(8,691)	(7,273)	(1)	(2)
	108,043	92,767	17	46
Present value of hire purchase payables:-				
Within 1 year	33,860	32,221	17	29
More than 1 year but not later than 5 years	71,919	59,082	-	17
More than 5 years	2,264	1,464	-	-
	108,043	92,767	17	46

Hire purchase payables of the Group are secured by:-

- (i) The related assets acquired under the finance leases;
- (ii) Corporate guarantee by the Company amounting to RM36,229,000 (2016: RM32,837,000); and
- (iii) Corporate guarantee by certain subsidiary companies amounting to RM13,819,000 (2016: RM15,115,000).

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25 HIRE PURCHASE PAYABLES (CONT'D)

Hire purchase payables of the Company are secured by the related assets acquired under the finance lease.

The effective interest rates per annum for hire purchase payables were as follows:-

	Group		Company	
	2017	2016	2017	2016
Hire purchase payables	2.28%-6.61%	2.05%-6.27%	4.59%	4.59%

26 PREFERENCE SHARES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Redeemable preference shares ("RPS") issued by the Company (Note 26(a))	128,811	128,207	128,811	128,207
Redeemable convertible preference shares ("RCPS") issued by a subsidiary company (Note 26(b))	1,611	1,611	-	-
	130,422	129,818	128,811	128,207

(a) RPS

	Group and Company			
	Number of RPS		Amount	
	2017 Unit'000	2016 Unit'000	2017 RM'000	2016 RM'000
Issued and fully paid:-				
At beginning and end of financial year	132,601	132,601	132,601	132,601
Less: Equity component of RPS				
- Fair value of 265,202,536 free warrants recognised in equity under warrants reserve			4,622	4,622
- Deferred tax liability on fair value of warrants			1,460	1,460
			6,082	6,082
RPS - liability component at initial recognition			126,519	126,519
<u>Accumulated RPS dividends recognised in statements of profit or loss:-</u>				
At beginning of financial year			8,794	2,914
During the financial year			5,908	5,880
At end of financial year			14,702	8,794
<u>Accumulated RPS dividends paid:-</u>				
At beginning of financial year			(7,106)	(1,802)
During the financial year			(5,304)	(5,304)
At end of financial year			(12,410)	(7,106)
RPS - liability component at end of financial year			128,811	128,207

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26 PREFERENCE SHARES (CONT'D)

(a) RPS (cont'd)

The Company issued a total of 132,601,268 RPS at an issue price of RM1.00 per RPS together with 265,202,536 free warrants in the Company, on the basis of two (2) free warrants for every one (1) RPS subscribed. The warrants are convertible into ordinary shares in the Company at an exercise price of RM1.00 per warrant. The salient terms of the warrants are disclosed in Note 23 to the financial statements.

The salient terms of the RPS are as follows:-

- (i) The RPS is not convertible into ordinary shares of the Company.
- (ii) The RPS carries the right to receive cumulative gross preferential dividend out of distributable profits of the Company at a dividend rate per annum of four (4) sen on the issue price per RPS, payable semi-annually in arrears on 30 June and 31 December each year. The last dividend payment shall be made on the maturity date.
- (iii) The tenure of the RPS is for five (5) years from the date of issuance of RPS.
- (iv) The RPS is redeemable at 100% of the issue price of the RPS at any time during the tenure of the RPS at the option of the Company as issuer. The Company may redeem the RPS on pro-rated basis on the issue price commencing from the date of issue of the RPS up to the maturity date.
- (v) In events of default, the RPS holders may at their discretion, require the Company to redeem the RPS at the issue price together with accrued but unpaid dividend in the event of the Company become insolvent or is unable to pay its debts as they fall due or ceasing or threatening to cease carrying on its business or a substantial part of its business, or breaching the terms of the RPS. The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.
- (vi) The RPS holders are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company, except in the following circumstances:-
 - (a) where the dividend or part of the dividend on the RPS has been declared but remains unpaid for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the Group's assets, business and undertakings in excess of 25% of the Group's net assets based on the last audited financial statements;
 - (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RPS;
 - (e) upon any resolution for the winding-up of the Company; and
 - (f) other circumstances as may be provided under the law and applicable to preference shares and/or preference shareholders from time to time.

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26 PREFERENCE SHARES (CONT'D)

(b) RCPS

	Group	
	2017	2016
	RM'000	RM'000
RCPS issued by a subsidiary company to:-		
Non-controlling interests	1,611	1,611

Roset Limousine Services Pte. Ltd. ("Roset"), an indirect owned subsidiary company issued 3,000,000 RCPS at SGD1.00 each to its shareholders.

The salient terms of the RCPS are as follows:-

- (i) the RCPS carries the rights to receive cumulative preferential dividend of 8% per annum payable semi-annually;
- (ii) the tenure of the RCPS is for four (4) years from the date of subscription with one (1) year extension from maturity date subject to mutual and written agreement by the RCPS shareholders;
- (iii) any RCPS not redeemed at the end of the tenure shall be converted into ordinary shares on the basis of 1 ordinary share for every 1 RCPS; and
- (iv) The RCPS are redeemable at the option of Roset at any time at the issue price of SGD1.00 plus any unpaid dividends up to redemption date subject to terms and conditions contained in the subscription agreement.

27 DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2017	2016
	RM'000	RM'000
Negative fair value on:-		
Currency forward contracts and options	4,688	5,917
Other equity related contracts	2,884	1,371
	7,572	7,288

As at the reporting date, the contracted underlying principal amount of the Group's currency forward contracts and options and equity related contracts are RM73,820,000 (2016: RM11,808,000).

28 TRADE PAYABLES

Margin creditors, clients' trust monies and dealer's representatives' security deposits amounting to RM117,505,000 (2016: RM112,063,000) are excluded from trade payables of the Group in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

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29 OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the followings:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accrued expenses	11,463	7,726	386	422
Deposits received	7,773	6,228	-	-
Accrued interest expenses	145	198	132	2
Other payables	11,018	15,964	43	7
	30,399	30,116	561	431

30 REVENUE

Significant categories of revenue recognised during the financial year are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of financial assets at fair value through profit or loss and other financial instruments	216,312	147,787	-	-
Income from car rental and related services	61,536	59,985	-	-
Interest income	30,117	27,363	-	-
Brokerage commissions	14,625	14,816	-	-
Sale of goods and services	12,209	6,780	-	-
Management, advisory and consultancy fee income	7,214	6,536	486	486
Rental income from letting of properties	3,666	3,792	-	-
Dividend income	1,433	1,107	17,470	8,762
Sale of properties inventories	580	1,236	-	-
Others	137	3,321	-	-
	347,829	272,723	17,956	9,248

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31 COST OF SALES

Included in cost of sales are, amongst other items, the followings:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cost of inventories recognised in cost of sales	12,575	6,816	-	-
Depreciation of property, plant and equipment	32,475	29,325	-	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	8	8	-	-
(Writeback of allowance)/Allowance for diminution in value of inventories	(28)	14	-	-
Rental of motor vehicles	314	24	-	-

32 OTHER INCOME

Included in other income are, amongst other items, the followings:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accretion of discounts on held to maturity investments	12	1,119	-	-
Allowance for doubtful debts no longer required	150	373	33	8,012
Bad debts recovered	322	550	-	-
Excess of fair value of net assets over investment cost on acquisition of additional interest in associate companies	567	-	-	-
Fair value gain on investment properties	-	239	-	-
Fair value gain on derivative financial instruments	-	1,895	-	-
Gain on fair value changes of financial assets at fair value through profit or loss	42,167	-	-	-
Gain on disposal of available for sale investments	-	16,471	-	-
Gain on disposal of an investment property	244	-	-	-
Gain on disposal of property, plant and equipment	807	718	-	-
Gain on capital repayment from an associate company	-	117	-	364
Gain on disposal of shares in associate companies	34,538	87,354	-	-
Gross dividends from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	3,463	2,934	-	-
- quoted outside Malaysia	6,977	5,061	-	-

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32 OTHER INCOME (CONT'D)

Included in other income are, amongst other items, the followings (cont'd):-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Gross dividends from available for sale investments:-				
- quoted in Malaysia	580	580	-	-
- unquoted in Malaysia	-	2	-	-
- unquoted outside Malaysia	-	886	-	-
Interest income from:-				
- deposits and cash balances placed with licensed banks and financial institutions	10,218	10,192	234	590
- associate companies	360	106	-	-
- subsidiary companies	-	-	6,614	5,603
- loans and receivables	646	537	-	-
- held to maturity investments	638	1,004	-	-
- others	28	6	-	-
Rental income	94	66	-	-
Unrealised foreign exchange gain	15,967	5,784	-	-
Waiver of debts	11	-	-	-
Writeback of impairment of held to maturity investments	18	-	-	-

33 ADMINISTRATION EXPENSES

Included in administration expenses are, amongst other items, the followings:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:-				
SJ Grant Thornton				
Statutory audit fees				
- current financial year	285	197	36	32
- underprovision in previous financial year	9	6	4	3
Other external auditors				
Statutory audit fees				
- current financial year	141	146	-	-
Depreciation of property, plant and equipment	760	466	73	71
Rental of premises	1,193	1,543	432	432
Hire of equipment	12	3	-	-

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34 OTHER OPERATING EXPENSES

Included in other operating expenses are, amongst other items, the followings:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Impairment of available for sale investments	-	1,042	-	-
Allowance for doubtful debts	211	364	43	14
Amortisation of premium on held to maturity investments	2	618	-	-
Auditors' remuneration:-				
SJ Grant Thornton				
Statutory audit fees				
- current financial year	-	74	-	-
- underprovision in previous financial year	-	2	-	-
Other external auditors				
Statutory audit fees				
- current financial year	9	9	-	-
- underprovision in previous financial year	1	1	-	-
Bad debts written off	47	25	52	-
Depreciation of property, plant and equipment	1,861	1,920	-	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	1,128	916	-	-
- non-rental generating properties	44	106	-	-
Fair value loss on investment properties	376	-	-	-
Hire of equipment	397	400	-	-
Impairment of held to maturity investments	-	18	-	-
Lease rental	666	750	-	-
Fair value loss on derivative financial instruments	287	-	-	-
Loss on fair value changes of financial assets at fair value through profit or loss	-	33,485	-	-
Realised foreign exchange loss	6,673	20,907	-	-
Rental of motor vehicles	129	190	-	-
Rental of premises	588	452	-	-
Unrealised foreign exchange loss	-	-	2,155	1,826

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35 FINANCE COSTS

Finance costs comprise of the following interest expenses:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:-				
- term loans	6,084	6,188	-	-
- bank overdrafts	595	540	-	-
- revolving credit facilities	2,653	1,535	1,994	371
- hire purchase payables	4,854	3,367	1	3
- dividends on RPS	5,908	5,880	5,908	5,880
- dividends on RCPS	148	177	-	-
- margin financing facility	200	37	-	-
- charged by a subsidiary company	-	-	134	32
	20,442	17,724	8,037	6,286

36 EXCEPTIONAL ITEM

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Effects of dilution of equity interests in associate companies	3,138	3,326	-	-

37 TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Income tax:-</u>				
Provision for current financial year				
- Malaysian income tax	9,305	8,427	853	879
- Overseas income tax	327	258	-	-
Underprovision in previous financial year				
- Malaysian income tax	126	108	1	99
- Overseas income tax	66	-	-	-
<u>Deferred tax (Note 13):-</u>				
Transfer to deferred taxation	(1,597)	1,193	(163)	(138)
Underprovision in previous financial year	487	119	-	-
Deferred Real Property Gains Tax	141	12	-	-
	8,855	10,117	691	840

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37 TAX EXPENSE (CONT'D)

The reconciliation of income tax expense on profit before tax with the applicable statutory income tax rate is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	189,496	88,090	7,863	4,704
Income tax at the Malaysian statutory tax rate of 24% (2016: 24%)	45,479	21,142	1,887	1,129
Tax effects in respect of:-				
Non-allowable expenses	5,839	17,575	3,020	3,817
Income not subject to tax	(42,226)	(29,724)	(4,217)	(4,205)
Deferred Real Property Gains Tax on fair value adjustment of investment properties	141	12	-	-
Effect of different tax rates in other countries	(651)	(1,020)	-	-
Overseas tax paid on dividend income	506	214	-	-
Utilisation of previously unrecognised deferred tax assets	(1,554)	(272)	-	-
Deferred taxation not recognised in the financial statements	642	1,963	-	-
Tax expenses for current financial year	8,176	9,890	690	741
Underprovision for tax expense in previous financial year	192	108	1	99
Underprovision for deferred taxation in previous financial year	487	119	-	-
Total tax expense for the financial year	8,855	10,117	691	840
Unutilised tax losses carried forward subject to agreement of the tax authorities	69,445	73,477	-	-
Unabsorbed capital allowances carried forward subject to agreement of the tax authorities	11,579	7,294	-	-

38 EARNINGS PER SHARE

Basic earnings per share

Earnings per ordinary share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company of RM181,010,000 (2016: RM77,376,000) to the weighted average number of ordinary shares in issue during the financial year of 663,007,000 ordinary shares (2016: 663,007,000 ordinary shares), after taking into consideration the movement of ordinary shares bought back by the Company.

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38 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

The diluted earnings per ordinary share for the financial year is calculated by dividing the Group's profit for the financial year attributable to owners of the Company of RM181,010,000, adjusted for the after-tax effect of changes in income and expenses that would result from the proceeds received on the exercise of the 265,202,536 warrants into new ordinary shares to the weighted average number of ordinary shares in issue during the financial year plus the 265,202,536 new ordinary shares which would be issuable on the assumption the warrants are exercised into new ordinary shares at the beginning of the financial year.

The diluted earnings per share was not computed in the preceding financial year as there was no dilutive potential equity instruments in issue that gave diluted effect to the earnings per ordinary share.

39 DIRECTORS' REMUNERATION

The aggregate remuneration paid and payable to the Directors of the Company and subsidiary companies for the financial year, categorised into the appropriate components are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	2,785	3,005	240	56
Defined contribution plan	327	181	46	11
Benefits-in-kind	35	33	35	33
	3,147	3,219	321	100
Directors of the subsidiary companies				
Salaries and other emoluments	4,219	5,141	-	-
Defined contribution plan	438	458	-	-
Fees	38	15	-	-
Benefits-in-kind	22	28	-	-
	4,717	5,642	-	-
Executive Directors' remuneration	7,864	8,861	321	100
<u>Non-Executive Directors:-</u>				
Directors of the Company				
Salaries and other emoluments	1,184 *	2,099 *	-	-
Defined contribution plan	130	116	-	-
Fees	64	64	64	64
Benefits-in-kind	41	49	13	14
	1,419	2,328	77	78
Directors of the subsidiary companies				
Salaries and other emoluments	158	156	-	-
Non-Executive Directors' remuneration	1,577	2,484	77	78
	9,441	11,345	398	178

* This includes the aggregate remuneration of Non-Executive Directors of the Company who are Executive Directors of certain subsidiary companies.

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40 STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, bonus, wages and allowances	36,193	32,854	3,594	3,353
Social security cost	153	143	22	17
Defined contribution plan	3,617	3,387	417	369
Other staff related expenses	154	261	-	-
	40,117	36,645	4,033	3,739

Included in staff costs of the Group and of the Company are executive and non-executive Directors' remuneration amounting to RM9,343,000 (2016: RM11,235,000) and RM350,000 (2016: RM131,000) respectively as disclosed in Note 39 to the financial statements.

41 DIVIDENDS

	Group and Company	
	2017 RM'000	2016 RM'000
Interim single-tier dividend of 1 sen per ordinary share paid on 21 February 2017 in respect of financial year ended 30 June 2017	6,630	-
Interim single-tier dividend of 1 sen per ordinary share paid on 24 February 2016 in respect of financial year ended 30 June 2016	-	6,630
	6,630	6,630

42 INFORMATION ON THE ACQUISITION OF SUBSIDIARY AND ASSOCIATE COMPANIES/NEWLY INCORPORATED SUBSIDIARY COMPANIES AND SUMMARY EFFECT OF ACQUISITION OF A SUBSIDIARY COMPANY

- (a) Details of the newly incorporated subsidiary company and the subsidiary and associate companies acquired by the Group during the financial year are as follows:-
- (i) On 1 July 2016, Roset Logistics Holdings Pte. Ltd., an indirect subsidiary company of the Group, had incorporated a wholly-owned subsidiary company in Singapore known as Roset Auto Care Services Pte. Ltd. ("Roset Auto Care").

The issued and paid up share capital of Roset Auto Care is SGD1 comprising 1 ordinary share and its principal activity is repair and maintenance of motor vehicles.

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42 INFORMATION ON THE ACQUISITION OF SUBSIDIARY AND ASSOCIATE COMPANIES/NEWLY INCORPORATED SUBSIDIARY COMPANIES AND SUMMARY EFFECT OF ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

(a) Details of the newly incorporated subsidiary company and the subsidiary and associate companies acquired by the Group during the financial year are as follows (cont'd):-

- (ii) On 13 July 2016, the Company, together with its 55% indirect subsidiary company, Prac Logistics Sdn. Bhd., subscribed for 80,000 ordinary shares of RM1.00 each representing 80% equity interest in Prac GreenTech Sdn. Bhd. (formerly known as Prac Green Tech Sdn. Bhd.) ("PRAC GreenTech") for a cash consideration of RM80,000.

PRAC GreenTech is a private limited company incorporated in Malaysia on 29 April 2016. Prior to the subscription of shares, PRAC GreenTech was dormant.

PRAC GreenTech is set up to provide a platform to promote awareness and understanding about electric mobility and to promote use of electric vehicles in road transportation in Malaysia.

Arising from the subscription of the ordinary shares, PRAC GreenTech became a 66.95% indirect subsidiary of the Group.

- (iii) On 14 November 2016, Lifestyle-One Sdn. Bhd., a wholly owned subsidiary company, subscribed for 300 ordinary shares of USD1.00 each representing 30% equity interest in O&S Pacific Co. Ltd. ("O&S") for a cash consideration of USD300.

O&S is a private limited company incorporated under the Labuan Companies Act, 1990 and its principal activity is to trade in frozen seafoods.

(b) Details of the subsidiary company acquired by the Group and the newly incorporated subsidiary company in the preceding financial year are as follows:-

- (i) Prac Logistics Sdn. Bhd. ("Prac Logistics")

On 31 July 2015, Insas Plaza Sdn. Bhd. ("IPSB"), a wholly-owned subsidiary company, had subscribed for 120,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary shares representing 40% of the enlarged share capital of Prac Logistics.

On 28 December 2015, 4 March 2016 and 5 May 2016, IPSB had subscribed for its 40% entitlement representing an additional 210,000 ordinary shares of RM1.00 each in the enlarged ordinary share capital of Prac Logistics for a cash consideration of RM210,000.

On 13 May 2016, IPSB subscribed for 275,000 ordinary shares of RM1.00 each in Prac Logistics for a cash consideration of RM275,000. Following this subscription, IPSB's equity interest in Prac Logistics increased from 40% to 55%. Arising thereon, Prac Logistics became a 55% indirect owned subsidiary company of the Group.

On 27 June 2016, IPSB subscribed for its 55% entitlement of 220,000 ordinary shares of RM1.00 each in Prac Logistics.

Prac Logistics is a private limited company incorporated in Malaysia on 4 July 2012 and its principal activities are long term car lease, fleet management and limousine service.

- (ii) Tribecar Pte. Ltd. ("Tribecar")

On 4 March 2016, Roset Logistics Holdings Pte. Ltd. ("Roset Holdings"), a private limited company incorporated in Singapore and an indirect subsidiary company of the Group, had incorporated a subsidiary company in Singapore known as Tribecar. The issued and paid-up share capital of Tribecar is SGD1,000 comprising 1,000 ordinary shares.

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42 INFORMATION ON THE ACQUISITION OF SUBSIDIARY AND ASSOCIATE COMPANIES/NEWLY INCORPORATED SUBSIDIARY COMPANIES AND SUMMARY EFFECT OF ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

- (b) Details of the subsidiary company acquired by the Group and the newly incorporated subsidiary company in the preceding financial year are as follows (cont'd):-

(ii) Tribecar Pte. Ltd. ("Tribecar") (cont'd)

Roset Holdings together with Montego (S) Pte. Ltd., an indirect wholly-owned subsidiary company of the Group, hold an aggregate equity interest of 77% in Tribecar. Arising thereon, Tribecar became an indirect subsidiary company of the Group, with the Group holding an effective interest of 63.24% in Tribecar.

The principal activities of Tribecar are car rental services and development of fleet-related software and other programming activities.

- (c) The effect of the acquisition of PRAC GreenTech (2016: Prac Logistics) on the financial results of the Group during financial year is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Revenue	475	250
Cost of sales	(407)	-
Gross profit	68	250
Other income	1	49
Administration expenses	(20)	(69)
Other operating expenses	-	(430)
Finance costs	(516)	(65)
Loss before tax	(467)	(265)
Tax expense	-	-
Loss after tax	(467)	(265)
<u>Attributable to:-</u>		
Owners of the Company	(313)	(146)
Non-controlling interests	(154)	(119)

If the acquisition had taken place at the beginning of the financial year, the Group's profit, net of tax and non-controlling interests, would have been RM181,010,000 (2016: RM77,390,000) and the Group's revenue would have been RM347,829,000 (2016: RM274,292,000).

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42 INFORMATION ON THE ACQUISITION OF SUBSIDIARY AND ASSOCIATE COMPANIES/NEWLY INCORPORATED SUBSIDIARY COMPANIES AND SUMMARY EFFECT OF ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

- (d) The fair value of assets acquired and liabilities assumed from the acquisition of PRAC GreenTech (2016: Prac Logistics) in the financial year is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Net assets acquired:-		
Property, plant and equipment	-	8,243
Trade receivables	-	45
Other receivables, deposits and prepayments	-	1,329
Cash and bank balances	-	228
Other payables and accruals	-	(1,480)
Hire purchase payables	-	(6,850)
Non-controlling interests	-	(682)
Group's share of net assets at date of acquisition	-	833
Goodwill on acquisition	-	2
Cost of investment accounted for under equity accounting	-	(330)
Share of post acquisition profits on acquisition date	-	(10)
Purchase consideration	-*	495
Less: Cash and cash equivalents acquired	-	(228)
Net cash outflow on acquisition of equity interest in a subsidiary company	-*	267

* - represents RM2

43 INFORMATION ON THE DISSOLUTION OF SUBSIDIARY COMPANIES

- (a) During the financial year, the following dormant subsidiary companies had conducted their final meetings to conclude the members' voluntary winding-up:-

Name of companies:-	Date final meeting was held:-	Return by Liquidators Relating to Final Meetings lodged on:-
Hastanas Development Sdn. Bhd.	12 July 2016	14 July 2016
M&A Research Sdn. Bhd.	23 August 2016	25 August 2016
Magxo Sdn. Bhd.	5 September 2016	7 September 2016
M&A Futures Sdn. Bhd.	26 September 2016	26 September 2016
Premium Yield Sdn. Bhd.	26 September 2016	26 September 2016

The above dormant companies have been dissolved during the financial year.

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43 INFORMATION ON THE DISSOLUTION OF SUBSIDIARY COMPANIES (CONT'D)

(b) During the financial year, the following subsidiary companies have been placed under members' voluntary winding-up:-

- (i) On 28 April 2017, Xota Communications Sdn. Bhd. and Xotapoint Sdn. Bhd., both indirect wholly owned dormant subsidiary companies of the Group have been placed under members' voluntary winding-up.

Both subsidiary companies had conducted their final meeting on 31 July 2017 to conclude the members' voluntary winding up. The Return by Liquidators Relating to Final Meeting was lodged on 3 August 2017 and on the expiration of 3 months after the lodgement date, both subsidiary companies will be dissolved.

- (ii) On 30 June 2017, Noble Builders Sdn. Bhd. and Premium-One Sdn. Bhd. both indirect wholly owned dormant subsidiary companies of the Group have been placed under members' voluntary winding-up.

The members' voluntary winding-up of the above subsidiary companies have no material financial impact to the Group as the Group has fully accounted for the post acquisition losses prior to the voluntary winding-up.

44 CONTINGENT LIABILITIES

	Group		Company	
	Limit RM'000	Amount utilised RM'000	Limit RM'000	Amount utilised RM'000
Unsecured:-				
Guarantees to secure banking and credit facilities granted to subsidiary companies as at 30 June 2017	217,946	141,149	202,570	126,574
Guarantees to secure banking and credit facilities granted to subsidiary companies and to a third party as at 30 June 2016	247,647	157,326	215,732	142,211

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks and financial institutions requiring the Group and the Company to provide guarantee as a pre-condition for approving the credit facilities. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

45 CAPITAL COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Authorised and contracted for:-		
- Acquisition of investment properties	18,992	21,343
- Acquisition of property, plant and equipment	2,888	5,516
- Investment commitments in relation to available for sale investments	13,781	17,306
	35,661	44,165

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46 LEASE COMMITMENTS

(a) Operating lease commitments - as lessee

Future lease payments in respect of non-cancellable operating leases as at the reporting date and payable:-

	Group	
	2017	2016
	RM'000	RM'000
Not later than 1 year	637	442
Later than 1 year but not more than 5 years	347	116
	984	558

(b) Operating lease commitments - as lessor

The Group has entered into property leases on its investment properties. The non-cancellable leases are for lease terms of between 1 and 3 years. These leases include a market review clause to enable revision of the rental charge upon renewal of the lease based on prevailing market rates.

As at the reporting date, commitments in respect of non-cancellable operating leases of the Group's investment properties to third parties are as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Not later than 1 year	2,877	3,357
Later than 1 year but not more than 5 years	1,908	1,986
	4,785	5,343

(c) Finance lease commitments

The future minimum lease payments under finance leases are disclosed in Note 25 to the financial statements.

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47 SEGMENTAL INFORMATION

(a) Operating Segments

	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	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017							
Revenue							
External revenue	54,033	217,070	11,569	63,607	1,550	-	347,829
Inter-segment revenue	1,214	19,086	23,093	11,222	5,257	(59,872)	-
Total segment revenue	55,247	236,156	34,662	74,829	6,807	(59,872)	347,829
Results							
Interest income	3,297	11,207	5,408	13	100	(8,135)	11,890
Finance costs	(7,636)	(14,357)	(134)	(6,780)	(706)	9,171	(20,442)
Depreciation and amortisation	(1,112)	(379)	(384)	(33,164)	(59)	-	(35,098)
Share of profit less losses of associate companies	-	14,313	40,256	(468)	3,668	-	57,769
Tax expense	(4,905)	(3,256)	(319)	(148)	(227)	-	(8,855)
Other non-cash expenses (i)	(234)	(2,621)	(2,799)	(174)	1,577	-	(4,251)
Segment profit/(loss)	14,299	97,031	65,030	(431)	4,712	-	180,641
Assets							
Investments in associate companies	-	20,419	213,403	18,820	48,661	-	301,303
Additions to non-current assets (ii)	130	10,841	21,502	70,111	8,118	-	110,702
Segment assets	508,765	922,978	408,483	206,018	158,735	-	2,204,979
Liabilities							
Segment liabilities	67,832	432,033	5,252	133,744	4,204	-	643,065

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- 30 June 2017

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47 SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

	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	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016							
Revenue							
External revenue	46,949	130,286	32,670	60,389	2,429	-	272,723
Inter-segment revenue	1,435	10,171	14,487	4,841	524	(31,458)	-
Total segment revenue	48,384	140,457	47,157	65,230	2,953	(31,458)	272,723
Results							
Interest income	3,296	11,685	3,556	61	185	(6,938)	11,845
Finance costs	(4,863)	(13,610)	(1,312)	(5,150)	(732)	7,943	(17,724)
Depreciation and amortisation	(1,274)	(986)	(269)	(29,743)	(57)	-	(32,329)
Share of profit less losses of associate companies	-	(6,288)	26,631	(4,394)	5,388	-	21,337
Tax expense	(5,340)	(2,902)	(50)	(1,366)	(459)	-	(10,117)
Other non-cash expenses (i)	6,616	(46,954)	(1,320)	(491)	-	-	(42,149)
Segment profit/(loss)	23,032	(50,456)	93,077	6,081	6,239	-	77,973
Assets							
Investments in associate companies	-	5,812	201,687	19,289	49,736	-	276,524
Additions to non-current assets (ii)	954	24,041	38,510	83,271	40,912	-	187,688
Segment assets	408,372	797,073	356,057	179,553	158,547	-	1,899,602
Liabilities							
Segment liabilities	53,780	347,822	23,159	112,318	5,301	-	542,380

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are on negotiated basis. These transactions are eliminated on consolidation.

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47 SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

The Group is organised into five main operating segments. The main operating segments of the Group and their respective business activities are:-

Operating segment	Business activities
Financial services and credit & leasing	Stock broking and dealing in securities, provision of corporate finance and advisory services, credit and leasing and granting of loans and other related financing activities, provision of share registration services, management services and nominee agents.
Investment holding and trading	Investment holding and trading of quoted securities and other related financial instruments.
Technology and IT-related manufacturing, trading and services	Manufacture of wireless microwave telecommunication products, wireless broadcast card and provision of electronic manufacturing services, manufacture of light emitting diode, electronics and optical fiber cable devices, research and resale of all kind of optoelectronic devices, manufacturing of advanced communication chips and die preparation, manufacturing, assembling and testing of optoelectronic and sensor components, modules and systems, design and development of software and web applications and provision of communication and networking services, electronic components sourcing, computer hardware dealers and maintenance, trading of multimedia and electronic products and IT consultancy services.
Retail trading and car rental	Cars and limousines for hire/rental, repair and maintenance of motor vehicle, promote use of electric vehicles, wine merchant, retail and trading of high fashion wear, leather goods and other lifestyle-related products and operating food and beverages outlets.
Property investment and development	Property development, property holding and investments and project and property management.

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47 SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

(i) Other material non-cash expenses consist of the following items:-

	2017 RM'000	2016 RM'000
Impairment of available for sale investments	-	1,042
Effects of dilution of equity interests in associate companies	3,138	3,326
Impairment of held to maturity investments	-	18
Allowance for doubtful debts	211	364
Allowance for diminution in value of inventories	-	14
Bad debts written off	47	25
Fair value loss on derivative financial instruments	287	-
Fair value loss on investment properties	376	-
Loss on fair value changes of financial assets at fair value through profit or loss	-	33,485
Intangible assets written off	-	3
Loss on redemption of held to maturity investments	-	3,870
Property, plant and equipment written off	166	-
Provision for impairment loss on investment in an associate company	26	-
Goodwill written off	-	2
	4,251	42,149

(ii) Additions to non-current assets consist of the following items:-

	2017 RM'000	2016 RM'000
Property, plant and equipment	70,713	87,204
Investment properties	4,462	9,226
Available for sale investments	4,071	11,790
Held to maturity investments	2,279	3,863
Associate companies	29,177	75,605
	110,702	187,688

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47 SEGMENTAL INFORMATION (CONT'D)

(b) Geographical Information

Revenue and non-current assets information based on geographical location of the customers and assets respectively are as follows:-

	Revenue RM'000	Non-current assets RM'000
2017		
Malaysia	139,941	529,179
Hong Kong	137	-
Singapore	207,751	185,170
United Kingdom	-	18,767
Other countries	-	4,618
	347,829	737,734
2016		
Malaysia	159,207	498,520
Hong Kong	235	7,779
Singapore	113,281	158,351
United Kingdom	-	13,967
Other countries	-	3,271
	272,723	681,888

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

	2017 RM'000	2016 RM'000
Property, plant and equipment	184,946	161,424
Investment properties	177,877	179,644
Available for sale investments	42,970	35,154
Held to maturity investments	4,591	3,095
Associate companies	301,303	276,524
Intangible assets	26,047	26,047
	737,734	681,888

(c) Information about major customer

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

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48 RELATED PARTY DISCLOSURES

- (a) Outstanding balances arising from related party transactions

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Note 10(b) and Note 11(b) to the financial statements.

- (b) The Group has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	Group	
	2017 RM'000	2016 RM'000
Secretarial service fee charged to Syarikat Agensi Pekerjaan ER Services Sdn. Bhd., a company related to certain Directors of the Company	-	1
Refurbishment and maintenance works provided to companies related to certain Directors of the Company and a subsidiary company:-		
- Immobiliare Holdings Sdn. Bhd.	62	65
- Baktihan Sdn. Bhd.	102	120
- Winfields Development Sdn. Bhd.	19	4
- Accrocrest Development Sdn. Bhd.	1	2
Sales of goods and services to Inari Amertron Berhad Group ("Inari"), an associate company wherein Insas Berhad Group is a substantial shareholder of Inari:-		
- rental income	48	48
- network repair services	-	5
- packing services	443	1,028
- secretarial, share registration and other related service fees	81	64
- professional fee income	65	30
Rental of office premises charged to associate companies:-		
- Numoni Malaysia Sdn. Bhd.	24	47
- Numoni DFS Sdn. Bhd.	24	-
Sale of goods to associate companies:-		
- Lifestyle Inspirations Sdn. Bhd.	8	16
- Numoni DFS Sdn. Bhd.	3	-
Purchase of property, plant and equipment from an associate company, Numoni Pte. Ltd.	23	-
Secretarial service fees charged to companies related to certain Directors of the Company*	11	12

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48 RELATED PARTY DISCLOSURES (CONT'D)

- (b) The Group has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year (cont'd):-

	Group	
	2017 RM'000	2016 RM'000
Secretarial service fees charged to associate companies*	34	34
Interest charged to associate companies*	2,667	2,013
Fees charged by Pacific Regal Sdn. Bhd., a company related to a director of a subsidiary company:-		
- administration fee	6	17
- rental of premises	15	10
Rental of motor vehicles charged to companies related to certain directors of a subsidiary company:-		
- Omesti Berhad	131	-
- Redzone Development Sdn. Bhd.	131	-
- Pacific Regal Sdn. Bhd.	63	18
- Prac Limousine Sdn. Bhd.	8	9
- Microlink Solutions Berhad	239	24

- (c) The Company has the following transactions with the following related corporations during the financial year:-

	Company	
	2017 RM'000	2016 RM'000
Management fees charged to subsidiary companies*	486	486
Dividends received from subsidiary companies:-		
- Insas Technology Berhad	580	580
- M&A Securities Sdn. Bhd.	7,800	6,000
- Insas Pacific Rent-A-Car Sdn. Bhd.	90	182
- Insas Plaza Sdn. Bhd.	4,500	2,000
- Insas Credit & Leasing Sdn. Bhd.	4,500	-
Capital repayment from an associate company, Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. (In Liquidation)	-	364
Secretarial service and retainer fees paid and payable to a subsidiary company, Megapolitan Management Services Sdn. Bhd.	97	95
Website maintenance and support fees paid and payable to a subsidiary company, Vigtech Labs Sdn. Bhd.	2	2

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48 RELATED PARTY DISCLOSURES (CONT'D)

- (c) The Company has the following transactions with the following related corporations during the financial year (cont'd):-

	Company	
	2017 RM'000	2016 RM'000
Investment in subsidiary companies written off*	123	-
Email and network maintenance fees paid and purchase of computer hardware and software from a subsidiary company, Langdale Systems Sdn. Bhd.	46	49
Interest charged to subsidiary companies*	6,614	5,603
Bad debts written off*	52	-
Interest charged by a subsidiary company, Insas Plaza Sdn. Bhd.	134	32

* The transactions are disclosed in aggregate as it is immaterial to disclose individually.

- (d) Remuneration of key management personnel

The remuneration of Directors and other members of key management personnel during the financial year were as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, bonus and allowances	8,972	11,037	280	96
Defined contribution plan	877	781	46	11
Social security cost	10	7	-	-
Benefits-in-kind	98	110	48	47
	9,957	11,935	374	154

Included in the total compensation of key management personnel were:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive Directors' remuneration (Note 39)	7,864	8,861	321	100

Other members of key management personnel comprise Executive Directors of the Group and persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

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49 LIST OF SUBSIDIARY COMPANIES

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Cellar-One Sdn. Bhd.	100	100	Wine merchant	Malaysia
Dellmax Worldwide Sdn. Bhd.	69.3	69.3	Investment holding	Malaysia
Delta Crest (M) Sdn. Bhd.	100	100	Property investment	Malaysia
Delta Crest (KL) Sdn. Bhd.	55	55	Property investment holding and development	Malaysia
Desa Juara Sdn. Bhd.	100	100	Property investment	Malaysia
Filmont Holdings Sdn. Bhd.	100	100	Investment holding and property investment	Malaysia
Gryphon Asset Management Sdn. Bhd.	100	100	Investment holding and trading	Malaysia
Hastanas Development Sdn. Bhd.	-	78.8	Company wound-up	Malaysia
Insas Construction Sdn. Bhd.	100	100	Construction, landscaping, renovation and other related works	Malaysia
Insas Corporate Services Sdn. Bhd.	100	100	Provision of corporate secretarial and management services and investment holding	Malaysia
Insas Credit & Leasing Sdn. Bhd.	100	100	Credit and leasing and other related financing activities	Malaysia
Insas Logistics (S) Pte. Ltd. *	79.5	79.5	Rental of cars and chauffeured car services	Singapore
Insas Logistics (M) Sdn. Bhd.	79.5	79.5	Investment holding	Malaysia
Insas Plaza Sdn. Bhd.	100	100	Investment holding, investment trading, property investment, project and property management and commission agent	Malaysia
Insas Project Management Sdn. Bhd.	100	100	Property and project management and consultants (dormant)	Malaysia
Insas Properties Sdn. Bhd.	90	90	Investment holding and property investment	Malaysia
Insas Property Management Sdn. Bhd.	90	90	Property and project management	Malaysia

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Insas (S) Pte. Ltd.*	100	100	Investment holding	Singapore
Insas Technology Berhad	100	100	Investment holding and provision of management services, provision of information technology and consultancy services and trading of electronic and telecommunications related products and building materials	Malaysia
Insas Technology Pte. Ltd.*	100	100	Investment holding	Singapore
Insas Pacific Rent-A-Car Sdn. Bhd.	79.5	79.5	Car rental services	Malaysia
Langdale E3 Pte. Ltd.*	100	100	Provide telecommunication services, electronic components sourcing and distribution and sale of mobile wireless and fixed line broadband solutions, devices and related peripherals	Singapore
Langdale Systems Sdn. Bhd.	100	100	Computer trading and software consultation	Malaysia
Lifestyle-One Sdn. Bhd.	100	100	Investment holding	Malaysia
M & A Futures Sdn. Bhd.	-	100	Company wound-up	Malaysia
M & A Financial Services Inc.	100	100	Dormant	British Virgin Islands
M & A Nominee (Asing) Sdn. Bhd.	100	100	Nominee agent and registration services	Malaysia
M & A Nominee (Tempatan) Sdn. Bhd.	100	100	Nominee agent and registration services	Malaysia
M & A Research Sdn. Bhd.	-	100	Company wound-up	Malaysia
M & A Securities Sdn. Bhd.	100	100	Stock broking and dealing in securities and provision of corporate finance and advisory services	Malaysia
M & A Securities (HK) Limited*	100	100	Stockbroking (ceased operations)	Hong Kong
Magxo Sdn. Bhd.	-	100	Company wound-up	Malaysia
Megapolitan Management Services Sdn. Bhd.	100	100	Provision of corporate secretarial, share registration and management services	Malaysia
Media Lang Limited*	100	100	Investment in securities	Hong Kong

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Montania Development Sdn. Bhd.	100	100	Property investment	Malaysia
Montego Assets Limited	100	100	Investment holding and trading	British Virgin Islands
Montego (S) Pte. Ltd.*	100	100	Investment holding, investment trading and investment and rental of properties	Singapore
Noble Builders Sdn. Bhd.	100	100	Under member's voluntary winding-up	Malaysia
Parkfair Development Sdn. Bhd.	90	90	Investment holding	Malaysia
Prac GreenTech Sdn. Bhd.	67	-	Long term lease of electric vehicles	Malaysia
Premium-One Sdn. Bhd.	100	100	Under member's voluntary winding-up	Malaysia
Premium Realty Sdn. Bhd.	100	100	Investment holding and property investment	Malaysia
Premium Yield Sdn. Bhd.	-	78.8	Company wound-up	Malaysia
Prac Logistics Sdn. Bhd.	55	55	Long term car lease, fleet management and limousine services	Malaysia
Roset Autocare Pte. Ltd.*	79.5	-	Repair and maintenance of motor vehicles	Singapore
Roset Logistics Holdings Pte. Ltd.*	79.5	79.5	Investment holding and provision of management services	Singapore
Roset Limousine Services Pte. Ltd.*	79.5	79.5	Provision of premium limousine services and cars for hire	Singapore
Segar Raya Development Sdn. Bhd.	71.1	71.1	Real property and housing developer	Malaysia
Southgroup Investments Limited*	100	100	Investment holding	Hong Kong
Special Windfall Sdn. Bhd.	60	60	Investment holding	Malaysia
Teraju Usaha Sdn. Bhd.	100	100	Provision of consultancy and advisory services, commission agent and property investment	Malaysia
Topacres Sdn. Bhd.	100	100	Investment holding	Malaysia
Tribecar Pte. Ltd.*	63.2	63.2	Provision of transport services and development of fleet-related software and other programming	Singapore

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Valencia Homes Sdn. Bhd.	90	90	Property investment	Malaysia
Vigcashlimited LLC	100	100	Provision of secure payment gateway services for e-commerce communities (dormant)	Mongolia
VigSys Sdn. Bhd.	100	100	Manufacture and distribution of mobile wireless and fixed line broadband solutions, devices and related peripherals	Malaysia
VigTech Labs Sdn. Bhd.	100	100	Design and development of software and web applications and provision of communication and networking services	Malaysia
Xotapoint Sdn. Bhd.	100	100	Under member's voluntary winding-up	Malaysia
Xota Communications Sdn. Bhd.	100	100	Under member's voluntary winding-up	Malaysia

* Companies not audited by SJ Grant Thornton

50 LIST OF ASSOCIATE COMPANIES

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Centreplus Sdn. Bhd.	35	35	Improving and leasing of landed property	Malaysia
Cool Inspirations Sdn. Bhd.	43.4	43.4	Investment holding	Malaysia
Diffusion Fashions Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
Dome Cafe Sdn. Bhd.	43.4	43.4	Operating food and beverages restaurants	Malaysia
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.*	20	20	Under members' voluntary liquidation	Malaysia
Ho Hup Construction Company Berhad*	12.2	13.1	Investment holding, foundation engineering, civil engineering, building contracting works and provision of management services	Malaysia

Notes to the Financial Statements

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Island Cafe Sdn. Bhd.	30.3	30.3	Operating food and beverages restaurants	Malaysia
Lifestyle Inspirations Sdn. Bhd.	43.4	43.4	Operating food and beverages restaurants	Malaysia
Melium Holdings Sdn. Bhd.	43.4	43.4	Investment holding	Malaysia
Melium Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
Melium Aseana Sdn. Bhd.	43.4	43.4	Trading of Asian made products (temporary ceased operations)	Malaysia
Fancy Connections Sdn. Bhd.	30.3	30.3	Dormant	Malaysia
Rising Inspiration Sdn. Bhd.	43.4	43.4	Retailer of high fashion products	Malaysia
PT Melium Nusantara*	22.8	22.8	Property investment holding and development	Indonesia
Smooth Inspirations Sdn. Bhd.	43.4	43.4	Operating food and beverages restaurants	Malaysia
Inari Amertron Berhad	20.2	22.8	Investment holding and provision of management services	Malaysia
Inari Technology Sdn. Bhd.	20.2	22.8	Manufacturing of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services	Malaysia
Inari International Limited	20.2	22.8	Investment holding	Cayman Islands
Amertron Inc. (Global) Limited	20.2	22.8	Investment holding	Cayman Islands
Amertron Incorporated®	20.2	22.8	Manufacture of all kinds of electronics and optical fiber cable devices	Philippines
Amertron Technology (Kunshan) Co. Ltd.®	20.2	22.8	Manufacture of light emitting diode, researching and reselling all kind of optoelectronic devices	The People's Republic of China
Inari South Keytech Sdn. Bhd.	20.2	22.8	Designing, developing and manufacturing of fiber optic connector	Malaysia
Inari Global (HK) Limited	20.2	22.8	Dormant	British Virgin Islands

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Ceedtec Sdn. Bhd.	10.3	11.6	Designing, marketing and distribution of electronic products	Malaysia
Ceedtec Technology Sdn. Bhd.	10.3	11.6	Manufacturing of testing equipment for semiconductor and related products	Malaysia
Simfoni Bistari Sdn. Bhd.	20.2	22.8	Investment holding and property investment	Malaysia
Inari Semiconductor Labs Sdn. Bhd.	20.2	22.8	Manufacturing of semiconductor related products	Malaysia
Hektar Teknologi Sdn. Bhd.	20.2	22.8	Property investment	Malaysia
Inari Integrated Systems Sdn. Bhd.	20.2	22.8	Manufacturing of advanced communication chips and die preparation	Malaysia
Inari Optical Technology Sdn. Bhd.	20.2	-	Manufacturing, assembling and testing of optoelectronic and sensor components, modules and systems	Malaysia
Sengenics Sdn. Bhd.*	-	20	Provision of cytogenetic and molecular diagnostic products and services and related R&D activities	Malaysia
Sengenics International Pte. Ltd.*	-	20	Research and experimental development on biotechnology	Singapore
Sengenics (B) Sdn. Bhd.*	-	20	Develop and implement biotechnology projects, supply of products and consultation services related to R&D activities	Brunei
Winfields Development Sdn. Bhd.	40	40	Investment holding and rental of properties	Malaysia
Winfields Development Pte. Ltd.*	40	40	Investment holding in properties and trading of securities and other financial instruments	Singapore
Montprimo Sdn. Bhd.*	45	45	Investment holding and real property and housing development	Malaysia
Bandar Kinrara Properties Sdn. Bhd.*	45	45	Property development	Malaysia

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Montprimo Property Management Sdn. Bhd.*	-	45	Property management, consultancy and advisory services	Malaysia
Regular Project Management Sdn. Bhd.*	45	45	Project management, consultancy and advisory services	Malaysia
Score Project Management Sdn. Bhd.*	45	45	Project management, consultancy and advisory services	Malaysia
True Acres Sdn. Bhd.	40.1	40.1	Investment holding	Malaysia
Numoni Pte. Ltd.*	28.4	26.2	Investment holding, manufacturing, develop and sale of transaction self-service kiosk that provide prepaid airtime and micro financing transaction	Singapore
Numoni Singapore Pte. Ltd.*	28.4	26.2	Sale of prepaid airtime from self-service kiosk	Singapore
Numoni Philippines, Inc*	28.4	26.2	Provide services, facilities and technologies to enable commercial transactions	Philippines
Numoni Technology Pte. Ltd.*	28.4	26.2	Regional sale of self-service kiosk and payment solution	Singapore
PT Numoni Indonesia*	28.4	26.2	Dormant	Indonesia
Numoni Malaysia Sdn. Bhd.	28.4	26.2	Mobile telecommunication services	Malaysia
Microfinance Maximum Savings Bank, Inc.*	-	13.6	Thrift bank	Philippines
PT Numoni Nusantara Indonesia*	28.4	26.2	Dormant	Indonesia
Numoni (HK) Limited®	18.3	16.7	Sale of prepaid airtime from self-service kiosk	Hong Kong
J&C Collaboration Sdn. Bhd.*	-	26.2	Provision of content information, communication and connectivity technology solutions and services	Malaysia
J&C Pacific Sdn. Bhd.*	-	26.2	Provide mobile telecommunication products and services and mobile airtime reload services	Malaysia
ECI Communications Sdn. Bhd.*	-	23.9	Provision of multimedia and communication services	Malaysia

Notes to the Financial Statements

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest		Principal activities	Country of incorporation
	2017	2016		
Numoni DFS Sdn. Bhd.*	25.0	20.9	Integrated mobile remittance service provider	Malaysia
Numoni Asia Limited*	28.4	26.2	Dormant	Hong Kong
PT MM Indonesia*	15.6	14.4	Provide remittance services (Dormant)	Indonesia
PEP Innovation Pte. Ltd.*	30	30	Assembly and testing of semiconductors	Singapore
O&S Pacific Co. Ltd.*	30	-	Trading in frozen seafood	Malaysia

* Companies not audited by SJ Grant Thornton.

@ Companies audited by other member firm of Grant Thornton International Limited.

51 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The acquisition and incorporation of new subsidiary and associate companies and information on the dissolution of subsidiary companies are disclosed in Note 42 and Note 43 to the financial statements.

52 FINANCIAL INSTRUMENTS

(a) Financial risk management and policies

The Group and the Company are exposed to financial risks arising from the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate, credit, foreign currency exchange, liquidity and market risks. The Group and the Company operate within guidelines approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not significantly exposed to interest rate risk except for the floating rate borrowings. The interest rates applicable on the Group's amount due from associate companies, held to maturity investments, trade and other receivables, deposits placed with licensed banks and financial institutions, hire purchase payables and preference shares are mainly fixed rate in nature and are not exposed to interest rate risk.

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows:-

	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rates during the year % per annum
2017				
Group				
<u>Financial assets</u>				
Amount due from associate companies	-	17,002	17,002	8.00% - 24.00%
Held to maturity investments	-	6,974	6,974	4.38% - 6.63%
Other receivables	-	87	87	2.93%
Trade receivables	-	297,803	297,803	2.85% - 10.50%
Deposits placed with licensed banks and financial institutions	-	461,092	461,092	0.01% - 4.50%
<u>Financial liabilities</u>				
Loans and borrowings	310,148	-	310,148	0.30% - 9.29%
Hire purchase payables	-	108,043	108,043	2.28% - 6.61%
Preference shares	-	130,422	130,422	4.00% - 8.00%
Company				
<u>Financial assets</u>				
Amount due from subsidiary companies	-	195,645	195,645	2.85% - 24.00%
Deposits placed with licensed banks	-	4,549	4,549	2.55%
<u>Financial liabilities</u>				
Loans and borrowings	73,700	-	73,700	4.91% - 5.77%
Hire purchase payables	-	17	17	4.59%
Preference shares	-	128,811	128,811	4.00%

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities that are exposed to interest rate risk are set out as follows (cont'd):-

	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rates during the year % per annum
2016				
Group				
<u>Financial assets</u>				
Amount due from associate companies	-	16,730	16,730	8.00% - 22.00%
Held to maturity investments	-	11,973	11,973	3.10% - 8.00%
Other receivables	-	87	87	3.45%
Trade receivables	-	201,507	201,507	2.85% - 15.00%
Deposits placed with licensed banks and financial institutions	-	382,963	382,963	0.02% - 4.10%
<u>Financial liabilities</u>				
Loans and borrowings	240,395	-	240,395	0.30% - 9.35%
Hire purchase payables	-	92,767	92,767	2.05% - 6.27%
Preference shares	-	129,818	129,818	4.00% - 8.00%
Company				
<u>Financial assets</u>				
Amount due from subsidiary companies	-	102,735	102,735	2.85% - 22.00%
Deposits placed with licensed banks	-	5,726	5,726	2.70%
<u>Financial liabilities</u>				
Loans and borrowings	3,600	-	3,600	5.11% - 5.77%
Hire purchase payables	-	46	46	4.59%
Preference shares	-	128,207	128,207	4.00%

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(i) Interest rate risk (cont'd)

The Group's and the Company's exposure to interest rate risk for a 1% (2016: 1%) increase/ (decrease) in interest rate on the financial assets and liabilities with floating interest rates at the reporting date would result in a corresponding effect to the profit for the financial year as follows:-

	Profit for the financial year RM'000
Group	
2017	
Variable rates	
- increase by 1%	(3,101)
- decrease by 1%	3,101
	<hr/>
2016	
Variable rates	
- increase by 1%	(2,404)
- decrease by 1%	2,404
	<hr/>
Company	
2017	
Variable rates	
- increase by 1%	(737)
- decrease by 1%	737
	<hr/>
2016	
Variable rates	
- increase by 1%	(36)
- decrease by 1%	36
	<hr/>

The assumed movement in interest rate of 1% for the interest rate sensitivity analysis is based on the prudent estimate of the current market environment.

(ii) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company do not have significant concentration of credit risk with any single counterparty.

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables and amount due from subsidiary companies and associate companies in the statements of financial position.

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(ii) Credit risk (cont'd)

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating.

Trade and other receivables

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2016: 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 System Trading Rules. The Group's normal credit term in relation to rental receivables is 7 days (2016: 7 days). Other credit terms are assessed and approved on a case-by-case basis. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

Other receivables which are neither past due nor impaired refers to balances that are deemed recoverable.

Intercompany advances

The Group and the Company provide advances to its associate and subsidiary companies and control the credit risk via monitoring procedures.

As at the reporting date, there was no indication of default on payment for advances granted to the associate and subsidiary companies and adequate impairment have been accounted for those impaired balances due from the associate and subsidiary companies.

Investments and other financial assets

The Group and the Company hold securities and cash deposits placed with sound credit rating counterparties and financial institutions.

As at the reporting date, there was no indication that any investments and cash deposits are not recoverable.

Financial guarantees

The Company provides unsecured financial guarantees to banks and financial institutions in respect of banking facilities granted to certain subsidiary companies and monitored the results of repayments by the subsidiary companies closely. As at the reporting date, there was no indication that any subsidiary companies will default on payment.

(iii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk on their sales, purchases, investments and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are principally the US Dollar, Singapore Dollar, Sterling Pound, Australian Dollar, Euro Dollar and the Hong Kong Dollar.

The Group is also exposed to foreign currency exchange risk arising from translation of the net assets of the Group's foreign subsidiary and associate companies.

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows:-

	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
2017								
Group								
Available for sale investments	-	875	-	18,005	352	-	1,290	20,522
Held to maturity investments	2,492	1,462	-	-	3,020	-	-	6,974
Trade receivables	483	5,207	6	334	-	576	-	6,606
Amount due from associate companies	1,477	(660)	-	-	-	-	-	817
Other receivables, deposits and prepayments	32	2,773	27	-	164	35	-	3,031
Financial assets at fair value through profit or loss	50,123	100,934	31	4,964	2,289	45,352	5,820	209,513
Deposits with licensed banks and financial institutions	12,084	6,446	-	33,948	174,294	3,111	-	229,883
Cash and bank balances	28,970	17,227	6,285	6,939	9,011	8,350	680	77,462
Loans and borrowings	(110,760)	(66,446)	(12,712)	(4,125)	-	(13,514)	-	(207,557)
Derivative financial liabilities	(1,365)	(913)	(4,494)	(857)	(15)	72	-	(7,572)
Trade payables	(156)	(3,545)	-	-	-	-	-	(3,701)
Hire purchase payables	-	(70,095)	-	-	-	-	-	(70,095)
Other payables and accruals	(11)	(7,686)	-	(29)	-	(34)	-	(7,760)
Net financial (liabilities)/assets	(16,631)	(14,421)	(10,857)	59,179	189,115	43,948	7,790	258,123
Company								
Available for sale investments	-	-	-	595	-	-	-	595
Cash and bank balances	-	-	-	-	112	-	-	112
Amount due from subsidiary companies	-	11	-	-	-	-	-	11
Amount due to subsidiary companies	-	(31)	-	-	-	(60,724)	-	(60,755)
Net financial (liabilities)/assets	-	(20)	-	595	112	(60,724)	-	(60,037)

Notes to the Financial Statements

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

	US Dollar RM'000	Singapore Dollar RM'000	Euro Dollar RM'000	Sterling Pound RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Other currencies RM'000	Total RM'000
2016								
Group								
Available for sale investments	-	875	-	13,966	337	-	-	15,178
Held to maturity investments	5,776	2,242	-	-	3,955	-	-	11,973
Trade receivables	662	4,524	5	323	-	722	-	6,236
Amount due from associate companies	1,329	2	-	-	-	-	(700)	631
Other receivables, deposits and prepayments	84	3,924	40	2	128	42	-	4,220
Financial assets at fair value through profit or loss	51,981	75,958	-	2,784	-	46,594	4,113	181,430
Deposits with licensed banks and financial institutions	10,100	3,284	-	31,831	133,717	81	-	179,013
Cash and bank balances	23,555	11,241	967	9,759	3,628	1,449	-	50,599
Loans and borrowings	(100,665)	(54,132)	(5,203)	(12,539)	8,046	(27,337)	360	(191,470)
Derivative financial liabilities	(758)	(566)	(707)	(2,304)	(2,906)	(47)	-	(7,288)
Trade payables	(94)	(2,931)	-	-	-	-	-	(3,025)
Hire purchase payables	-	(57,575)	-	-	-	-	-	(57,575)
Other payables and accruals	(18)	(7,454)	-	(34)	-	(70)	-	(7,576)
Net financial (liabilities)/assets	(8,048)	(20,608)	(4,898)	43,788	146,905	21,434	3,773	182,346
Company								
Available for sale investments	-	-	-	595	-	-	-	595
Cash and bank balances	-	-	-	-	101	-	-	101
Amount due from subsidiary companies	-	13	-	-	-	-	-	13
Amount due to subsidiary companies	-	(30)	-	-	-	(57,213)	-	(57,243)
Net financial (liabilities)/assets	-	(17)	-	595	101	(57,213)	-	(56,534)

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

A 5% (2016: 5%) weakening/strengthening of Ringgit Malaysia ("RM") against the following major foreign currencies at the reporting date would (decrease)/increase the Group's and the Company's equity and profit for the financial year by the amounts shown below with all other variables held constant:-

		Group's equity and profit for the financial year RM'000	Company's equity and profit for the financial year RM'000
2017			
US Dollar/RM	- strengthening	(832)	-
	- weakening	832	-
Singapore Dollar/RM	- strengthening	(721)	(1)
	- weakening	721	1
Euro Dollar/RM	- strengthening	(543)	-
	- weakening	543	-
Sterling Pound/RM	- strengthening	2,959	30
	- weakening	(2,959)	(30)
Australian Dollar/RM	- strengthening	9,456	6
	- weakening	(9,456)	(6)
Hong Kong Dollar/RM	- strengthening	2,197	(3,036)
	- weakening	(2,197)	3,036
2016			
US Dollar/RM	- strengthening	(402)	-
	- weakening	402	-
Singapore Dollar/RM	- strengthening	(1,030)	(1)
	- weakening	1,030	1
Euro Dollar/RM	- strengthening	(245)	-
	- weakening	245	-
Sterling Pound/RM	- strengthening	2,189	30
	- weakening	(2,189)	(30)
Australian Dollar/RM	- strengthening	7,345	5
	- weakening	(7,345)	(5)
Hong Kong Dollar/RM	- strengthening	1,072	(2,861)
	- weakening	(1,072)	2,861

The assumed movement in foreign currency exchange rate of 5% for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company are unable to meet their financial obligations when they fall due as a result of shortage of funds. The Group's and the Company's liquidity risk exposure mainly arise from various payables, derivative financial liabilities, hire purchase payables, loans and borrowings, preference shares and amount due to subsidiary companies.

The Group and the Company monitor and maintain sufficient level of cash and cash equivalent to ensure adequate financing of the Group's and the Company's operations. The Group and the Company also ensures the availability of funding through adequate amount of committed credit facilities.

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2016: 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 System Trading Rules.

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

	Less than 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
2017				
Group				
<u>Financial liabilities</u>				
Derivative financial liabilities	7,572	-	-	7,572
Trade and other payables	79,485	-	-	79,485
Loans and borrowings	289,217	7,851	18,250	315,318
Hire purchase payables	37,702	76,706	2,326	116,734
Preference shares	5,488	143,390	-	148,878
Company				
<u>Financial liabilities</u>				
Amount due to subsidiary companies	70,350	-	-	70,350
Other payables	561	-	-	561
Loans and borrowings	73,700	-	-	73,700
Hire purchase payables	18	-	-	18
Preference shares	5,304	141,407	-	146,711

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52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iv) Liquidity risk (cont'd)

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations (cont'd):-

	Less than 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
2016				
Group				
<u>Financial liabilities</u>				
Derivative financial liabilities	7,288	-	-	7,288
Trade and other payables	64,342	-	-	64,342
Loans and borrowings	226,097	4,537	10,623	241,257
Hire purchase payables	35,498	63,012	1,530	100,040
Preference shares	6,020	149,934	-	155,954
Company				
<u>Financial liabilities</u>				
Amount due to subsidiary companies	70,233	-	-	70,233
Other payables	431	-	-	431
Loans and borrowings	3,600	-	-	3,600
Hire purchase payables	30	18	-	48
Preference shares	5,304	146,711	-	152,015

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price of quoted securities held as available for sale investments and financial assets/liabilities at fair value through profit or loss.

	Group	
	2017 RM'000	2016 RM'000
Available for sale investments		
- quoted securities in Malaysia	16,664	14,225
Financial assets at fair value through profit or loss		
- quoted securities in Malaysia	121,031	131,164
- quoted securities outside Malaysia	209,513	181,430
	330,544	312,594
Derivative financial liabilities	7,572	7,288

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

52 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(v) Market risk (cont'd)

If prices of quoted securities and derivative financial liabilities change by 5% (2016: 5%) with other variables held constant, the effects of the change on profit for the financial year and equity will be as below:-

Group	Profit for the financial year RM'000	Equity for the financial year RM'000
2017		
Available for sale investments		
- increase by 5%	-	833
- decrease by 5%	-	(833)
Financial assets at fair value through profit or loss and derivative financial liabilities		
- increase by 5%	16,149	-
- decrease by 5%	(16,149)	-
2016		
Available for sale investments		
- increase by 5%	-	711
- decrease by 5%	-	(711)
Financial assets at fair value through profit or loss and derivative financial liabilities		
- increase by 5%	15,265	-
- decrease by 5%	(15,265)	-

The assumed movement in market price of quoted securities and derivative financial liabilities of 5% for the market price sensitivity analysis is based on the prudent estimate of the current market environment.

(b) Fair values of financial instruments

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

(i) Financial instruments not carried at fair value but fair value is disclosed

The Group and the Company do not have any financial instruments not carried at fair value but fair value is disclosed.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

52 FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values of financial instruments (cont'd)

(ii) Financial instruments not carried at fair value

Financial assets of the Group and of the Company that are not carried at fair value or whose carrying amounts are not approximation of fair value at the reporting date are as follows:-

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2017					
<u>Financial assets</u>					
Available for sale investments					
- unquoted investments in Malaysia	8	5,033	*	-	-
- unquoted investments outside Malaysia	8	19,053	*	-	-
- other investments	8	2,220	*	940	*
2016					
<u>Financial assets</u>					
Available for sale investments					
- unquoted investments in Malaysia	8	5,000	*	-	-
- unquoted investments outside Malaysia	8	13,709	*	-	-
- other investments	8	2,220	*	940	*

* Fair value information has not been disclosed and the financial assets are carried at cost less impairment, if any, because fair value cannot be measured reliably and/or it is impractical to use valuation techniques to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose these financial assets in the near future.

(iii) Financial instruments carried at fair value

Financial assets and liabilities of the Group that are carried at fair value are as follows:-

- Available for sale investments - quoted securities in Malaysia
- Financial assets at fair value through profit or loss
- Derivative financial liabilities

Other than the above, the carrying amounts of the remaining financial instruments in the statements of financial position are reasonable approximation of fair values due to their relatively short term nature and the insignificant impact of discounting.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

52 FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values of financial instruments (cont'd)

The following methods and assumptions summarised are used to determine the fair values of each class of financial instruments:-

(i) Quoted securities

The fair values of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Derivative financial asset/liabilities

The fair values of outstanding derivative transactions are obtained from major financial institutions.

(iii) Financial assets and liabilities with short term maturity

The carrying amounts of these financial assets and liabilities at the reporting date are reasonable approximation of their fair values due to their short term nature and therefore have insignificant impact on discounting.

(iv) Other fixed interest rates financial assets and liabilities

The fair value of these financial assets and liabilities are estimated by discounted future cash flow at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

(c) Fair value hierarchy of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

52 FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy of financial instruments (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable. (cont'd)

- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Available for sale investments				
- quoted securities	16,664	-	-	16,664
Financial assets at fair value through profit or loss				
- quoted securities	330,544	-	-	330,544
	347,208	-	-	347,208
Derivative financial liabilities	-	7,572	-	7,572
2016				
Available for sale investments				
- quoted securities	14,225	-	-	14,225
Financial assets at fair value through profit or loss				
- quoted securities	312,594	-	-	312,594
	326,819	-	-	326,819
Derivative financial liabilities	-	7,288	-	7,288

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfer between Level 1, 2 and 3 during the reporting period.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

52 FINANCIAL INSTRUMENTS (CONT'D)

(d) Measurement of fair values of financial instruments

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:-

Financial instruments carried at fair value

Type of financial instrument carried at fair value	:	Derivative financial liabilities
Valuation techniques	:	Market comparison technique. The fair values are based on quotes obtained from licensed financial institutions. Similar contracts are traded in an active market and the quotes reflect transactions in similar instruments.
Significant unobservable inputs	:	Not applicable
Inter-relationship between significant unobservable inputs and fair value measurement	:	Not applicable

53 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group and the Company do not have any non-financial assets measured at fair value, other than investment properties which have been disclosed in Note 7 to the financial statements.

Notes to the Financial Statements

- 30 June 2017

(Cont'd)

54 CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Group and the Company manage their capital structure to safeguard their ability to continue as a going concern in order to maintain investors, creditors and market confidence and to sustain future business development. The Group's and the Company's overall strategy remain unchanged from the previous financial year. There were no externally imposed capital requirements that the Group and the Company need to be in compliance with for the financial years ended 30 June 2017 and 30 June 2016 except for the stockbroking subsidiary company which is supervised by the Securities Commission and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the stockbroking subsidiary company has complied with.

The Group and the Company monitor capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Group's and the Company's policy is to keep the gearing ratio within manageable ratio.

The Group's and the Company's gearing ratio are summarised as below:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total interest bearing borrowings	548,613	462,980	202,528	131,853
Total equity attributable to owners of the Company	1,554,157	1,349,664	748,802	748,260
Gearing ratio	0.35	0.34	0.27	0.18

Supplementary Information

30 June 2017

REALISED AND UNREALISED PROFITS AND LOSSES

On 25 March 2010 and 20 December 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued directives to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised or unrealised profits or losses.

The breakdown of the Group’s and of the Company’s retained earnings into realised and unrealised profits are analysed as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Total retained earnings of the Company and its subsidiary companies</u>				
- Realised	518,160	390,769	20,681	19,973
- Unrealised	100,626	69,773	(3,087)	(2,921)
	618,786	460,542	17,594	17,052
<u>Total share of retained earnings of associate companies</u>				
- Realised	91,070	73,060	-	-
- Unrealised	6,632	2,917	-	-
	97,702	75,977	-	-
Add: Consolidated adjustments	17,570	23,021	-	-
Total retained earnings as per consolidated financial statements	734,058	559,540	17,594	17,052

The determination of realised and unrealised profits is complied based on Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits as stated above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

List of Properties

- held by Insas Berhad Group as at 30 June 2017

Location/Address	Description/ Existing use	Owned by	Area	Tenure	Approximate age of building (years)	Date of acquisition	Date of valuation	Net book value RM'000
M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh, Perak	10 storey corporate offices leased out and for use as office premise	Delta Crest (M) Sdn. Bhd.	10,484 sq feet (Land area)	Freehold	19	18-Jan-1995	30-Jun-2017	12,354
6, Jalan 31/70A, Desa Sri Hartamas 50480 Kuala Lumpur	4 storey shophouse leased out	Montania Development Sdn. Bhd.	1,765 sq feet (Land area)	Freehold	20	31-Oct-2001	30-Jun-2017	4,200
Block 45 & 47, The Boulevard Offices Mid Valley City, Lingkar Syed Putra 59200 Kuala Lumpur	2 blocks of 11 storey shop offices leased out and for use as office premise	Insas Plaza Sdn. Bhd.	54,277 sq feet	Leasehold (unexpired lease period of 85 years)	15	17-Jun-2002	30-Jun-2017	52,164
21, Plaza Crystalville 1 Jalan 23/70A, Desa Sri Hartamas 50480 Kuala Lumpur	3 storey shop office leased out	Montania Development Sdn. Bhd.	4,620 sq feet	Freehold	16	3-Jan-2000	30-Jun-2017	3,800
R-3A-1, D'Aman Ria Apartment, Jalan PJU 1A/41 Ara Jaya, 47301 Petaling Jaya, Selangor	Apartment for lease	Insas Plaza Sdn. Bhd.	1,133 sq feet	Freehold	14	22-Jun-2007	30-Jun-2017	530
8A, Orange Grove Road #11-03, D'Grove Villas Singapore	Apartment for lease	Montego (S) Pte. Ltd.	2,701 sq feet	Freehold	24	14-Feb-1996	30-Jun-2017	14,074
5, Draycott Drive #15-02, The Arc at Draycott Singapore	Apartment for lease	Montego (S) Pte. Ltd.	1,270 sq feet	Freehold	9	27-Nov-2008	30-Jun-2017	8,719
21 Claymore Road #07-02, The Tate Residences Singapore	Apartment for lease	Montego (S) Pte. Ltd.	1,894 sq feet	Freehold	7	24-Feb-2010	30-Jun-2017	13,701
H S (D) 11371, No. P T 14461 Bukit Tinggi Resort Mukim and District of Bentong, Pahang	Vacant land for development	Desa Juara Sdn. Bhd.	130 acres	Freehold	Not applicable	24-Oct-1995	30-Jun-2017	38,000
Lot No. 51979, Geran No. 43962 Mukim and District of Kuala Lumpur	Vacant land for development	Filmont Holdings Sdn. Bhd.	24,380 sq feet	Freehold	Not applicable	18-May-2004	30-Jun-2017	14,300
Ampang Putra Residensi Jalan Ampang Putra 6, 68000 Ampang, Selangor	20 units of apartments & 3 units of retail lots held for sale and for lease	Valencia Homes Sdn. Bhd.	23,541 sq feet	Leasehold (unexpired lease period of 88 years)	7	7-May-2010 3-Sep-2010	-	5,697
Lot No. 2-12, 2-13, 2-18, 2-19, 2-31 & 2-32 No. 65, Jalan 1/17, Fadason Business Centre Taman Fadason, Off Jalan Kepong, 52000 Kuala Lumpur	6 units of retail shop offices held for sale	Parkfair Development Sdn. Bhd.	4,200 sq feet	Leasehold	6	11-Jul-2011	-	1,504

List of Properties

- held by Insas Berhad Group as at 30 June 2017
(Cont'd)

Location/Address	Description/ Existing use	Owned by	Area	Tenure	Approximate age of building (years)	Date of acquisition	Date of valuation	Net book value RM'000
D-07-1, D-07-2, D-07-3, Block D, Plaza Kelana Jaya Jalan SS7/13A, 47301 Petaling Jaya, Selangor	3 storey shop office leased out and for use as office premise	Premium Realty Sdn. Bhd.	4,387 sq feet	Freehold	6	17-Mar-2011	30-Jun-2017	2,266
53, Ubi Avenue 1 #03-47, Paya Ubi Industrial Park Singapore 408934	1 unit office premise	Roset Limousines Services Pte. Ltd.	3,121 sq feet	Leasehold (unexpired lease period of 40 years)	20	28-May-2012	-	3,180
51, Ubi Avenue #03-30, Paya Ubi Industrial Park Singapore 408934	1 unit office premise	Roset Limousines Services Pte. Ltd.	3,520 sq feet	Leasehold (unexpired lease period of 40 years)	20	4-Jul-2016	-	3,630
Lot No. 24, H S (D) 276425, No. P T 79872	3 units of 2 1/2 storey semi-detached houses for lease and for sale	Insas Plaza Sdn. Bhd.	4,908 sq feet	Freehold	2	1-Jun-2012	30-Jun-2017	2,700
Lot No. 8, H S (D) 276441, No. P T 79888		Teraju Usaha Sdn. Bhd.	3,466 sq feet	Freehold	2	11-Mar-2013		2,300
Lot No. 28, H S (D) 276452, No. P T 79899 Mukim and District of Petaling, Selangor		Teraju Usaha Sdn. Bhd.	3,885 sq feet (Land area)	Freehold	2	11-Mar-2013		2,400
38, Jln Pemimpin #07-08 M38 Singapore 577178	1 unit factory/ showroom premise for lease	Montego (S) Pte. Ltd.	2,906 sq feet	Freehold	2	17-Jul-2014	30-Jun-2017	7,785
38, Jln Pemimpin #07-09 M38 Singapore 577178	1 unit factory/ showroom for own use as operational premise	Langdale E3 Pte. Ltd.	2,820 sq feet	Freehold	2	25-Jun-2014	-	7,424
Parcel No. A-21-02 and A-22-02, H S (D) 259911, No. P T 5981, Village of Kinrara District of Petaling, Selangor	2 units of apartments under construction	Insas Plaza Sdn. Bhd.	3,057 sq feet	Freehold	Not applicable	24-Jul-2012	-	1,178
Unit No. C10 and C11 Aurora Place	2 units of 5 storey shop offices	Insas Plaza Sdn. Bhd.	17,657 sq feet	Freehold	Not applicable	28-Dec-2012	-	10,339
Unit No. A-17-01, A-17-02, A-17-03, A-17-03A, A-18-03A, A-18-05, and A-18-06, Aurora Place H S (D) 119460 PT 15146 Mukim of Petaling, Kuala Lumpur.	7 units of SOVO under construction		6,967 sq feet	Freehold	Not applicable	31-Mar-2014	-	4,341
Lot 2202, 2203 & 2205, 661 Chapel Street, South Yarra, Victoria, 3141 Australia	3 units of apartments under construction	Filmont Holdings Sdn. Bhd.	3,809 sq feet	Freehold	Not applicable	29-Jun-2015	-	717

Analysis of Shareholdings

As at 26 September 2017

ORDINARY SHARES

Number of shares issued : 663,006,342 (excluding 30,327,291 treasury shares)
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of holdings	No. of shareholders	%	No. of ordinary shares	%
Less than 100	2,121	7.69	77,041	0.00
100 - 1,000	1,773	6.42	765,889	0.12
1,001 - 10,000	18,615	67.46	66,419,911	10.02
10,001 - 100,000	4,565	16.54	124,617,071	18.80
100,001 - 33,150,317	520	1.88	380,031,617	57.32
33,150,318 and above	2	0.01	91,094,813	13.74
	27,596	100.00	663,006,342	100.00

THIRTY LARGEST SHAREHOLDERS

Name	No. of ordinary shares	%
1. M & A Nominee (Asing) Sdn Bhd - Anglo Asia Investments Limited for M&A Investments International Limited	47,736,000	7.20
2. Dato' Thong Kok Yoon	43,358,813	6.54
3. Anglo Asia Investments Limited	29,800,073	4.50
4. M & A Nominee (Asing) Sdn Bhd - M&A Investments Pte Ltd	27,670,755	4.17
5. M&A Investments International Limited	22,089,038	3.33
6. M & A Nominee (Tempatan) Sdn Bhd - Baktihan Sdn Bhd	21,746,400	3.28
7. M & A Nominee (Asing) Sdn Bhd - M&A Investments International Ltd	19,380,136	2.92
8. M & A Nominee (Asing) Sdn Bhd - Armadale Holdings Limited	16,601,520	2.50
9. Immobiliare Holdings Sdn Bhd	13,538,635	2.04
10. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	7,583,200	1.14
11. Kim Poh Holdings Sdn Bhd	6,364,800	0.96
12. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,249,202	0.94

Analysis of Shareholdings

As at 26 September 2017
(Cont'd)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name	No. of ordinary shares	%
13. UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	5,823,232	0.88
14. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	5,613,281	0.85
15. Dato' Sri Thong Kok Khee	5,184,678	0.78
16. M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	4,739,543	0.71
17. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Fong Loong Tuck (CEB)	4,000,000	0.60
18. HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Geok Lian	3,210,000	0.48
19. HSBC Nominees (Asing) Sdn Bhd - TNTC for Ajo Emerging Markets Small-Cap Fund, Ltd.	2,685,000	0.40
20. Affin Hwang Nominees (Asing) Sdn Bhd - Exempt An for DBS Vickers Securities (Singapore) Pte Ltd (Clients)	2,647,733	0.40
21. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Hock Leong (E-PDG/SAN)	2,530,500	0.38
22. HSBC Nominees (Asing) Sdn Bhd - TNTC for National Railroad Retirement Investment Trust	2,218,300	0.33
23. Datin Tan Few Teng	2,189,344	0.33
24. Perak Traders Holdings Sdn Bhd	2,169,548	0.33
25. DB (Malaysia) Nominee (Asing) Sdn Bhd - The Bank of New York Mellon for the Board of Regents of the University of Texas System	2,128,100	0.32
26. Cimsec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	2,100,114	0.32
27. Cartaban Nominees (Asing) Sdn Bhd - BBH and Co Boston for Numeric Emerging Markets Small Cap Core Offshore Fund Ltd.	2,002,400	0.30
28. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loh Kuan Fong (8078549)	2,000,000	0.30
29. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Teoh Kiat Kiong (MY1847)	2,000,000	0.30
30. DB (Malaysia) Nominee (Asing) Sdn Bhd - The Bank of New York Mellon for Pension Reserves Investment Trust Fund	1,931,000	0.29
	317,291,345	47.82

Analysis of Shareholdings

As at 26 September 2017
(Cont'd)

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholders	No. of Ordinary Shares	%
1. Dato' Sri Thong Kok Khee *	166,064,962	25.05
2. M & A Investments International Limited	124,420,289	18.77
3. Dato' Thong Kok Yoon **	74,203,648	11.19
* Direct and deemed interest by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobillaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd.		
** Direct and deemed interest by virtue of his spouse's interest and his substantial interest in Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd.		

Analysis of Warrants Holdings

As at 26 September 2017

WARRANTS 2015/2020

No. of outstanding warrants : 265,202,536
 Exercise price per warrant : RM1.00
 Expiry date of warrants : 25 February 2020

ANALYSIS BY SIZE OF HOLDINGS

Size of holdings	No. of warrant holders	%	No. of warrants	%
Less than 100	97	2.12	3,675	0.00
100 - 1,000	815	17.78	494,059	0.19
1,001 - 10,000	2,318	50.58	8,902,734	3.36
10,001 - 100,000	1,112	24.26	39,472,808	14.88
100,001 - 13,260,126	238	5.19	152,786,736	57.61
13,260,127 and above	3	0.07	63,542,524	23.96
	4,583	100.00	265,202,536	100.00

THIRTY LARGEST WARRANTS HOLDERS

Name	No. of warrants	%
1. Immobillaire Holdings Sdn Bhd	24,704,600	9.32
2. M & A Nominee (Asing) Sdn Bhd - Anglo Asia Investments Limited for M&A Investments International Limited	21,494,400	8.10
3. Dato' Thong Kok Yoon	17,343,524	6.54
4. M & A Nominee (Tempatan) Sdn Bhd - Baktihan Sdn Bhd	11,138,970	4.20
5. M&A Investments International Limited	10,035,600	3.78
6. M & A Nominee (Asing) Sdn Bhd - M&A Investments International Ltd	7,752,000	2.92
7. M & A Nominee (Asing) Sdn Bhd - M&A Investments Pte Ltd	6,920,000	2.61
8. Wee Jui Jong	4,800,000	1.81
9. Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Soon Tuan Sin	4,710,000	1.78
10. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Fong Loong Tuck (CEB)	4,400,000	1.66
11. Tan Soo Eng	3,000,000	1.13
12. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Kok Keat	2,990,800	1.13

Analysis of Warrants Holdings

As at 26 September 2017
(Cont'd)

THIRTY LARGEST WARRANTS HOLDERS (CONT'D)

Name	No. of warrants	%
13. Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Mooi Fong	2,921,300	1.10
14. Dato' Sri Thong Kok Khee	2,904,600	1.10
15. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Ai Wan	2,845,000	1.07
16. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yong Kwee Lian	2,600,000	0.98
17. Kim Poh Holdings Sdn Bhd	2,545,920	0.96
18. Lim Siew Ling	2,517,500	0.95
19. Chng Kim Chye	2,307,700	0.87
20. Chua Teik Suan	1,950,100	0.74
21. Teoh Chea Wooi	1,787,900	0.67
22. HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Ah Chuan	1,745,800	0.66
23. HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Teh Shiou Cherng	1,700,000	0.64
24. Lee Yew Hui	1,600,000	0.60
25. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Mooi Fong	1,569,200	0.59
26. HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Kam Hong	1,352,500	0.51
27. HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Wong Kam Hong	1,346,000	0.51
28. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Soon Tuan Sin	1,308,700	0.49
29. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Seng Giap	1,297,100	0.49
30. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loo Mei Ying (MLK/SS)	1,000,000	0.38
	154,589,214	58.29

Analysis of Redeemable Preference Shareholdings

As at 26 September 2017

REDEEMABLE PREFERENCE SHARES ("RPS")

Number of RPS issued : 132,601,268
Class of shares : RPS

ANALYSIS BY SIZE OF HOLDINGS

Size of holdings	No. of RPS holders	%	No. of RPS	%
Less than 100	84	2.06	2,888	0.00
100 - 1,000	1,680	41.27	935,817	0.71
1,001 - 10,000	1,898	46.62	5,991,232	4.52
10,001 - 100,000	328	8.06	9,829,216	7.41
100,001 - 6,630,063	76	1.87	66,100,953	49.85
6,630,064 and above	5	0.12	49,741,162	37.51
	4,071	100.00	132,601,268	100.00

THIRTY LARGEST RPS HOLDERS

Name	No. of RPS	%
1. Immobillaire Holdings Sdn Bhd	13,097,500	9.88
2. M & A Nominee (Asing) Sdn Bhd - Anglo Asia Investments Limited for M&A Investments International Limited	10,747,200	8.11
3. M & A Nominee (Asing) Sdn Bhd - For Winfields Development Pte Ltd	8,676,800	6.54
4. Dato' Thong Kok Yoon	8,671,762	6.54
5. Onn Ping Lan	8,547,900	6.45
6. M & A Nominee (Asing) Sdn Bhd - M&A Investments Pte Ltd	6,234,100	4.70
7. M & A Nominee (Tempatan) Sdn Bhd - Baktihan Sdn Bhd	5,569,485	4.20
8. M&A Investments International Limited	5,017,800	3.78
9. Khoo Loon See	4,860,000	3.67
10. HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SG BR-TST-Asing)	4,660,008	3.51
11. M & A Nominee (Asing) Sdn Bhd - M&A Investments International Limited	4,376,000	3.30
12. Goh Siew Cheng	2,473,000	1.86

Analysis of Redeemable Preference Shareholdings

As at 26 September 2017
(Cont'd)

THIRTY LARGEST RPS HOLDERS (CONT'D)

Name	No. of RPS	%
13. Gan Peoy Hong	2,453,000	1.85
14. Ong Swee Keng	2,155,000	1.63
15. Dato' Sri Thong Kok Khee	2,100,000	1.58
16. Lucky Star Pte. Ltd.	1,845,700	1.39
17. Looi Bian Cheong	1,465,000	1.10
18. Ho Chu Chai	1,387,400	1.05
19. Kim Poh Holdings Sdn Bhd	1,272,960	0.96
20. Teo Lay Choo	1,188,800	0.90
21. M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	947,908	0.71
22. Pang Choo Hiong	921,400	0.69
23. Ching Weng Cheong	900,000	0.68
24. Winfields Development Sdn Bhd	802,800	0.61
25. Khoo Boon Chong	700,000	0.53
26. Teo Lay Hong	700,000	0.53
27. Khoo Boon Chong	662,400	0.50
28. Loo Voon Hong	606,000	0.46
29. Teo Yong Fong	537,000	0.40
30. M & A Nominee (Asing) Sdn Bhd - For Immobiliare Holdings Pte Ltd	500,000	0.38
	104,076,923	78.49

Statement of Directors' Interest

In **INSAS BERHAD** and Its Related Corporations as at 26 September 2017

DIRECTORS' INTEREST IN ORDINARY SHARES

Insas Berhad	Ordinary Shares			
	Direct Interest		Deemed Interest	
	Number	%	Number	%
1. Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	0.02	-	-
2. Dato' Sri Thong Kok Khee	5,184,678	0.78	160,880,284 ⁽¹⁾	24.27
3. Dato' Wong Gian Kui	212,160	0.03	-	-
4. Dato' Dr Tan Seng Chuan	-	-	-	-
5. Ms Soon Li Yen	-	-	-	-
6. Mr Oh Seong Lye	-	-	-	-
Subsidiary Company – Insas Properties Sdn Bhd				
1. Dato' Wong Gian Kui	80,000	10.00	-	-
Subsidiary Company – Segar Raya Development Sdn Bhd				
1. Dato' Wong Gian Kui	129,999	13.00	80,000 ⁽²⁾	8.00
Subsidiary Company – Dellmax Worldwide Sdn Bhd				
1. Dato' Wong Gian Kui	-	-	35,000 ⁽³⁾	35.00

By virtue of Dato' Sri Thong Kok Khee's interest in the shares of Insas Berhad, he is also deemed interested in the shares of its related corporations to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Notes:

- (1) Deemed interest by virtue of his family members' interest and his substantial interest in M&A Investments International Limited, Immobillaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd.
- (2) Deemed interest by virtue of his spouse's interest.
- (3) Deemed interest by virtue of his interest in True Acres Sdn Bhd and his spouse's interest.

Statement of Directors' Interest

In **INSAS BERHAD** and Its Related Corporations as at 26 September 2017
(Cont'd)

DIRECTORS' INTEREST IN WARRANTS

Insas Berhad	Warrants 2015/2020			
	Direct Interest		Deemed Interest	
	Number	%	Number	%
1. Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
2. Dato' Sri Thong Kok Khee	2,904,600	1.10	83,414,970 ⁽¹⁾	31.45
3. Dato' Wong Gian Kui	84,864	0.03	-	-
4. Dato' Dr Tan Seng Chuan	-	-	-	-
5. Ms Soon Li Yen	-	-	-	-
6. Mr Oh Seong Lye	-	-	-	-

Notes:

- (1) Deemed interest by virtue of his family members' interest and his substantial interest in M&A Investments International Limited, Immobillaire Holdings Sdn Bhd, Baktihan Sdn Bhd and Montprimo Sdn Bhd.

DIRECTORS' INTEREST IN REDEEMABLE PREFERENCE SHARES

Insas Berhad	Redeemable Preference Shares			
	Direct Interest		Deemed Interest	
	Number	%	Number	%
1. Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
2. Dato' Sri Thong Kok Khee	2,100,000	1.58	55,428,085 ⁽¹⁾	41.80
3. Dato' Wong Gian Kui	42,432	0.03	-	-
4. Dato' Dr Tan Seng Chuan	-	-	-	-
5. Ms Soon Li Yen	-	-	-	-
6. Mr Oh Seong Lye	-	-	-	-

Notes:

- (1) Deemed interest by virtue of his family members' interest and his substantial interest in M&A Investments International Limited, Immobillaire Holdings Sdn Bhd, Immobillaire Holdings Pte Ltd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Winfields Development Pte Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Thursday, 23 November 2017 at 11.00 a.m.** for the following purposes: -

AGENDA

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2017 and the Reports of the Directors and Auditors thereon. | Please see
Explanatory Note 1 |
| 2. | To approve the following payments:- | |
| | 2.1 Directors' fees of RM64,320 for the financial year ended 30 June 2017. | Resolution 1 |
| | 2.2 Director's benefits of up to RM27,400 for the period from 31 January 2017 until the next Annual General Meeting of the Company. | Resolution 2 |
| 3. | To re-elect the following Directors retiring pursuant to Article 96 of the Company's Articles of Association:- | |
| | 3.1 Dato' Wong Gian Kui | Resolution 3 |
| | 3.2 Dato' Dr Tan Seng Chuan | Resolution 4 |
| 4. | To re-appoint Messrs SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 5 |

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

- | | | |
|----|---|---------------------|
| 5. | Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act 2016 | Resolution 6 |
| | <p>"THAT, subject to the Companies Act 2016, the Articles of Association of the Company and the approvals of the relevant authorities where required, the Directors of the Company be and are hereby empowered, pursuant to Section 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued."</p> | |
| 6. | Proposed renewal of the authority for the Company to purchase its own shares | Resolution 7 |
| | <p>"THAT, subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, the Company's Memorandum and Articles of Association and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's share capital through Bursa Securities and to take all such steps as are necessary (including the opening and maintaining of a depository account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company, subject further to the following:-</p> | |

Notice of Annual General Meeting

(Cont'd)

- (i) the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to 10% of the total number of issued shares of the Company at the time of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
- (iii) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchases by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authorities; and
- (iv) upon completion of the purchase(s) of the ordinary shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to cancel all the shares so purchased or retain all the shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act) or retain part thereof as treasury shares and cancelling the balance, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.”

7. Proposed retention of Independent Non-Executive Director

Resolution 8

“**THAT**, approval be and is hereby given to Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act 2016.

By Order of The Board

Chow Yuet Kuen (MAICSA 7010284)
Lau Fong Siew (MAICSA 7045893)
Chartered Secretaries

Kuala Lumpur
31 October 2017

Notice of Annual General Meeting

(Cont'd)

Explanatory Notes

1. Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.

2. Ordinary Resolution 2 – Director's Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. Therefore, shareholders' approval shall be sought at the 55th Annual General Meeting for the payment of Directors' benefits (excluding Directors' fee) to the Non-Executive Directors for the period from 31 January 2017 until the next Annual General Meeting of the Company in 2018. The benefits comprise car, fuel and driver payable to a Non-Executive Director of the Company.

3. Ordinary Resolution 6 – Authority to Issue Shares pursuant to Section 75 and 76

The proposed Ordinary Resolution 6, if passed, is to empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This approval is sought to avoid any delay and costs involved in convening a general meeting of the Company to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for the issue of up to 10% of the total number of issued shares of the Company is a renewal to the general mandate which was approved by shareholders at the last Annual General Meeting held on 24 November 2016. As at the date of this notice, the Company has not issued any new shares under this general mandate which will lapse at the conclusion of the 55th Annual General Meeting.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to issuance of new shares for funding investment projects, working capital and/or acquisitions.

4. Ordinary Resolution 7 – Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, is to empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profit of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company in 2018. For information on the Proposed Share Buy-Back, please refer to the Statement in Relation to the Proposed Renewal of the Authority for the Company to Purchase its Own Shares on pages 190 to 196 of the Annual Report 2017.

5. Ordinary Resolution 8 – Retention of Independent Non-Executive Director

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, both the Nomination Committee and the Board have assessed the independence of Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, and recommended her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- (a) She has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, she would be able to provide check and balance and bring an element of objectivity to the Board.
- (b) She has been with the Company for more than nine (9) years and therefore understand the Company's business operations extensively, enabling her to participate actively and contribute positively in deliberation and decision making of the Board and Board Committees.
- (c) She exercises due care and diligence as an Independent Non-Executive Director of the Company and carries out her professional duty in the interest of the Company and shareholders.

Notice of Annual General Meeting

(Cont'd)

Notes:-

Proxy

- (i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proxy shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (iv) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (v) The original signed instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (vi) If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting that you wish to attend. You will not be allowed to attend the meeting together with a proxy appointed by you.
- (vii) If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
- (viii) Fax copy of the duly executed Proxy Form is not acceptable.

General Meeting Record of Depositors

Only members whose names appear in the Record of Depositors as at 14 November 2017 shall be entitled to attend and vote at the 55th Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Registration

- (i) Registration will start at 9.00 a.m.
- (ii) Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.
- (iii) Upon verification, you are required to write your name and sign on the attendance list placed on the registration table.
- (iv) You are not allowed to register on behalf of another person even with the original IC of the other person.

Voting

All the resolutions will be put to vote by poll.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of
Bursa Malaysia Securities Berhad

1. **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the 55th Annual General Meeting of the Company.

2. **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The proposed Ordinary Resolution 6 is a renewal of the general mandate which was approved by shareholders at the last Annual General Meeting held on 24 November 2016. As at the date of this notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 55th Annual General Meeting.

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares (“PROPOSED SHARE BUY-BACK”)

Bursa Malaysia Securities Berhad (“Bursa Securities”) takes no responsibility for the contents of this statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this statement.

1. INTRODUCTION

On 26 September 2017, the Company announced its intention to seek shareholders’ approval to renew the authority for the Company to purchase and/or hold its own ordinary shares (“Shares”) up to a maximum of 10% of the total number of issued shares of the Company.

The purpose of this statement is to provide you with the details of the Proposed Share Buy-Back and to seek your approval for the ordinary resolution 7 to be tabled at the 55th Annual General Meeting (“AGM”) of the Company which will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 23 November 2017 at 11.00 a.m.

2. PROPOSED SHARE BUY-BACK

At the 54th AGM of the Company held on 24 November 2016, the Company had obtained the shareholders’ approval for, amongst others, the renewal of the authority for the Company to purchase its own Shares. The said authority will expire at the conclusion of the 55th AGM of the Company.

A new mandate is required from the shareholders of the Company to renew the authority to purchase up to 10% of the total number of issued shares of the Company. The authority from shareholders, if renewed, will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM, and will remain in effect until the conclusion of the next AGM of the Company, or until the expiry of the period within which the next AGM is required by law to be held, unless revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

Based on the number of issued shares of the Company as at 26 September 2017 of 693,333,633 Shares, the number of Shares that can be purchased by the Company is up to 69,333,363 Shares representing 10% of the total number of issued shares of the Company inclusive of 30,327,291 Shares that have been purchased and retained as treasury shares. As such, the balance that can be purchased by the Company is 39,006,072 Shares.

As at 26 September 2017, the Company has 265,202,536 outstanding warrants 2015/2020 (“Warrants”) which may be exercised into Shares in the Company. For illustrative purposes, assuming that all the 265,202,536 outstanding Warrants are exercised, the maximum number of Shares that can be purchased is 95,853,617 Shares inclusive of 30,327,291 treasury shares as at 26 September 2017, representing 10% of the proforma enlarged share capital of 958,536,169 Shares.

3. SOURCE OF FUNDS

Pursuant to Chapter 12 of the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of retained profits of the listed company. Based on the latest audited financial statements as at 30 June 2017, the retained profits of the Company is RM17,594,000. The Board therefore proposes to allocate a sum up to the aggregate of the retained profits for the Proposed Share Buy-Back, which shall be funded by internal generated funds of the Group and/or external borrowings. In the event that the Company intends to fund the Proposed Share Buy-Back via external borrowings, the Company would ensure there is sufficient funds to repay the external borrowings and that the repayment would have no material impact on the cash flow of the Group.

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares

("PROPOSED SHARE BUY-BACK")

(Cont'd)

4. RATIONALE FOR, POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable the Company to utilise its financial resources to purchase its own Shares from the market. The Company may, through this scheme, be able to reduce the liquidity of the Shares in the market which generally will have a positive impact on the market price of the Shares.

The Directors may at its discretion retain the purchased Shares as treasury shares, or for resale on the Bursa Securities with the intention of realising a potential gain, or to distribute the treasury shares to the shareholders of the Company as dividends to serve as a reward to the shareholders. The Directors could also opt for the purchased Shares to be cancelled, or retain part thereof as treasury shares and cancelling the balance, and to treat the Shares in any manner as prescribed by the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, the requirements of Bursa Securities and any other relevant authorities.

The Proposed Share Buy-Back will nevertheless reduce the financial resources of the Group and may result in the Group foregoing other investment opportunities that may emerge in the future.

The Board will be mindful of the interest of the Company and its shareholders in implementing the Proposed Share Buy-Back.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are based on the following assumptions:-

Minimum Scenario

Assuming the Proposed Share Buy-Back is undertaken in full and that none of the 265,202,536 outstanding Warrants are exercised into Shares.

Maximum Scenario

Assuming the Proposed Share Buy-Back is undertaken in full and all the 265,202,536 outstanding Warrants are exercised into Shares.

5.1 Share Capital

In the event that the maximum number of Shares are purchased and cancelled, the proforma effect on the issued share capital of the Company is illustrated as follows:-

	No. of Shares	
	Minimum Scenario	Maximum Scenario
Issued shares as at 26 September 2017	693,333,633	693,333,633
Assuming full exercise of all outstanding Warrants	-	265,202,536
Enlarged issued shares	693,333,633	958,536,169
Maximum number of Shares that may be purchased and cancelled ⁽¹⁾	(69,333,363)	(95,853,617)
Resultant issued shares	624,000,270	862,682,552

(1) Inclusive of the 30,327,291 Shares already purchased and retained as treasury shares as at 26 September 2017.

However, if the purchased Shares are retained as treasury shares, there will be no effect on the issued shares of the Company.

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares ("PROPOSED SHARE BUY-BACK")

(Cont'd)

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

5.2 Earnings

The effect of the Proposed Share Buy-Back on the earnings and earnings per share of the Group will depend on the quantum of Shares purchased, the purchase price and the effective funding cost thereon.

5.3 Net Assets

The effect of the Proposed Share Buy-Back on the net assets per share of the Group will depend on the quantum of Shares purchased and the purchase price of the Shares at the time of buy-back.

5.4 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Company, the quantum of which will depend, amongst others, the quantum of Shares purchased and the purchase price of the Shares at the time of buy-back.

5.5 Public Shareholding Spread

The public shareholding spread of the Company as at 26 September 2017 and the resulting public shareholding spread of the Company, assuming the Company purchases 10% of its own issued Shares, are as follows:-

As at 26 September 2017	After the Proposed Share Buy-Back	
	Minimum scenario	Maximum scenario
66.98%	64.91%	62.49%

5.6 Shareholdings of Substantial Shareholders and Directors

The effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders and Directors of the Company based on the Register of substantial shareholders and Register of Directors' shareholding respectively as at 26 September 2017 are as follows:-

Minimum Scenario

	As at 26 September 2017 ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Substantial shareholders</u>								
Dato' Sri Thong Kok Khee ⁽³⁾	5,184,678	0.78	160,880,284	24.27	5,184,678	0.83	160,880,284	25.78
M & A Investments International Limited	124,420,289	18.77	-	-	124,420,289	19.94	-	-
Dato' Thong Kok Yoon ⁽⁴⁾	43,358,813	6.54	30,844,835	4.65	43,358,813	6.95	30,844,835	4.94

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares ("PROPOSED SHARE BUY-BACK")

(Cont'd)

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

5.6 Shareholdings of Substantial Shareholders and Directors (cont'd)

Minimum Scenario (cont'd)

	As at 26 September 2017 ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, <i>DK(II)</i> , <i>SIMP</i>	121,992	0.02	-	-	121,992	0.02	-	-
Dato' Sri Thong Kok Khee ⁽³⁾	5,184,678	0.78	160,880,284	24.27	5,184,678	0.83	160,880,284	25.78
Dato' Wong Gian Kui	212,160	0.03	-	-	212,160	0.03	-	-
Dato' Dr Tan Seng Chuan	-	-	-	-	-	-	-	-
Ms Soon Li Yen	-	-	-	-	-	-	-	-
Mr Oh Seong Lye	-	-	-	-	-	-	-	-

Notes:-

- (1) Calculated based on 663,006,342 Shares, after adjusting for 30,327,291 Shares already purchased and retained as treasury shares as at 26 September 2017.
- (2) Assuming the Proposed Share Buy-Back is undertaken in full and the maximum number of 69,333,363 Shares so purchased representing 10% of the total number of issued shares of the Company as at 26 September 2017 are purchased and cancelled.
- (3) Direct interest and deemed interest by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobiliare Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd.
- (4) Direct interest and deemed interest by virtue of his spouse's interest and his substantial interest in Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd.

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares ("PROPOSED SHARE BUY-BACK")

(Cont'd)

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

5.6 Shareholdings of Substantial Shareholders and Directors (cont'd)

Maximum scenario (cont'd)

	After (I) and the Proposed Share Buy-Back ⁽³⁾			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Substantial shareholders				
Dato' Sri Thong Kok Khee ⁽⁴⁾	8,089,278	0.94	244,295,254	28.32
M & A Investments International Limited	170,622,289	19.78	-	-
Dato' Thong Kok Yoon ⁽⁵⁾	60,702,337	7.04	42,859,541	4.97
Directors				
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, <i>DK(II), SIMP</i>	121,992	0.01	-	-
Dato' Sri Thong Kok Khee ⁽⁴⁾	8,089,278	0.94	244,295,254	28.32
Dato' Wong Gian Kui	297,024	0.03	-	-
Dato' Dr Tan Seng Chuan	-	-	-	-
Ms Soon Li Yen	-	-	-	-
Mr Oh Seong Lye	-	-	-	-

Notes:-

- (1) Calculated based on 663,006,342 Shares, after adjusting for 30,327,291 Shares already purchased and retained as treasury shares as at 26 September 2017.
- (2) Calculated based on 928,208,878 Shares, assuming full exercise of 265,202,536 outstanding Warrants and after adjusting for 30,327,291 Shares already purchased and retained as treasury shares.
- (3) Calculated based on 862,682,552 Shares, assuming full exercise of 265,202,536 outstanding Warrants and the Proposed Share Buy-Back is undertaken in full; and the maximum number of 95,853,617 Shares representing 10% of the enlarged issued shares of the Company are purchased and cancelled.
- (4) Direct interest and deemed interest by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobiliare Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd.
- (5) Direct interest and deemed interest by virtue of his spouse's interest and his substantial interest in Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd.

Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase its Own Shares (“PROPOSED SHARE BUY-BACK”)

(Cont’d)

6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 (“CODE”)

The direct and indirect shareholdings of the substantial shareholders, namely Dato’ Sri Thong Kok Khee and Dato’ Thong Kok Yoon and persons connected to them namely Datin Sri Yeoh Kwee See, Datin Tan Few Teng, Ms Thong Mei Chuen and Mr Thong Weng Sheng, being their family members and M & A Investments International Limited, Immobiliare Holdings Sdn Bhd, Titan Express Sdn Bhd, Perak Traders Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd (collectively “Major Shareholders”) as at 26 September 2017 are approximately 32.96% of the total number of issued shares of the Company after adjusting for 30,327,291 treasury shares.

Pursuant to the Code, a person who holds more than 33% of the voting shares of the Company shall undertake a mandatory general offer for the remaining ordinary shares of the Company not already owned by the said person. Accordingly, in the event an obligation to undertake a mandatory general offer should arise as a result of the Proposed Share Buy-Back being implemented, the Major Shareholders shall make the necessary application to the Securities Commission for a waiver from having to undertake a mandatory general offer pursuant to the Code.

The Company does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation on the Major Shareholders and/or person acting in concert with them to undertake a mandatory general offer pursuant to the Code.

7. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST

Save for the proportionate increase in the percentage shareholdings and/or voting rights of all the shareholders in the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and substantial shareholders and persons connected to them have any interest, direct or indirect, in the Proposed Share Buy-Back and, if any, the resale of the treasury shares.

8. DIRECTORS’ RECOMMENDATION

Your Directors are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and accordingly recommend that you vote in favour of the ordinary resolution 7 to be tabled at the 55th AGM.

9. FURTHER INFORMATION

Shareholders are requested to refer to the Company’s Statements of Changes in Equity for the financial year ended 30 June 2017 and Note 22 to the audited financial statements for further information on the purchases made by the Company of its own Shares.



INSAS BERHAD

(Company No. 4081-M)

**FORM OF PROXY
55TH ANNUAL GENERAL MEETING**

No. of Shares Held	CDS Account No.

I/We _____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. _____ Tel No. _____

of _____
(FULL ADDRESS)

being a member(s) of **INSAS BERHAD**, hereby appoint:-

1. Name of Proxy _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS)

Address _____
(FULL ADDRESS)

*and/*or failing him/her,

2. Name of Proxy _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS)

Address _____
(FULL ADDRESS)

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 55th Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Thursday, 23 November 2017 at 11.00 a.m.** or at any adjournment thereof in the manner indicated below:

(*strike out whichever is not applicable)

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Director's benefits		
3.	To re-elect Dato' Wong Gian Kui as Director		
4.	To re-elect Dato' Dr Tan Seng Chuan as Director		
5.	To re-appoint Messrs. SJ Grant Thornton as Auditors		
6.	To approve the authority to issue and allot shares		
7.	To approve the renewal of the authority for the Company to purchase its own shares		
8.	To retain Independent Non-Executive Director		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2017

Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:-

Proxy

- (i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proxy shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (iii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (iv) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.
- (v) The original signed instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (vi) If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting that you wish to attend. You will not be allowed to attend the meeting together with a proxy appointed by you.
- (vii) If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
- (viii) Fax copy of the duly executed Proxy Form is not acceptable.

General Meeting Record of Depositors

Only members whose names appear in the Record of Depositors as at 14 November 2017 shall be entitled to attend and vote at the 55th Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Registration

- (i) Registration will start at 9.00 a.m.
- (ii) Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.
- (iii) Upon verification, you are required to write your name and sign on the attendance list placed on the registration table.
- (iv) You are not allowed to register on behalf of another person even with the original IC of the other person.

Voting

All the resolutions will be put to vote by poll.

Please fold here

**Affix
Stamp
Here**

The Chartered Secretaries
INSAS BERHAD (4081-M)
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Please fold here



INSAS BERHAD

(Company No. 4081-M)

Suite 23.02, Level 23, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel : 03 2282 9311 Fax : 03 2284 8500

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