INSAS BERHAD

(Company No. 4081-M)

ANNUAL REPORT **2018** LAPORAN TAHUNAN

CONTENTS

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 Directors
Dato' Dr. Tan Seng Chuan
Dato' Wong Gian Kui

Non-Executive Directors
Ms. Soon Li Yen
Mr. Oh Seong Lye *

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION 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 *

RISK MANAGEMENT COMMITTEE

Dato' Wong Gian Kui
Y.A.M. Tengku Puteri Seri Kemala Pahang
Tengku Hajjah Aishah bte Sultan Haji
Ahmad Shah, DK(II), SIMP *
Mr. Oh Seong Lye *

COMPANY SECRETARIES

Ms. Chow Yuet Kuen
Ms. Lau Fong Siew

REGISTERED OFFICE

No. 45-5, The Boulevard, Mid Valley City
Lingkaran 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
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: 03-22829311 Fax: 03-22848500

AUDITORS

Grant Thornton Malaysia (AF0737)
(Member Firm 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 Pheck San & Co.
James Monteiro

SHARE REGISTRARS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

SECTOR

Financial Services

SUB-SECTOR

Other Financials

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 61, Malaysian, Female
Chairperson/Independent Non-Executive Director
Chairperson of Nomination and Remuneration Committee
Member of Audit Committee and Risk Management 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, Mieco Chipboard Berhad and Diversified Gateway Solutions Berhad and an Independent Non-Executive Director of WZ Satu Berhad.

DATO' SRI THONG KOK KHEE

Aged 64, 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 and Ho Hup Construction Company Berhad. He is also a Director of Insas Technology Berhad, a non-listed public company 100% owned by Insas Berhad.

Dato' Sri Thong is a substantial shareholder of Insas Berhad.

DATO' WONG GIAN KUI

Aged 59, Malaysian, Male
Executive Director
Chairman of Risk Management Committee

Dato' Wong was appointed to the Board of Insas Berhad as an Executive Director on 11 September 1992, as Managing Director from November 2000 to January 2009, re-designated as Non-Independent Non-Executive Director on 30 January 2009 and re-designated as Executive Director on 22 November 2017.

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.

He is currently an Executive Director of Inari Amertron Berhad and Ho Hup Construction Company Berhad, an Independent Non-Executive Chairman of Yi-Lai Berhad and a Non-Independent Non-Executive Director of SYF Resources Berhad. He also sits on the board of Insas Technology Berhad and Diversified Gateway Berhad, both non-listed public companies.

PROFILE OF DIRECTORS
(Cont'd)

DATO' DR. TAN SENG CHUAN
Aged 63, 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 currently the Executive Vice Chairman of Inari Amertron Berhad, an Executive Director of Diversified Gateway Solutions Berhad and a Director of Insas Technology Berhad, a non-listed public company 100% owned by Insas Berhad.

OH SEONG LYE
Aged 70, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration Committee and Risk Management 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 an Executive 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 two 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 had also acted as a consultant to the Centre of Corporate Excellence, Institute of Professional Development, Open University Malaysia for its financial services programme.

He is currently an Independent Non-Executive Director of Inari Amertron Berhad and an Independent Director of LY Corporation Limited which is listed on Catalist of SGX-ST.

SOON LI YEN
Aged 50, Malaysian, Female
Non-Independent Non-Executive Director
Member of Audit Committee and Nomination and Remuneration 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.

Note:

None of the Directors have:

(i) any family relationship with any Director and/or major shareholder of the Company save for Dato' Sri Thong Kok Khee;

(ii) any conflict of interest with the Company; and

(iii) any conviction for offences (excluding traffic offences) within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2018.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' SRI THONG KOK KHEE

Aged 64, 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 63, 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 4 of the Annual Report.

DATO' WONG GIAN KUI

Aged 59, Malaysian, Male
Executive Director, Insas Berhad
Director, Insas Technology Berhad,
Insas Credit & Leasing Sdn Bhd,
Insas Plaza Sdn Bhd,
M&A Securities Sdn Bhd and
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 36, Malaysian, Female
Head of Global Treasury and Corporate Planning, Insas Berhad
Director, Roset Logistics Holdings Pte. Ltd

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 67, 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 51, 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 47, 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 47, 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 28, Malaysian, Male
Director, Roset Limousine Services Pte Ltd,
Insas Pacific Rent-A-Car Sdn Bhd,
Insas Plaza Sdn Bhd, and
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 company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the Management Discussion and Analysis ("MD&A") on the performance of Insas Berhad ("Insas" or "the Group") for the financial year ended 30 June 2018 ("FY 2018").

1. OVERVIEW OF THE GROUP BUSINESSES

The Group's principal business segments consist of:

(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.

For the FY 2018, the Group operated in a challenging business environment amid the adverse and volatile external developments such as the escalation in US - China trade war, uncertainty over Brexit, rising global interest rates, vulnerabilities and volatility of the emerging market economies and currencies, and the domestic pressures following the results of GE14, including the fiscal burden inherited by the new Government resulting in the fiscal consolidation to narrow the fiscal deficit and the challenge to lower the public debts position. The Board has exercised sound corporate governance, accountability, efficiency and prudent management and we are pleased to report that in spite of the difficult and uncertain global equity and currency market conditions, the Group reported a respected pre-tax profit of RM100.9 million, against RM189.5 million reported in FY 2017, and the net assets of the Group has increased from RM1,554 million to RM1,649 million as of 30 June 2018.

The main contributor of revenue to the Group in FY 2018 remains the investment holding & trading segment contributing 56% of total Group revenue (2017: 62%), followed by the Financial Services segment contributing 19% (2017: 16%) whereas the retail trading and car rental segment contributed 19% (2017: 18%) of the Group's revenue.

Converse to revenue, the main contributor of pre-tax profit in FY 2018 is the Technology segment accounting for 77% (2017: 34%) of total Group pre-tax profit, followed by the Financial Services segment contributing 13% (2017: 10%). As a result of the unfavourable factors highlighted above, the investment holding & trading segment contributed 3% of total pre-tax profit (2017: 53%).

The Group's main operations are located in Malaysia, Singapore, Philippines and China.

As a public listed corporation, the Group's long-term business objectives are to generate sustainable earnings supported by positive cash flows, maintain a positive & healthy financial position and endeavour to pay a stable dividend yield to our shareholders. The Group strives to achieve these objectives by actively seeking good revenue and earnings growth investment opportunities coupled with cost management strategies.

2. OPERATIONAL REVIEW

2.1 Stock broking and provision of corporate finance & advisory services

M&A Securities Sdn Bhd ("M&A"), a wholly owned subsidiary of Insas, is a stock broking company providing trading services for stocks and shares listed on Bursa Malaysia Berhad ("Bursa") and recognised foreign stock exchanges, share margin financing, corporate advisory services and other regulated activities. M&A's principal office is in Mid Valley City, Kuala Lumpur and it currently has five (5) branch offices located in Kuala Lumpur, Ipoh, Penang and Johor Bahru.

In June 2017, Bursa launched the Leading Entrepreneur Accelerator Platform ("LEAP Market") aimed at facilitating access to the capital market by small and medium sized enterprises ("SME"), and M&A has acted as principal advisers and successfully listed 3 companies on the LEAP Market since its launch in June 2017. Since July 2017, M&A has also successfully listed 2 companies on the ACE Market. M&A is ranked as one of the top principal advisers in the IPO market for ACE & LEAP Market. M&A will continue its niche in the stock broking and corporate advisory role in promoting SME companies to list on the LEAP and ACE Markets.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

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

M&A's revenue increased marginally from RM31.1 million in FY 2017 to RM32.2 million in FY 2018, with the increase coming mainly from higher revenue contributions from the corporate finance advisory unit. During FY 2018, M&A continues its cost containment measures amidst the continued challenging market landscape.

2.2 Structured Finance

The Group's lending arm, Insas Credit & Leasing Sdn Bhd ("ICL") is licensed under the Moneylenders Act, 1951. ICL has established itself as a boutique structured finance provider to selected sophisticated investors and corporations seeking short and medium term financing for working capital and investment purposes. As of 30 June 2018, ICL has outstanding loans portfolio in excess of RM200 million which are fully collateralized and generating interest income to the Group.

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

2.3 Investment holding and trading

The Group's investment strategies encompass stringent asset allocation and diversification to manage risk of the portfolio investments of the Group. To that, the Group acquires fixed and variable income investments typically money market funds, debt securities and high yield growth stocks and listed equities and options. These investments are held on a medium to long term investment horizon of 1 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 2018, the Group's investments in listed equities are primarily in the properties, technology, consumer products and financial services sectors in both local and overseas stock exchanges, and the key equity investments include, amongst others, IGB REITS, Ho Hup Construction Company Berhad, Omesti Berhad, SYF Resources Berhad and Oversea-Chinese Banking Corporation Limited.

2.4 Technology and IT related services

The Group's technology's core activity is investment in high growth technology companies in three broad technology sectors namely electronics manufacturing services ("EMS"), financial transaction processing ("Fintech') and bio-technology. The major investee companies in the respective tech sectors are Inari Amertron Berhad ("Inari"), Numoni Pte. Ltd. ("Numoni') and Sengenics Corporation Pte. Ltd ("Sengenics").

Inari is involved in the Outsourced Semiconductor Assembly and Test ("OSAT") industry for RF products and tailored EMS contract manufacturing to the semiconductor optoelectronic industry. As at 30 June 2018, Inari operates 12 plants situated in Malaysia, Philippines and China with total production floor space of over 1 million square feet. In FY 2018, Inari reported revenue of RM1,376 million, a 17% increase as compared to RM1,177 million in FY 2017, and its earnings improved from RM229 million in FY 2017 to RM260 million in FY 2018.

Numoni was originally formed to bring financial inclusion to the under-banked with its Cash-in Cash-out solutions. Numoni's timing also coincided with rapid changes in the financial payment industry with the onset of mobile enabled financial technology ("Fintech") during the last few years. Unfortunately, Numoni is not been able to gain traction in the Fintech industry in the face of new deep pocketed Chinese players as Alipay and Wechat Pay in the region and also incremental regulatory changes in the countries Numoni operates in, which gives time to and thereby favoring entrenched legacy industry players. Numoni is continuing in its efforts to seek traction in the Fintech industry. Numoni's subsidiary in Malaysia, Numoni DFS Sdn Bhd is licensed by Bank Negara Malaysia to conduct e-wallet and remittance businesses ie. remittance and payment solutions to its customers via mobile applications & other electronic channels.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

2.4 Technology and IT related services (Cont'd)

Sengenics is a functional proteomics company that was originally spun out from research that was originally carried out at Cambridge University in the UK. The company has a patented technology called KREX and has made good progress engaging world renowned customers and collaborators that include top pharma, biotech companies and ivy league-class academic institutions in the USA, Europe and Asia as it expands its footprint in the biomarker industry.

The Group's Technology segment, as in the past financial years, remains a key contributor to the Group's profits and cash flows. The Technology segment continues to maintain a significant equity holding in Inari to generate recurring dividend income. From capital gains and income returns from mature investments such Inari, the Group's Technology segment is able to generate cash flow at the same time seek growth from new and promising investments in the Technology segment.

2.5 Retail trading

Melium Group is one of Malaysia's leading retail group on international luxury fashion brands such as Aigner, Emilio Pucci, Farah Khan, Givenchy, Hackett London, Lanvin, Max Mara, MCM, Roger Vivier, Stuart Weitzman and Tod's. Melium Group also operates a multi brands store "M" Pavilion which presents fashion trend from more than 50 international brands. Besides luxury fashion, Melium Group also owns and operates the Seminyak Village, a boutique mall in Bali that offers international brands along with the best of Bali's home-grown labels.

Melium Group also holds the Malaysian franchise chain of Dome Café. Dome Café in Malaysia operates in over 20 outlets in Klang Valley, Genting Highland, Johor and Penang. It also operates its own café known as "Aseana Café" which is a home-grown unit with an Asean touch.

2.6 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 offers the conventional self drive and chauffeured services on short or long-term leases with its wide fleet of sedans, SUVs and MPVs. IPRAC's headquarter is in Kuala Lumpur and it has 5 branches centered in the airports in KLIA 1, KLIA 2, Bayan Lepas, Johor Bahru, and Senai. During FY 2018, IPRAC consolidated its fleet operations and closed 5 non-performing branches located in Kuantan, Kota Kinabalu, Bintulu, Miri and Kuching.

Roset operates as a premium limousine service provider in Singapore with its current fleet of luxury premium sedans, SUVs and MPVs to cater for both long term and transient leases. Roset is now among the rapidly expanding independent automobile solutions provider in Singapore and it also provides premium chauffeured services with experienced professional drivers, fleet management as well as vehicle repairs and maintenance services that are equipped with the latest equipment and tools specialised for Japanese and Continental vehicles.

Tribecar's innovative car rental system allows for ultra-short term car rental on hourly basis and makes it convenient for customers as the registration, hiring and access to a vehicle are all done using the customer's smart phone. Tribecar's revenue in FY 2018 increased by more than 10 folds to RM15 million due to the flexibility and efficiency focused on innovation and strategies, and it managed to increase Tribecar's edge in this highly competitive and fast change in the travel demand vehicle rental industry in Singapore.

The Group will continue to improve on vehicle utilisation rate to ensure fair return on capital employed and we review our pricing and marketing strategies to ensure competitiveness and profitability.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

2. OPERATIONAL REVIEW (CONT'D)

2.7 Property investment and development

The Group's property portfolio comprises a mix of landed and high-rise residential units and shops/office spaces held to generate rental income and for resale. Occupancy for our shops/office spaces remain encouraging with near full occupancy during FY 2018 whereas occupancy rate for the residential properties remained soft primarily due to the oversupply of residential properties in the Klang Valley.

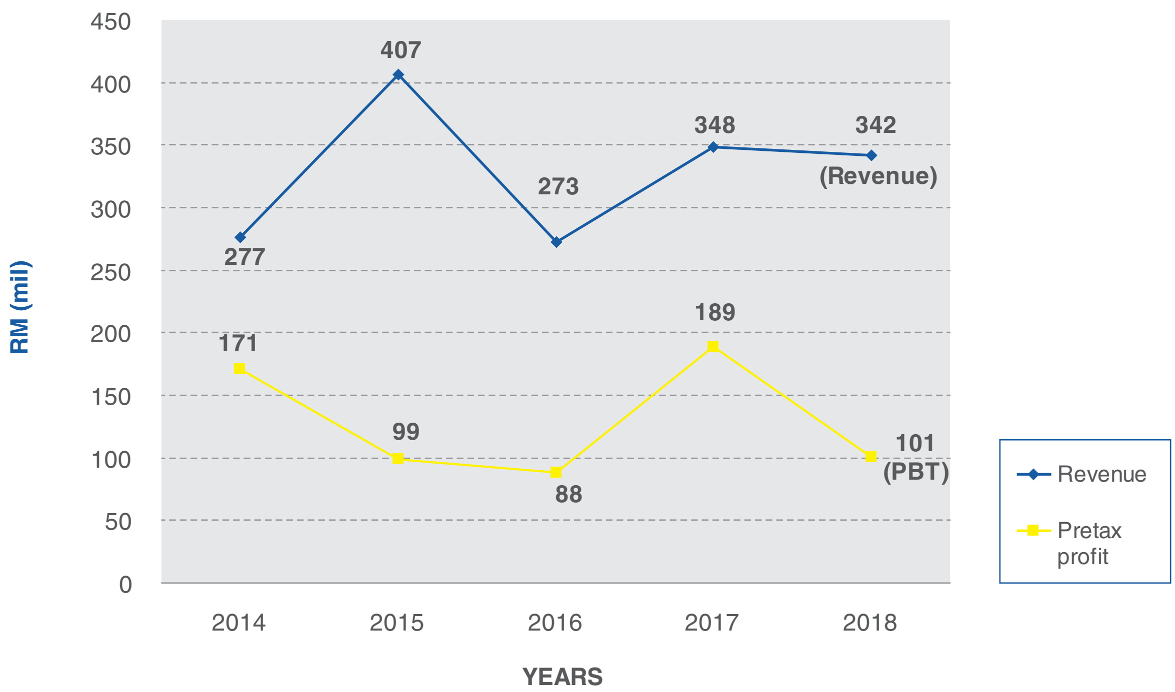
2.8 Ho Hup Construction Company Berhad ("Ho Hup")

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.

For FY 2018, Ho Hup's property development arm, Bukit Jalil Development Sdn Bhd ("BJD"), continues to be the main profit contributor to Ho Hup Group, primarily derives income from its entitlement from the 50-acres joint venture development in Bukit Jalil, Kuala Lumpur and the development of the Aurora Place mix development project in Bukit Jalil. The construction of the Aurora Place, a vibrant mixed development project comprising office and SOVO towers and shop offices is scheduled for completion by the end of 2018. During FY 2018, BJD also carried on with its new property development projects in Kulai and Kota Kinabalu.

3. FINANCIAL REVIEW

5 YEARS GROUP FINANCIAL HIGHLIGHTS



MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

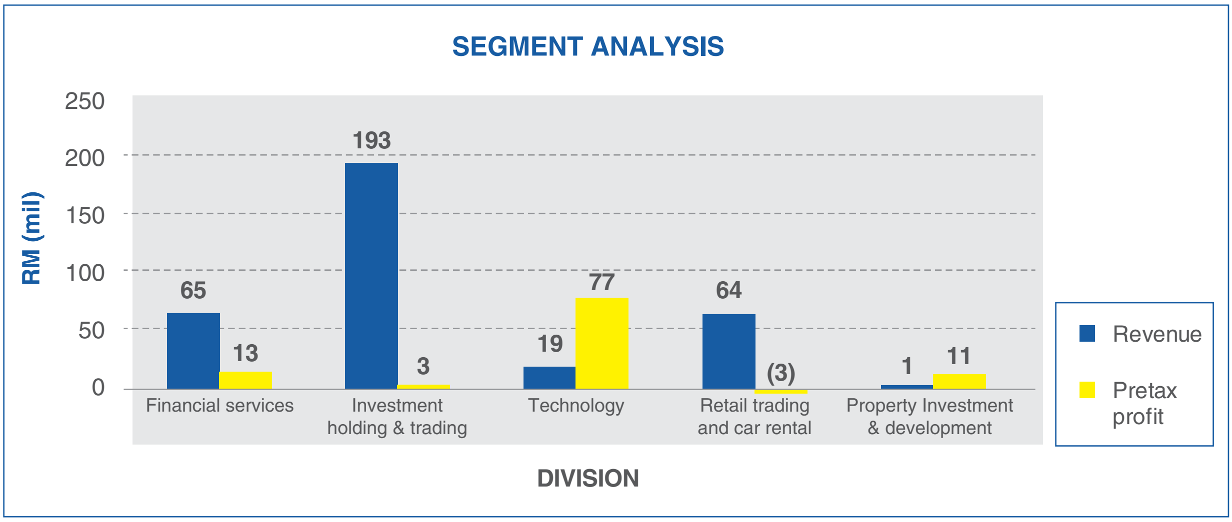
3. FINANCIAL REVIEW (CONT'D)

Financial performance

For FY 2018, the Group recorded revenue of RM341.5 million as compared to RM347.8 million in FY 2017. Main contributor to the Group revenue is from trading activities by the investment holding & trading segment of RM192.6 million (2017: RM217.1 million), stock broking & structured finance of RM65.3 million (2017: RM54.0 million) and car rental activities of RM64.0 million (2017: RM63.6 million) representing 94% (2017: 96%) of the Group revenue.

The Group recorded a lower pre-tax profit at RM100.9 million in FY 2018 as compared to RM189.5 million in FY 2017. The decrease is primarily due to lower profit from the investment holding and trading segment arisen from unrealized loss on fair value changes of financial assets at fair value through profit or loss amounting to RM22.5 million (2017: gain of RM42.2 million) and unrealised fair value loss on derivative financial instruments of RM4.5 million (2017: RM0.3 million).

The financial performance by business segments for FY 2018 is as follows:



Division	2018 Revenue RM'mil	2018 Pretax profit RM'mil	2017 Revenue RM'mil	2017 Pretax profit RM'mil
Financial services	65	13	54	19
Investment holding & trading	193	3	217	100
Technology	19	77	11	65
Retail trading and car rental	64	(3)	64	-
Property investment & development	1	11	2	5
Total	**342**	**101**	**348**	**189**

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

3.1 Stock broking and provision of corporate finance & advisory services

For FY 2018, M&A reported revenue and pre-tax profit of RM31.8 million and RM10.0 million respectively, which was higher than the RM30.6 million and RM7.0 million reported in the preceding financial year, mainly due to increased contributions from the corporate advisory services and cost saving measures initiated by M&A during the financial year.

The corporate finance and advisory division of M&A achieved better results in FY 2018. Corporate finance advisory fee income rose by 42% to RM10.2 million (2017: RM7.2 million) in FY 2018. The recent IPO exercises undertaken by M&A are Amlex Holdings Berhad, Seers Berhad, Revenue Group Berhad, Red Ideas Holdings Berhad and QES Group Berhad.

3.2 Structured finance

For FY 2018, ICL reported revenue of RM33.3 million, an increase of 43% as compared to RM23.3 million reported in the preceding financial year. The higher revenue was achieved due to disposal of marketable securities and the granting of RM40 million new loans to several new clients during FY2018. However, the pre-tax profit reduced by 77% from RM12.2 million in FY 2017 to RM2.8 million in FY 2018 mainly due to unrealized loss on fair value changes of financial assets at fair value through profit or loss of RM8.2 million in FY 2018 (2017: RM2.0 million).

Both M&A and ICL have strong balance sheets and positive cash positions and reported net assets position of RM170 million and RM102 million respectively as at 30 June 2018.

3.3 Investment holding and trading

For FY 2018, the investment holding & trading segment did not fare well as a result of the unfavourable global equity and currency market conditions. Revenue comprised mainly sale of financial assets at fair value through profit or loss and other financial instruments totaled RM192.6 million, down 11% compared to RM217.1 million in FY 2017. Pre-tax profit for the year was RM2.8 million as compared to RM100.3 million in FY 2017.

The drop in pre-tax profit was mainly due to unrealized marked to market losses on our financial assets at fair value through profit or loss of RM14.5 million (2017: gain of RM43.3 million), unrealised foreign exchange loss of RM19.2 million (2017: gain of RM17.1 million) and unrealised fair value loss on derivative financial instruments of RM4.5 million (2017: RM0.3 million) reported by the investment division in FY 2018.

As at 30 June 2018, the investment holding & trading segment holds financial assets at fair value through profit or loss of RM228.4 million, a decrease of 23% as compared to RM295.8 million as of 30 June 2017.

3.4 Technology and IT related services

The technology segment reported direct revenue of RM18.9 million in FY 2018, an increase of 63% as compared to RM11.6 million in FY 2017, mainly due to the increase in trading of technology related products.

Pre-tax profit increased by 19% from RM65.3 million in FY 2017 to RM77.5 million in FY 2018, primarily contributed by dividend received from Inari and gain on disposal of Inari shares.

3.5 Retail trading

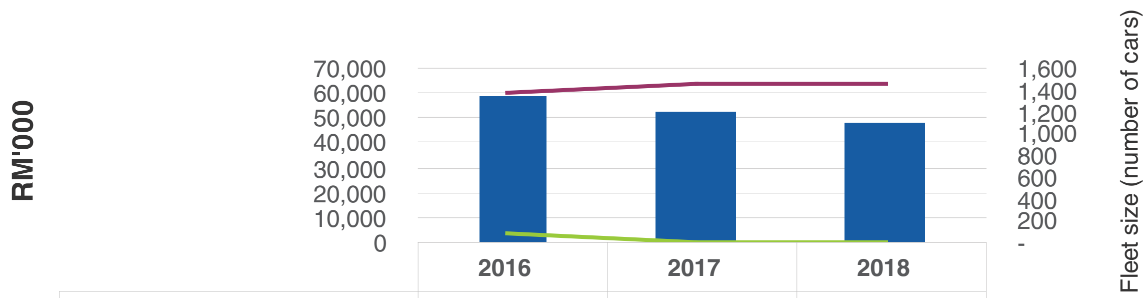
Melium Group's revenue for FY 2018 remains comparable to FY 2017 as retail trading condition remains difficult for retailers especially during January to June of FY 2018, the period leading up to GE14 which saw political uncertainties and weak market sentiments which resulted in cautious consumer spending. For FY 2018, The Group's share of Melium Group losses was RM3.1 million (2017: RM0.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

3.6 Car rental

Three Years Financial Highlights - Car Rental Segment



	2016	2017	2018
Fleet size*	1,347	1,205	1,111
Revenue (RM'000)	60,389	63,607	64,031
Operating Pretax Profit (RM'000)	3,901	185	242

Year

* *Fleet size as at financial year end.*

Transient rental business continues to be badly affected by unfair competition from ride-hailing service providers offering lower fare and convenient alternative transport means to customers. Revenue and profit remain comparable to FY 2017 results.

The management of the car rental division continues to monitor closely the utilization of the car fleet, and the under utilised transient and older model vehicles were disposed in FY 2018.

Tribecar, the car rental unit which is engaged in development of fleet-related software and other programming activities had showed compounded revenue growth during FY 2018 from integrating its business model to include short term car rental.

3.7 Property investment and development

Revenue has declined to RM0.7 million as compared to RM1.6 million in FY 2017 mainly due to lower sale of apartment units.

Pre-tax profit increased to RM10.6 million in FY 2018 as compared to RM4.9 million in FY 2017 mainly due to reversal of the share of losses of an associate company over-provided for in the previous financial years.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

4. ANALYSIS OF THE ANTICIPATED RISKS

The Group acknowledges there are inherent risks involved in undertaking the Group's businesses and the Board adopts a proactive approach to prudent risks management in order to sustain and grow the Group's income and businesses.

During FY 2018, the key downside risks to the global economy that affected the Group were the trade tensions between the US and China, rising global interest rates, financial market volatility due to Brexit and the emerging countries' currencies crisis. These factors have led to the prospect of tighter liquidity conditions and spike in risk aversion exposing emerging economies to higher borrowing costs, depreciation of domestic currencies and a decline to equity prices. Domestically, the political uncertainties leading to the GE 14 and the unveil of the high public debts position by the new Government, the impact of policy shifts and effects resulting from the postponement and/or cancellation of major infrastructure projects have indirectly created uncertainties, affected the equity market and caused weak consumers sentiments.

The other major risks that affect the business segments and the respective strategies undertaken to mitigate those risks are set out below:

4.1 Stock broking and provision of corporate finance & advisory services

Globalization, aided by the advances of technology, could adversely affect businesses as it can potentially lead to increased competition towards market share, services, costing and pricing.

M&A has in place risk management procedures including a Risk Management Committee ("RMC") managing the risks of its stock broking and corporate advisory business exposures. There are growing risks of doing business and 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.

Cyber attack is a serious threat as the stock broking industry is moving toward digitalization. As a preventive measure and to ensure business continuity, M&A will continuously enhancing its systems, measures, policies and procedures to ensure the confidentiality, integrity and availability of data and systems. M&A has been regularly conducting testing and assessment exercises such as Cyber Security Assessment – Penetration Testing; providing IT Awareness Training and sending out security alerts to the staff and remisiers, and assessing the effectiveness of its Business Continuity Plan ("BCP").

M&A and the Group have in place policies to govern IT and data security.

4.2 Structured finance

In the current volatile economic market conditions and environment, ICL is susceptible to credit risk arising from its structured finance loans portfolio and prompt collection from loan receivables continue to be a concern for the business. To counter this, the management incorporated stringent measures and requirements in the loan approval process, collateral coverage and close monitoring of clients' performance to reduce the incidence of bad debts.

4.3 Investment holding and trading

The investment holding and trading segment is expected to be impacted by fluctuations in foreign currency exchange rates as majority of the revenue stream, assets and borrowings are denominated in foreign currencies and are 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.

Our investment portfolio comprises short and medium term investments with varied maturity period in order to meet the Group's operating cash flow needs. These investments have exposure to credit, market and liquidity risks. With good investment strategies in place, we will monitor to ensure the investment unit will complement the Group's bottomline.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

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

4.4 Technology and IT related services

The International Monetary Fund ("IMF") in its July 2018 World Economic Outlook update reported that global growth for 2018 and 2019 is projected at 3.9% as forecast in April 2018, but the expansion is becoming less even. The rate of expansion appears to have peaked in some major economies and growth has become less synchronized. However, the outlook is also clouded by ongoing trade tensions. In the past few months, the United States has imposed tariffs on a variety of imports, prompting retaliatory measures from trading partners, in particular, China. An escalation of trade tensions could undermine business and financial market sentiment, denting investment and trade.

While the technology segment's growth prospects are fairly good given IMF's forecast, they are similarly susceptible to business/market risks arising from trade/tariff altercations and emerging markets' currency crisis.

4.5 Retail trading

The rising global trade tensions between US and China have led towards increasing concerns to the local market as the consumers' spending habit are greatly sensitive towards global economic environment. The slower GDP Index and new government policies have worsen the retail outlook. In tandem with this, the year ahead will remain challenging. The management will continue to focus on the merchandising, pricing and promotional strategies to generate sale and cash flow and to reduce stock holding.

4.6 Car rental

The strong competition and wide availability of rideshare services remain the largest risk to the car rental division. Customer retention becomes one of our biggest challenges especially in transient leasing. We will continue to monitor our pricing model, car fleet and marketing strategies to stay competitive and to attract more customers.

As with previous year, 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.

4.7 Property investment and development

With the progressive expansion of Ho Hup's core business activities, the financing requirements to fund these construction and development activities and new projects have increased. Given the current economic climate and overhang of the property markets, the challenge will be for Ho Hup to obtain the necessary funding at reasonable cost to cover the funding needs for its projects.

5. FUTURE PROSPECTS OF THE GROUP

The Group expects FY 2019 to be a challenging year due to the global equity and currency market volatility as a result of the escalation of US-China trade war, uncertainties over the Brexit negotiation, the rising global interest rates, the contagion effects of the emerging economic markets and currencies crisis, and the fiscal contraction in the 11th Malaysia Plan mid-term review.

The Group has a strong and healthy balance sheet, net cash position, diverse business units that generate earnings and cash flow, and with prudent management and good corporate governance, we believe the Group will continue to deliver positive results and intrinsic growth in FY 2019.

M&A expects FY 2019 equity market environment to remain upbeat and is committed to continue innovating and exploring various fund raising approaches for their clients including IPO, which M&A is confident that it will help secure another year of healthy income level.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

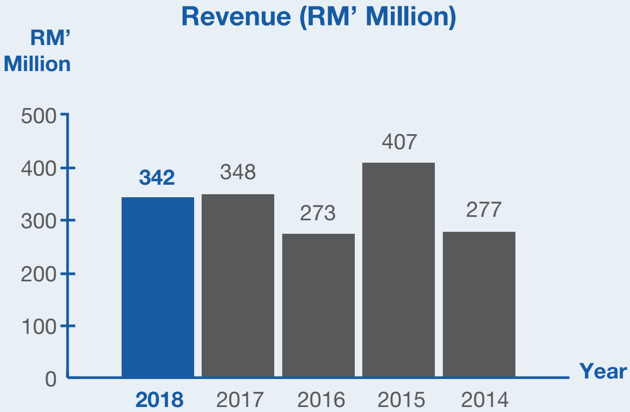
5. FUTURE PROSPECTS OF THE GROUP (CONT'D)

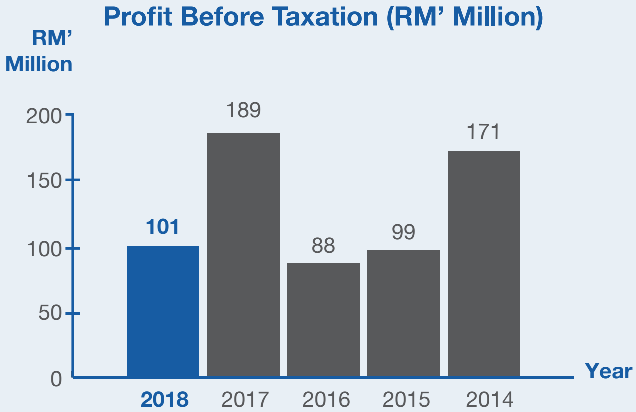
Inari is targeting to grow its light emitting diode ("LED") and fiber and sensor product portfolio to offset possible lag in radio frequency (RF) demand due to bearish near-term smartphone outlook. Inari is working with its German customer to develop several new products being fine pitch LED used in billboards and other public display panels and also health sensors as well as vertical cavity surface emitting laser (VCSEL) components for both 2D and 3D sensing applications. This will add new potential customers for the new 600,000 sq ft Inari P34 plant presently under construction in Batu Kawan, Penang. Inari is also in the midst of qualification for a new mini LED line and health sensor for wearable applications, which is expected to spur new revenue growth towards end of FY 2019.

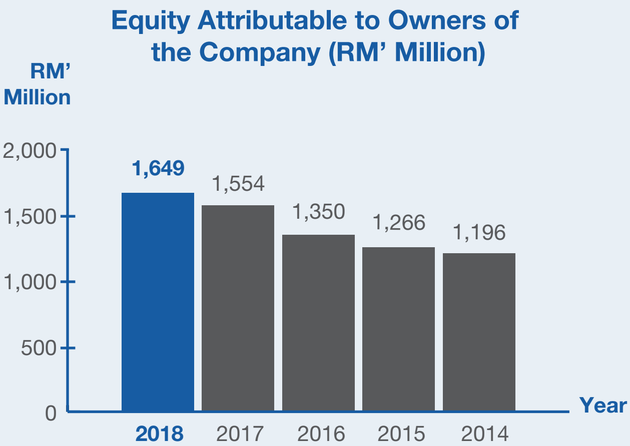
On property portfolio, the Group will continue to identify and invest in good properties and development projects that yield attractive return.

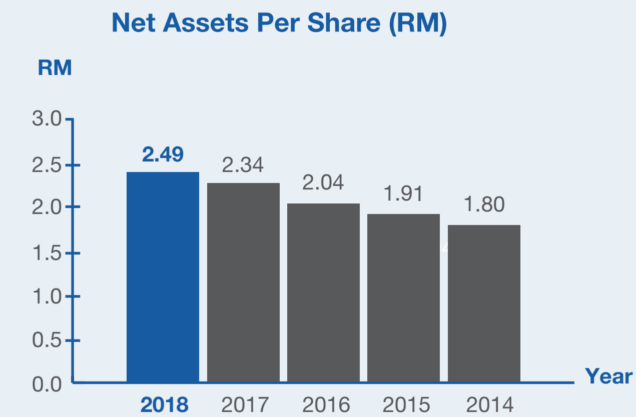
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	**341,532**	347,829	272,723	406,802	276,520
Profit Before Taxation	**100,873**	189,496	88,090	98,911	171,151
Profit After Taxation Attributable to Owners of the Company	**90,539**	181,010	77,376	91,129	160,404
Total Assets	**2,221,200**	2,204,979	1,899,602	1,941,751	1,607,052
Total Liabilities	**565,234**	643,065	542,380	671,458	404,234
Total Borrowings	**480,088**	548,613	462,980	564,548	282,339
Equity Attributable to Owners of the Company	**1,648,580**	1,554,157	1,349,664	1,265,770	1,195,681
Number of Shares in Issue, net of Treasury Shares (Thousands)	**663,007**	663,007	663,007	663,007	664,206
Earnings Per Share (Sen)	**13.66**	27.30	11.67	13.73	24.10
Net Assets Per Share (RM)	**2.49**	2.34	2.04	1.91	1.80
Return on Equity (%)	**5.5**	11.6	5.7	7.2	13.4
Return on Total Assets (%)	**4.1**	8.2	4.1	4.7	10.0
Gearing Ratio	**0.29**	0.35	0.34	0.45	0.24









CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement sets out the principal features of Insas Berhad ("the Company") and its subsidiaries' (collectively referred to as the Group) corporate governance approach, summary of corporate governance practices during the financial year as well as the key focus area and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and guidance drawn from Practice Note 9 of the Listing Requirements and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad ("Bursa").

The summary of corporate governance practices make references to three (3) key principles of good corporate governance practices as set out in the Malaysian Code of Corporate Governance 2017 ("MCCG 2017") as follow:

Principle A: Board Leadership and Effectiveness

- Board's Roles and Responsibilities
- Board Composition
- Remuneration

Principle B: Effective Audit and Risk Management

- Audit Committee
- Risk Management and Internal Control Framework

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

- Communication with Stakeholders
- Conduct of General Meetings

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report based on a prescribed format as enumerated in Paragraph 15.25(2) of the Listing Requirements so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the MCCG 2017. The Corporate Governance Report 2018 is available on the Company's website at www.insas.net.

The Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report namely the Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement.

CORPORATE GOVERNANCE APPROACH

The Board of Directors ("Board") of Insas Berhad is committed towards reinforcing its corporate governance philosophies which is ingrained in the Group's corporate governance framework essential to form a responsible and responsive decision making in the Group.

The Group's overall approach to corporate governance is to:

(i) aid and promote accountability at the Board and senior management level;
(ii) identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
(iii) find a fine balance in meeting the expectations of the different groups of stakeholders of the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers effort to promote meaningful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect market dynamics, development in the regulatory tapestry and evolving stakeholders' expectations. These efforts are quintessential to the changes introduced since last financial year from a slew of reform measures including the Companies Act 2016, the new MCCG 2017 by the Securities Commission and amendments to the Listing Requirements.

Against the backdrop of the aforementioned regulatory developments, the Group undertook a recalibration of its corporate governance framework and meted out measures to adhere to these enumerations in substance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations and best practices. The Group has applied all the Practices encapsulated in MCCG 2017 for the financial year ended 30 June 2018 except for the following:

Practice 4.1 (At least half of the Board comprises independent directors);

Practice 4.2 (Two-tier shareholders voting process to retain an independent director who has served for more than 12 years);

Practice 7.2 (Disclosure on named basis the top five senior management's remuneration in bands of RM50,000); and

Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate voting in absentia and remote shareholders' participation at General Meetings).

In line with the latitude accorded in the application mechanism of MCCG 2017, the Company has provided forthcoming explanations for the departures from the said Practices, supplemented with descriptions on the alternative measures that seek to achieve the intended outcomes of the departed Practices, measures that the Company has undertaken or intend to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Details on the application of each individual Practice of the MCCG 2017 are available in the Corporate Governance Report, which is made available on the Company's website at www.insas.net.

A summary of the Group's corporate governance practices with reference to the MCCG 2017 is described below.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Roles and Responsibilities

The Board is responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retain full and effective control over the Group. The Board is responsible for providing stewardship and oversight of the Group's business affairs.

Several Board Committees, namely the Audit Committee ("AC"), the Nomination & Remuneration Committee ("NRC") and the most recent newly formed Risk Management Committee have been established to assist the Board in its oversight function with reference to specific responsibilities areas. The Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and the individual directors. The Board Charter was recently reviewed on 26 September 2018 and is made available on the Company's website at www.insas.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board's Roles and Responsibilities (cont'd)

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings on a scheduled basis to deliberate on matters under their purview. Board meetings are held quarterly with additional meeting convened for special matters, when necessary. The attendance of the individual Directors at the Board and Board Committees meetings during the financial year ended 30 June 2018 is outlined below:

Directors	Board	AC	NC	NRC
Executive Directors				
Dato' Sri Thong Kok Khee	5/5	-	-	-
Dato' Wong Gian Kui *	5/5	-	-	-
Dato' Dr. Tan Seng Chuan	5/5	-	-	-
Non-Independent Non-Executive Director				
Ms. Soon Li Yen	5/5	5/5	1/1	1/1
Independent Non-Executive Directors				
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	5/5	5/5	1/1	1/1
Mr. Oh Seong Lye **	5/5	5/5	1/1	1/1

Board / Board Committee Chairman

The Nomination Committee ("NC") was renamed as the NRC on 7 May 2018.

* *Dato' Wong Gian Kui was redesignated from Non-Independent Non-Executive Director to Executive Director on 22 November 2017.*

** *Mr. Oh Seong Lye was appointed as Chairman of the Audit Committee on 7 May 2018, taking over the position from Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP.*

There is clear delineation of roles of the Board and Management. The Chief Executive Officer is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The Chief Executive Officer manages and implements the Board's policies and decisions through the Senior Management of the Company and the respective operating subsidiaries.

In performing their duties, all Directors have access to the advice and services of the Group General Manager – Finance and two suitably qualified Company Secretaries. The Group General Manager – Finance and the Company Secretaries acts as a corporate governance counsel and ensures good information flow within the Board, Board Committees and Senior Management and provides the Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable the Directors to make informed decisions.

As integrity is a core value of the Group, the Board is cognisant of its responsibility to set out the ethical tone for the Group. A Code of Ethics and Conduct and Whistleblowing Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without the risk of reprisal. The Code of Ethics and Conduct is published on the Company's website at www.insas.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition

The Board of the Company comprises six members, three of which are Executive Directors and three are Non-Executive Directors. Two of the Non-Executive Directors are Independent Directors. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business. Appointment to the Board is made in via a formal and transparent process, premised on meritocracy and objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In the case of Independent Directors, the NRC assesses the candidate's ability to bring the element of detached impartiality and objective judgement to boardroom deliberations.

The Board reviews its performance, and that of the Board Committees and individual Directors on an annual basis, facilitated by the NRC. For the year under review, the NRC's key activity was to assess the overall Board and Board Committees' performance and effectiveness. The NRC met twice during the financial year ended 30 June 2018 with full attendance of its members and carried out the following activities during the meetings held:

(i) To review the Terms of Reference of the NRC, taking into account the rename of the Nomination Committee to NRC and the remuneration policies and procedures;

(ii) To review and discuss the annual assessment of the Board and Board Committee;

(iii) To evaluate the independence of Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP and Mr. Oh Seong Lye who have served as independent directors for a cumulative term of more than 12 years and 9 years respectively, and to recommend them to continue to act as independent directors (without their participation); and

(iv) To review the term of office and performance of the Audit Committee members pursuant to Paragraph 15.20 of the Listing Requirements.

The NRC was satisfied that the Board and the AC's composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. The NRC had recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting ("AGM"). In reviewing the independence of Independent Directors, the NRC and the Board adopt a qualitative approach in assessing if the Independent Directors carries the integrity and audacity to advocate professional views without fear or favour.

Remuneration

The Group aims to set remuneration at levels which is sufficient to attract and retain high calibre Directors needed to run the businesses of the Group successfully. For oversight on remuneration matters, the NRC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board. Remuneration details of the Directors for the financial year ended 30 June 2018 for the Company and the Group are as follows:

Company (RM'000)							
Directors	Fees	Salaries	Bonus	Allowances	Defined contribution plan	Benefits in kind	Total
Executive Director							
Dato' Sri Thong Kok Khee	-	240	-	-	46	35	321
Independent Non-Executive Directors							
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	60	-	-	-	-	5	65
Mr. Oh Seong Lye	36	-	-	-	-	-	36
Total	**96**	**240**	**-**	**-**	**46**	**40**	**422**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

Group (RM'000) Directors	Fees	Salaries	Bonus	Allowances	Defined contribution plan	Benefits in kind	Total
Executive Directors							
Dato' Sri Thong Kok Khee	-	902	1,316	-	227	35	2,480
Dato' Wong Gian Kui	-	300	761	20	127	28	1,236
Dato' Dr. Tan Seng Chuan	-	533	1,262	-	204	-	1,999
Non-Independent Non-Executive Director							
Ms. Soon Li Yen	-	258	51	86	37	-	432
Independent Non-Executive Directors							
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	60	-	-	21	-	5	86
Mr. Oh Seong Lye	36	-	-	-	-	-	36
Total	**96**	**1,993**	**3,390**	**127**	**595**	**68**	**6,269**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal audit process, the internal controls environment, compliance to laws, rules and regulations, review of related party transactions and conflict of interest situations.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. Two of the members of the AC are members of the Malaysian Institute of Accountants. The AC has full access to the internal and external auditors. The summary of work done by the AC, the number of meetings held during the financial year and attendance record of each member are set out in the Audit Committee Report in the Annual Report.

Risk Management and Internal Control Framework

The Board is cognisant that a robust risk management and internal control framework helps provide risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and adopted a formal Risk Management Policy and established a Risk Management Committee during the financial year.

The internal audit function is carried out by the in-house Group Internal Audit ("GIA") unit. The GIA function reports directly to the AC. The GIA's authority, scope and responsibilities are governed by the Internal Audit Charter, which is approved by the AC.

Further information on the Group's risk management and internal control framework is made available in the Statement on Risk Management and Internal Control in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Group is fully committed to maintain a high standard for the timely and equitable dissemination of relevant and material information on the development of the Group to the stakeholders. Key stakeholder communication channel includes the Annual Report, quarterly results, announcements to Bursa, corporate website and emails and/or formal discussions between shareholders and the management.

Conduct of General Meetings

The Group is of the view that General Meetings are important platforms to engage with its shareholders. For the AGM in the preceding five years, all the Directors were present at the AGMs to answer questions raised by the shareholders. The Group welcome shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at the Bukit Kiara Equestrian and Country Resort, Kuala Lumpur, which is an accessible location, and the Company's past AGMs have always been well attended by the shareholders.

FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance areas which were given attention during the financial year ended 30 June 2018 are as follows:

Review of the Board Charter and Board Committees' Terms of Reference

The Board undertook to review and update its Board Charter alongside the Terms of Reference for each of the Board Committees. Changes were made to reflect the revised regulatory development and the expectations of stakeholders for Directors to exercise greater vigilance and scepticism in understanding and shaping the direction of the Group. These documentary references serve to guide the governance and conduct of the Board and Board Committees.

Professional Development of Directors

During the financial year under review, the Directors took cognisant to develop and enhance their knowledge, skills and performance by attending various training program to keep themselves abreast of changes in legislative promulgations. The list of training programmes that were attended by the Board members is outlined below:

Directors	Program titles	Organiser	Date
Dato' Sri Thong Kok Khee	1. Malaysian Code on Corporate Governance	Terus Mesra Sdn Bhd	8.8.2017
	2. Sustainability Report Setting the Value Creation Agenda	Terus Mesra Sdn Bhd	24.4.2018
Dato' Wong Gian Kui	1. Malaysian Code of Corporate Governance 2017 and Sustainability Reporting - the key info for Directors of Public Listed Company	SJ Grant Thornton	10.10.17
	2. Sustainability Report Setting the Value Creation Agenda	Terus Mesra Sdn Bhd	24.4.2018
Ms. Soon Li Yen	1. Malaysian Code of Corporate Governance 2017 and Sustainability Reporting - the key info for Directors of Public Listed Company	SJ Grant Thornton	10.10.17
	2. Audit Committee Conference 2018	Malaysian Institute of Accountants	27.3.2018
Mr. Oh Seong Lye	1. Withholding Tax in Malaysia – Principles and Latest Developments	Malaysian Institute of Accountants	17.8.2017
	2. Audit Quality Enhancement Programme for SMPs 2017	Malaysian Institute of Accountants	31.7.2017 & 1.8.2017
	3. Seminar Percukaian Kebangsaan 2017	Lembaga Hasil Dalam Negeri	2.11.2017
	4. Audit Committee Conference 2018	Malaysian Institute of Accountants	27.3.2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

CORPORATE GOVERNANCE PRIORITIES (2019 AND BEYOND)

Year 2019 – Review of Constitution

The Company intends to amend its Constitution in year 2019 in order to streamline with the changes to the requirements of the MCCG 2017 and the Listing Requirements.

Long Term Plan – Boardroom Diversity and Sustainability Reporting

Boardroom Diversity

In fostering the spirit of Practice 4.1 of the MCCG 2017 for at least half of the Board comprises independent directors, the Board endeavours to comply on this count by year 2021.

Sustainability Reporting

The Board aims to adopt a more mature form of sustainability reporting and will set the direction to establish the necessary systems and controls to support such form of reporting.

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 an 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 governance 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 Group's 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.

A Risk Management Committee has been established by the Company in May 2018 to support the Board to oversee the risk management framework and policies of the Group.

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 capital expenditure 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 associate companies and ensure that remedial actions are taken by the management of the subsidiary and associate 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

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

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

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 risk management framework and 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 the system of internal control, the financial reporting updates and compliance with the relevant laws and regulations.

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.

6. **Organisational structure**

The Group has an organisational 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 Finance, Secretarial and Share Registration, Legal, Human Resource, IT, 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 teams of key subsidiary companies are responsible for:-

i) the conduct and performance of their respective business units;
ii) identification and evaluation of significant risks applicable to their respective businesses together with the design and institution of suitable internal control; and
iii) 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 teams, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

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

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

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 and the Code of Conduct & Ethics, which is published on the Company's website.

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.

13. Internal audit function

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 risk management framework and 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 reviewed and approved by the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

The scope of the Group Internal Audit function encompasses examining and evaluating the adequacy, effectiveness and efficiency of the Group's risk management framework and 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.

The works carried out by the Group Internal Audit function during the financial year ended 30 June 2018 were as follows:

1. Tabled the Annual Audit Plan and Program for year 2018 and updated the departmental policy and procedures 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 selected operating units within the Group:

        (i) Reviewed the effectiveness on sales and credit management, accountability of investment and rental revenue and operating expenses, bank reconciliations, safekeeping and documents retention for car rental operations, money lending activities, investment and properties management;

        (ii) Verified the approval and documentation processes for leasing, rental and tenancy agreements, agency contracts and the asset reconciliation against fleet inventory management for car rental operations and properties management; and

        (iii) Checked the compliances, reporting and submission to the authorities under the Moneylenders Act 1951, the Personal Data Protection Act 2010 and the Financial Services Act 2013 by Bank Negara Malaysia for the Group's money lending activities.

    (b) On the stock broking subsidiary company:

        (i) Reviewed the adequacy and effectiveness of the internal control system, governance and risk management of the Corporate Finance Department, Compliance Department, Dealing Department and Finance & Admin Department in managing the respective department's activities to be in compliance with the rules and regulations stipulated by the authorities and the company's standard operating policies and procedures (SOP);

        (ii) Reviewed the adequacy and effectiveness of the compliance framework, program, measures, training and reporting implemented by the Compliance Department in compliance with the SOP and guidelines issued by the relevant authorities in relation to the Anti-Money Laundering and Terrorism Financing;

        (iii) Reviewed the adequacy and effectiveness of the Business Continuity and Disaster Recovery Plan (BCP). This review includes the adequacy of training provided and the satisfactory test results of the BCP undertaken by the stock broking company;

        (iv) Conducted the readiness audit of the branch to commence operations upon relocation from the old premises within Penang. Conducted the readiness audit for the stock broking company to implement the new Intra-Day Short Selling trading activities as allowed by Bursa Malaysia Securities Berhad pursuant to the Participating Organisation's Circular No R/R 5 of 2018 dated 2 April 2018; and

        (v) Reviewed the adequacy and effectiveness of the SOPs adopted by the stock broking company in compliance with the rules and regulations 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 2018 is as follows:

	RM
Staff cost	226,139
Reimbursements on traveling, accommodation and allowances	5,626
Total	**231,765**

WHISTLE BLOWING POLICY

During the financial year, the Board had developed a Whistleblowing Policy to provide a structured reporting channel to all employees and external parties to disclose any malpractice or misconduct of which they become aware and in good faith believe have been committed, without fear of reprisal or adverse consequence. The whistleblower can report directly to the Audit Committee Chairman or the Group Internal Auditor, who are independent from the management of the Group through mail to the Company's registered address and/or telephone and email.

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 2018 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 2018 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 2018.

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 2018 are as follows:

Mr. Oh Seong Lye
Chairman/Independent Non-Executive Director

Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah
bte Sultan Haji Ahmad Shah, DK(II), SIMP
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 and Remuneration Committee. Having reviewed the objectives, duties and responsibilities and primary activities undertaken by the AC members, the Nomination and Remuneration 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 senior management, the Group Internal Auditor ("GIA") and the External Auditors ("EA").

Five (5) AC meetings were held during the financial year ended 30 June 2018 as follows:-

Date of meetings	Time
22 August 2017	10.00 a.m.
26 September 2017	10.00 a.m.
21 November 2017	10.00 a.m.
27 February 2018	10.00 a.m.
22 May 2018	10.00 a.m.

AUDIT COMMITTEE REPORT
(Cont'd)

MEETINGS AND ATTENDANCES (CONT'D)

Attendance at the AC meetings was as follows:-

Directors	Attendance
Mr. Oh Seong Lye	5/5
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	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 Chairman 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 2018

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
22 August 2017	Fourth quarter and full year unaudited results of the Group for the financial year ended 30 June 2017
21 November 2017	First quarter results for the financial period ended 30 September 2017
27 February 2018	Second quarter results for the financial period ended 31 December 2017
22 May 2018	Third quarter results for the financial period ended 31 March 2018

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 Standards ("MFRSs") 134: Interim Financial Reporting, International Financial Reporting Standards ("IFRSs"), 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 2017 before recommending the same for consideration and approval by the Board at its meeting held on 26 September 2017, 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 2017 and in compliance with the reporting requirements of the applicable MFRSs, IFRSs, requirements of the Companies Act, 2016 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The AC had also reviewed the Concluding of Audit Report prepared by the EA on the audit for the financial year ended 30 June 2017 at the said meeting.

AUDIT COMMITTEE REPORT
(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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):-

(a) Financial Reporting and Announcements (cont'd)

(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.

(b) Internal Audit

(i) The AC reviewed with the GIA Manager, the annual audit plan for Year 2018 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 21 November 2017.

(ii) 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.

(iii) 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:
- Corporate Finance Department
- Compliance Department
- Dealing Department
- Finance and Admin Department
- Business Continuity and Disaster Recovery Plan
- Anti-Money Laundering and Terrorism Financing
- Readiness Audit on Kheng Tian Branch and Intra Day Short Selling

Standard operating procedures (SOP) review for operating subsidiary companies:-
- Car rental division on sales and branch collections, admin and marketing review and operations management.
- Investment and properties division on credit management review, payments and receipts controls, asset management and inter-company transactions (IBT) review.
- Financial services division on credit management review, cash and bank controls and operations review complied with the Moneylenders Act 1951.
- Financial services division on the SOPs adopted by the stock broking company complied with the rules and regulations stipulated by the relevant authorities.

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.

(iv) 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.

AUDIT COMMITTEE REPORT
(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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

(i) Reviewed with the EA at the meeting held on 22 August 2017 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 2017 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 2017 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.

(ii) Reviewed with the EA at the meeting held on 26 September 2017 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 2017 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 2018.

(iii) Reviewed with the EA at the meeting held on 22 May 2018, 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 2018, outline of recent development of the Group, the audit approach, accounting and auditing development and areas of audit focus.

(d) Risks and Controls

(i) Evaluated the overall adequacy and effectiveness of the Group's system of internal control 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 receivables from the structured finance and money lending operations.

(iii) Reviewed the adequacy and effectiveness of the Group's risk management framework to 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 2018.

(e) Related party transactions and disclosures

(i) Reviewed the procedures on related party transactions and recurrent related party transactions and ensured the 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 was no management conflict of interest situations on significant related party transactions that took place during the financial year.

AUDIT COMMITTEE REPORT
(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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):-

(f) Annual Reporting

Reviewed the extent of compliance with the 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 2017 and recommended their adoption by the Board at its meeting held on 26 September 2017.

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 2018 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.

SUSTAINABILITY STATEMENT

A. INTRODUCTION

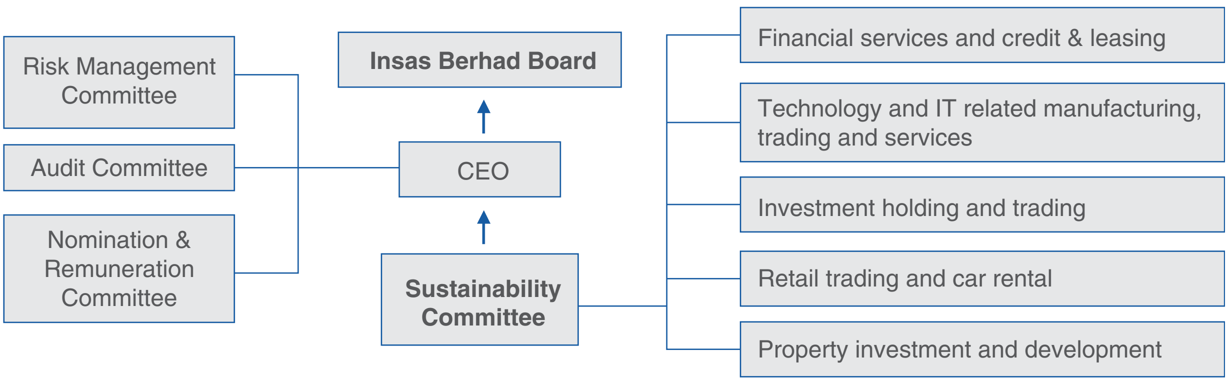
The Board of Directors ("the Board") and the management of Insas Berhad ("Insas" or "the Group") are pleased to present the Sustainability Statement which provides an overview of the sustainability practices of the Company and its subsidiary companies for the financial year ended 30 June 2018.

The scope of the sustainability statement covers material issues arising from the Group's principal business activities and does not include our associate companies. The information disclosed in this statement was derived from internal reporting processes, systems and records.

The Group's ethos for sustainability is motivated by both internal and external drivers. Internal drivers include employee recruitment & retention, sound business ethics, operational efficiencies, revenue generation, cost savings and leadership; external drivers are legal and regulatory compliance, managing risks, achieving competitive advantage, market positioning and long-term profitability. Keeping this in view, the Group strives to engage with our stakeholders and operating with the highest degree of integrity and transparency.

The Board is pleased to demonstrate the Group's commitment to build long term sustainable value towards value creation to our internal and external stakeholders and our ongoing efforts in identifying and managing the economic, environmental, social and governance factors that are material to the Group's business operations.

B. SUSTAINABILITY GOVERNANCE STRUCTURE



The Group's sustainability governance structure comprised of the following:

Board of Directors
The Group's sustainable leadership is led by the Board of Directors, who has oversight on the corporate sustainability practices and performance.

Chief Executive Officer ("CEO")
The CEO reviews sustainability matters with the Sustainability Committee with the support from the General Manager – Finance. The CEO reports to the Board on sustainability matters.

Sustainability Committee
This Committee comprises Executive Directors of Insas, senior management personnel of the respective operational companies and representatives from the Human Resources departments. The Committee is responsible for materiality assessment and identification and monitoring of sustainability initiatives, executions and reporting, and reports to the CEO on sustainability matters.

Board Committees – Risk Management, Audit and Nomination & Remuneration Committee
The Board Committees play an oversight role in respect of the Group's Sustainability Statement and assess the consistency and reliability of the information contained. The Board Committees review and ensure the processes are in place for the Group to achieve its sustainability commitments.

SUSTAINABILITY STATEMENT
(Cont'd)

C. SUSTAINABILTY REPORTING FRAMEWORK

The Materiality Assessment Process

Stakeholder Engagement → Identification → Prioritisation → Review

i) Stakeholders' Engagement

We value our stakeholders as they have considerable influence on our businesses or they have been impacted by our businesses. Through understanding our stakeholders' expectations, we strive to engage with our stakeholders and manage their needs to benefit both our stakeholders and our businesses.

Please see Section D Stakeholders' Engagement for our identified key stakeholder groups, significance and impact of their interest and the engagement approaches.

ii) Identification

We begin with identifying our stakeholders and assessing their influence on the Group and our impact on them, be it economic, environmental, social or governance. Through engagement with the stakeholders and regular feedback from daily operations, we determined the critical issues to be managed and changed.

In the future, we plan to conduct a comprehensive survey with the representatives from each group of stakeholders identified to determine the materiality matrix.

iii) Prioritisation and review

We categorise and prioritise key sustainability issues and evaluate materiality assessment process against desired outcome. The outcome of the materiality assessment allows the Group to take into account significant economic, environmental and social topics to be embedded in wider business process and prioritise the Group's resource allocation for sustainability issues.

Based on our materiality assessment, we have identified and categorized the material sustainability matters under three themes as below:-

ECONOMIC	ENVIRONMENTAL	SOCIAL
• Innovating the stock broking landscape • Flexible and innovative solutions for car rental customers • Vigilant risk management and data protection • Quality services and products	• Energy and water conservation • Greenhouse gas emissions	• Human capital development

The evaluation and process review are discussed in Section E - The Group's Key Sustainability Practices.

SUSTAINABILITY STATEMENT
(Cont'd)

D. STAKEHOLDERS' ENGAGEMENT

In building long term business growth, it is essential to understand and be responsive to stakeholders' concern and expectations towards the Group. We define our stakeholders as groups whom our businesses have a significant impact on, and those who have a vested interest in our operations.

By assessing the significance and impact of their interest on Insas Group, we have identified our key stakeholder groups and the engagement approaches as follows:

Stakeholder Groups	Impact and significance	Form of Engagement
Our Employees	Our employees are important part of our human capital whose competencies and well being are fundamental to the Group's operational effectiveness. Our aim is to have our employees realize their full potential and generate a knowledgeable and technically competent workforce who are motivated and dedicated. The Group does not practice discrimination against gender nor race.	Internal on-the-job trainings, employee development programs and external staff trainings. Periodic inter-departmental and business performance meetings. Job rotation opportunities. Staff gatherings and other engagement channels.
Our Customers	Customer satisfaction, quality and pricing of products and services, delivery and reliability.	Face-to-face interaction. Promotions, communication and feedback through website, emails and social media.
Our Suppliers	Service delivery, payment schedule, quality and pricing of product and services.	Purchasing and procurement policies and guidelines.
Our Shareholders and investors	To build on strong fundamentals to deliver continued earnings growth and maximize returns to shareholders.	Quarterly reports Annual reports Announcements released to Bursa Malaysia Annual general meetings Phone call, email, meeting Corporate website.
Government bodies and regulators	Compliance with applicable statutory requirements, laws, legislations, standards and regulations that is required of the Group's businesses.	Meetings and events. Attendances at talks, programs and seminars organized by government bodies and regulators. Advice from the Group's panel lawyers, external auditors, tax agents, etc.
Our Community	To be a committed and responsible corporate citizen contributing to our communities where we operate.	Company website Contributions to nominated charities and attendances at charitable events.

SUSTAINABILITY STATEMENT
(Cont'd)

E. THE GROUP'S KEY SUSTAINABILITY PRACTICES

We focus in building sustainable relationships with our stakeholders and utilise our resources to contribute to growth and bring value to our stakeholders.

This section highlights the measures undertaken to support the economic sustainability of the Group's operations.

ECONOMIC SUSTAINABILITY

i) Innovating the stock broking landscape

Our stock broking unit, M&A Securities Sdn Bhd ("M&A"), engages in continuous innovations to remain relevant to the business. M&A offers online trading platform (M&A Online) to its clients with the latest technology to align with the market demand and to improve customer trading experience and satisfaction. M&A Online enables our clients the ability to access real-time stock prices, execute trades, track their investment portfolios and access business news from the convenience of their personal computer or their smart devices from anywhere.

ii) Flexible and innovative solutions for our car rental customers

Enabling our customers with self service capabilities for our car rental business is imperative in the rapidly evolving vehicle rental business. The car rental subsidiary in Singapore implemented a new innovation that allows its customers to rent a car easily whereby registration, booking, locking and unlocking the selected car using the customers' smart phones.

iii) Vigilant risk management

Risk management is crucial in sustaining the Group's continuing growth and the Group through its Board, CEO and senior management identify, evaluate and formulate procedures to manage the risks affecting the businesses of the Group.

iv) Data protection and cyber threat

Cyber threat is a serious threat to the Group. The safeguarding of our Group's management information system and digital contents is subject to the adequacy and resilience of security infrastructure and physical and logical access to the Group's business systems, IT network and facilities.

The senior management of the various business units are held responsible to create security awareness among employees as part of employee training on security compliance and where possible, engagement of external security experts to enhance the security controls of the systems and applications.

The Group recognizes there is an increasing serious threat of important data belonging to the Group being assessed via unauthorized means, and the Group will constantly strive to ensure the confidentiality, integrity and availability of our customer and stakeholders' information. Our Group Information Technology unit has actively conducted testing on cyber security assessment and send out alerts to staff on security threats.

v) Quality services and products

The Group endeavors to deliver quality products and services to our customers, uphold good business ethics and conduct and deliver reasonable returns to our shareholders.

E. THE GROUP'S KEY SUSTAINABILITY PRACTICES (CONT'D)

ENVIRONMENTAL SUSTAINAIBILITY

i) Energy and water conservation

Minimising energy and water consumption is a priority in the Group's effort to conserve energy and improve the sustainable use of resources.

To develop further initiatives to reduce energy and water consumption and promote environmental friendliness, the Group instill awareness among employees to avoid wastages.

ii) Greenhouse gas emissions

Greenhouse gas refers to the gases that trap heat in the atmosphere. Activities that contribute largely to the greenhouse gas emissions involve the combustion of fossil fuels.

The Group has introduced electric cars Tesla models onto the roads under a leasing scheme since year 2017. Electric cars are more efficient users of energy and promotes infinite scalable clean energy generation.

SOCIAL SUSTAINABILITY

Employees are the Group's primary assets and also key stakeholder. We have a great team on board with a diversity of talents, knowledge and experience to take the Group to where the Board aspires the Group to be. We are therefore determined to foster a workplace culture and environment that attracts, retains and develops our people to reach their fullest potential so that we can continue to deliver value to our stakeholders.

Human Capital Development

i) Job Rotation

The Group provides job rotation to bridge the skill gaps of staff at all levels. Job rotation can increase the depth and breadth of an employee's knowledge and capabilities, thereby adding value to the organisation. The Group practices rotating the job scope of employees to handle a schedule of assignments that have been designed to give the employees maximum exposure to a range of the Group's operations. Apart from learning new skills, job rotation facilitates a better understanding of the organisation as a whole and the functions of its respective operating units and departments.

ii) Training and Development Opportunities

The Group invests in the training and development of employees to improve their knowledge, skills and competency to enhance performance and opportunity to advance in their career within the Group.

iii) Talent Management and Manpower Succession Planning

One of the most important aspects of our human capital development strategy is to actualise the Group's forward plans. The Group has in place succession planning for next generation leaders and provide mentoring, coaching and various potential and talent development. The ultimate goal is to ensure the placement of the right talent for the right job at the right time, as well as to ensure leadership readiness for the key positions.

iv) Sexual Harassment and Violence

The Group is committed to provide adequate attention to the ethics and conduct of all employees in connection with sexual harassment and violence. The Group will also ensure that there is no discrimination against women.

SUSTAINABILITY STATEMENT
(Cont'd)

E. THE GROUP'S KEY SUSTAINABILITY PRACTICES (CONT'D)

SOCIAL SUSTAINABILITY (CONT'D)

Community Development

The Group strives to build community trust by integrating corporate responsibility and sustainability in our business processes and contributing to the well-being of the communities in which the Group operates.

The Group is committed to continue its corporate social responsibility activities and play a role in enriching the welfare of the community. Contributions in cash were extended to support charitable causes and the Group provides accommodation facilities to certain religious bodies in the country.

GOVERNANCE SUSTAINABILITY

Good Conduct and Ethical Business Practices

The Group strives to fully comply with the latest MCCG 2017, and has in place a strong corporate governance framework as a means to establish the Group's creditability standing, enhance shareholders' value, strengthen stakeholders' trust in our business practices and improve the Group business competitiveness.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board of Directors of the Company 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 2018 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 2018, the Company and the Group have:-

(a) ensured compliance with the requirements of the applicable Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the International Financial Reporting Standards and the requirements 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 of the Group and taking such reasonable steps for the detection and prevention of fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

a) Utilisation of proceeds raised from corporate proposal

There were no unutilized proceeds from any corporate proposals.

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) 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 2018 were as follows:-

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Statutory audit fees paid and payable to:-				
- Grant Thornton Malaysia	298	294	42	40
- Other external auditors	175	151	-	-
Total (a)	473	445	42	40
Non-audit fees paid and payable to:-				
- Grant Thornton Malaysia	86	86	8	8
- Other external auditors	89	52	-	-
Total (b)	175	138	8	8
% of non-audit fees (b/a)	37%	31%	19%	20%

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.

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

Directors' Report and Financial Statements

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 2018.

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	90,405	11,077
Attributable to:-		
Owners of the Company	90,539	11,077
Non-controlling interests	(134)	-
	90,405	11,077

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 2018 on 14 February 2018.

The Directors do not recommend any final dividend for the financial year ended 30 June 2018.

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 the 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 ordinary shares are being held as treasury shares by the Company for the financial year ended 30 June 2018. 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 debt; 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 liability 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 effected as at the financial year end amounted to RM18,000.

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

* Directors of the Company and certain of its subsidiary companies.

The Directors of the subsidiary companies since the beginning of the financial year to the date of this report, excluding those who are already the Directors of the Company 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
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. Albert Jayaraj A/L Thanimalai
Mr. Sylvester Martin Emuang
Tuan Syed Ahmad Bin Syed Mustafa (Resigned on 17 January 2018)
Mr. Sanj Natsagdorj (up to 25 July 2018 - as disclosed in Note 52(a) to the financial statements)

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:-

	Number of Ordinary Shares			
Directors of the Company	**At 1.7.2017**	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
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**
Deemed interest				
Dato' Sri Thong Kok Khee	160,880,284	-	-	**160,880,284**
Interest in the subsidiary companies				
Insas Properties Sdn. Bhd.				
Direct interest				
Dato' Wong Gian Kui	80,000	-	-	**80,000**
Segar Raya Development Sdn. Bhd.				
Direct interest				
Dato' Wong Gian Kui	129,999	-	-	**129,999**
Deemed interest				
Dato' Wong Gian Kui	80,000	-	-	**80,000**
Dellmax Worldwide Sdn. Bhd.				
Deemed interest				
Dato' Wong Gian Kui	35,000	-	-	**35,000**

	Number of Redeemable Preference Shares			
	At 1.7.2017	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
Dato' Sri Thong Kok Khee	2,100,000	-	-	**2,100,000**
Dato' Wong Gian Kui	42,432	-	-	**42,432**
Deemed interest				
Dato' Sri Thong Kok Khee	55,428,085	-	-	**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):-

	Number of Warrants			
Directors of the Company (cont'd)	**At 1.7.2017**	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
Dato' Sri Thong Kok Khee	2,904,600	-	(2,904,600)	**-**
Dato' Wong Gian Kui	84,864	-	-	**84,864**
Deemed interest				
Dato' Sri Thong Kok Khee	83,414,970	-	-	**83,414,970**

	Number of Ordinary Shares			
Directors of the subsidiary companies	**At 1.7.2017**	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
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**
Ms. Winnie Ng Yee Ching	12,652	-	-	**12,652**
Ms. Chow Yuet Kuen	5,304	-	-	**5,304**
Deemed interest				
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.				
Deemed interest				
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):-

	Number of Ordinary Shares			
Directors of the subsidiary companies (cont'd)	**At 1.7.2017**	**Bought**	**Sold**	**At 30.6.2018**
Interest in the subsidiary companies (cont'd)				
Roset Logistics Holdings Pte. Ltd.				
Direct interest				
Mr. Wong Yew Kiang	956,469	-	-	**956,469**
Deemed interest				
Mr. Melwani Ashok Bhagwandas	195,198	-	-	**195,198**
Tribecar Pte. Ltd.				
Direct interest				
Mr. Tan Wen Jie	100	-	-	**100**
Mr. Lee Chee Full	100	-	-	**100**

	Number of Redeemable Preference Shares			
	At 1.7.2017	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
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**
Deemed interest				
Datin Sri Yeoh Kwee See	57,297,385	-	-	**57,297,385**
Dato' Thong Kok Yoon	7,389,170	-	-	**7,389,170**
Datin Tan Few Teng	15,623,064	-	-	**15,623,064**

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):-

	Number of Redeemable Convertible Preference Shares			
Directors of the subsidiary companies (cont'd)	**At 1.7.2017**	**Bought**	**Redeemed**	**At 30.6.2018**
Interest in the subsidiary companies				
Roset Limousine Services Pte. Ltd.				
Direct interest				
Mr. Wong Yew Kiang	300,000	-	(300,000)	**-**
Deemed interest				
Mr. Melwani Ashok Bhagwandas	300,000	-	(300,000)	**-**

	Number of Warrants			
	At 1.7.2017	**Bought**	**Sold**	**At 30.6.2018**
Interest in the Company				
Direct interest				
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**
Deemed interest				
Datin Sri Yeoh Kwee See	85,858,170	-	(2,904,600)	**82,953,570**
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 the shares, warrants, options and debentures of the Company or its related corporations during the financial year.

DIRECTORS' REPORT
(Cont'd)

DIRECTORS' REMUNERATIONS AND BENEFITS

Details of the 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 RM86,000 and RM40,000 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.

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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Significant events after the reporting period are disclosed in Note 52 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 Grant Thornton Malaysia.

Messrs Grant Thornton Malaysia has 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 2018.

Y.A.M. TENGKU PUTERI SERI KEMALA PAHANG TENGKU HAJJAH AISHAH BTE SULTAN HAJI AHMAD SHAH, DK(II), SIMP	)	
	)	DIRECTORS
DATO' SRI THONG KOK KHEE	)	

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 2018, and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 26 September 2018.

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' Wong Gian Kui, 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 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 2018)

DATO' WONG GIAN KUI
MIA NO. CA 5376

Before me:

P. VALLIAMAH (W.594)
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 2018, and the statements of profit or loss and statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 168.

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 2018, 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 judgements 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, in conjunction with reviewing receipts subsequent to the financial year end for its effect in reducing overdue receivables as at the financial year end;
- Holding discussions with management personnel to challenge the management's view on justification on the adequacy of allowance for doubtful debts; and
- Assessing the adequacy of the disclosures in respect of credit risk.

The accounting policies in respect of receivables is outlined in the Group significant accounting policies, the management's judgement in the Group's significant accounting estimates and judgements and disclosures in Notes 2(d)(iii)(b)(i), 3(b), 4(d)(ii), 4(j)(i)(a), 16 and 17 to the financial statements.

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 subsidiary companies of which we have not acted as auditors, are disclosed in Note 49 to the financial statements.

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.

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

FOO LEE MENG
(NO.: 03069/07/2019(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
26 September 2018

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

		Group		Company	
	Note	**2018**	2017	**2018**	2017
		RM'000	RM'000	**RM'000**	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**161,405**	184,946	**136**	149
Investment properties	7	**198,304**	177,877	**-**	-
Available for sale investments	8	**45,022**	42,970	**940**	940
Held to maturity investments	9	**3,814**	4,591	**-**	-
Subsidiary companies	10(a)	**-**	-	**804,995**	806,324
Associate companies	11(a)	**357,628**	301,303	**17**	20
Intangible assets	12	**26,047**	26,047	**-**	-
Deferred tax assets	13	**2,834**	2,642	**-**	-
Total non-current assets		**795,054**	740,376	**806,088**	807,433
Current assets					
Property development costs	14	**10,497**	10,233	**-**	-
Inventories	15	**12,408**	14,107	**-**	-
Trade receivables	16	**376,481**	404,778	**-**	-
Amount due from subsidiary companies	10(b)	**-**	-	**199,780**	204,865
Amount due from associate companies	11(b)	**80,300**	92,702	**383**	375
Other receivables, deposits and prepayments	17	**30,953**	28,625	**787**	786
Held to maturity investments	9	**1,538**	2,383	**-**	-
Financial assets at fair value through profit or loss	18	**236,562**	330,544	**-**	-
Tax recoverable		**941**	1,881	**119**	922
Deposits with licensed banks and financial institutions	19	**572,703**	461,092	**12,567**	4,549
Cash and bank balances	20	**103,763**	118,258	**5,691**	4,243
Total current assets		**1,426,146**	1,464,603	**219,327**	215,740
TOTAL ASSETS		**2,221,200**	2,204,979	**1,025,415**	1,023,173

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018
(Cont'd)

	Note	Group		Company	
		2018	2017	**2018**	2017
		RM'000	RM'000	**RM'000**	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	21	**741,085**	741,085	**741,085**	741,085
Treasury shares	22	**(14,499)**	(14,499)	**(14,499)**	(14,499)
Reserves	23	**104,058**	93,513	**4,622**	4,622
Retained earnings		**817,936**	734,058	**22,041**	17,594
		1,648,580	1,554,157	**753,249**	748,802
Non-controlling interests		**7,386**	7,757	**-**	-
TOTAL EQUITY		**1,655,966**	1,561,914	**753,249**	748,802
Non-current liabilities					
Loans and borrowings	24	**20,909**	21,555	**-**	-
Hire purchase payables	25	**55,052**	74,183	**-**	-
Deferred tax liabilities	13	**7,395**	6,741	**780**	932
Preference shares	26	**129,444**	130,422	**129,444**	128,811
Total non-current liabilities		**212,800**	232,901	**130,224**	129,743
Current liabilities					
Derivative financial liabilities	27	**12,030**	7,572	**-**	-
Trade payables	28	**35,550**	49,086	**-**	-
Amount due to subsidiary companies	10(b)	**-**	-	**66,405**	70,350
Other payables and accruals	29	**29,173**	30,399	**3,237**	561
Hire purchase payables	25	**30,932**	33,860	**-**	17
Loans and borrowings	24	**243,751**	288,593	**72,300**	73,700
Tax payable		**998**	654	**-**	-
Total current liabilities		**352,434**	410,164	**141,942**	144,628
TOTAL LIABILITIES		**565,234**	643,065	**272,166**	274,371
TOTAL EQUITY AND LIABILITIES		**2,221,200**	2,204,979	**1,025,415**	1,023,173

STATEMENTS OF PROFIT OR LOSS

For the Financial Year ended 30 June 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	30	**341,532**	347,829	**17,153**	17,956
Cost of sales	31	**(237,632)**	(250,464)	**-**	-
Gross profit		**103,900**	97,365	**17,153**	17,956
Other income	32	**99,647**	138,060	**11,178**	6,881
Administration expenses	33	**(27,734)**	(28,122)	**(6,344)**	(6,540)
Other operating expenses	34	**(94,381)**	(51,996)	**(152)**	(2,397)
Finance costs	35	**(22,790)**	(20,442)	**(10,148)**	(8,037)
Exceptional item	36	**(8,134)**	(3,138)	**-**	-
Share of profits less losses of associate companies		**50,365**	57,769	**-**	-
Profit before tax		**100,873**	189,496	**11,687**	7,863
Tax expense	37	**(10,468)**	(8,855)	**(610)**	(691)
Profit for the financial year		**90,405**	180,641	**11,077**	7,172
Attributable to:-					
Owners of the Company		**90,539**	181,010	**11,077**	7,172
Non-controlling interests		**(134)**	(369)	**-**	-
		90,405	180,641	**11,077**	7,172
Earnings per share (sen)					
- Basic	38	**13.66**	27.30		
- Diluted	38	**N/A**	20.56		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year ended 30 June 2018

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Profit for the financial year	**90,405**	180,641	**11,077**	7,172
Other comprehensive (loss)/income may be reclassified to profit or loss subsequently				
Realised fair value gain transferred to Statements of Profit or Loss upon disposal of available for sale investments, net of tax	**(8,824)**	-	**-**	-
Unrealised gain on fair value changes on available for sale investments, net of tax	**6,597**	2,439	**-**	-
Share of other comprehensive (loss)/income of investments accounted for using equity method, net of tax	**(2,994)**	3,147	**-**	-
Foreign currency translation of foreign operations, net of tax	**(12,221)**	12,402	**-**	-
Total other comprehensive (loss)/income for the financial year, net of tax	**(17,442)**	17,988	**-**	-
Total comprehensive income for the financial year, net of tax	**72,963**	198,629	**11,077**	7,172
Attributable to:-				
Owners of the Company	**73,334**	198,741	**11,077**	7,172
Non-controlling interests	**(371)**	(112)	**-**	-
	72,963	198,629	**11,077**	7,172

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2018

	Attributable to Owners of the Company										
		Non-Distributable					Distributable				
Group	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Warrants reserve RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 July 2016	693,334	47,751	5,863	4,622	25,397	27,656	(14,499)	559,540	1,349,664	7,558	1,357,222
Adjustments for effects of Companies Act, 2016 (Note 21)	47,751	(47,751)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year											
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
Total comprehensive income for the financial year	-	-	2,439	-	2,083	13,071	-	181,148	198,741	(112)	198,629
Transactions with owners:-											
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)
Total transactions with owners	-	-	-	-	12,382	-	-	(6,630)	5,752	311	6,063
Balance at 30 June 2017	741,085	-	8,302	4,622	39,862	40,727	(14,499)	734,058	1,554,157	7,757	1,561,914

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2018
(Cont'd)

Group (cont'd)	Share capital RM'000	Share premium RM'000	Available for sale investments fair value reserve RM'000	Warrants reserve RM'000	Other reserves RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Attributable to Owners of the Company →										
		← Non-Distributable →						← Distributable →			
Total comprehensive (loss)/ income for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	90,539	90,539	(134)	90,405
Realised fair value gain transferred to Statements of Profit or Loss upon disposal of available for sale investments, net of tax	-	-	(8,824)	-	-	-	-	-	(8,824)	-	(8,824)
Unrealised gain on fair value changes on available for sale investments, net of tax	-	-	6,597	-	-	-	-	-	6,597	-	6,597
Share of other comprehensive loss of investments accounted for using equity method, net of tax	-	-	-	-	(153)	(2,810)	-	(31)	(2,994)	-	(2,994)
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	(11,984)	-	-	(11,984)	(237)	(12,221)
Total comprehensive (loss)/ income for the financial year	-	-	(2,227)	-	(153)	(14,794)	-	90,508	73,334	(371)	72,963
Transactions with owners:-											
Post-acquisition reserves - associate companies	-	-	-	-	27,719	-	-	-	27,719	-	27,719
Cash dividends paid to owners of the Company (Note 41)	-	-	-	-	-	-	-	(6,630)	(6,630)	-	(6,630)
Total transactions with owners	-	-	-	-	27,719	-	-	(6,630)	21,089	-	21,089
Balance at 30 June 2018	741,085	-	6,075	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2018
(Cont'd)

	Attributable to Owners of the Company					
		Non-distributable		Distributable		
Company	**Share capital RM'000**	**Share premium RM'000**	**Warrants reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total RM'000**
Balance at 1 July 2016	693,334	47,751	4,622	(14,499)	17,052	748,260
Adjustments for effects of Companies Act, 2016 (Note 21)	47,751	(47,751)	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	7,172	7,172
Transaction with owners:-						
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**
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**11,077**	**11,077**
Transaction with owners:-						
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 2018	**741,085**	**-**	**4,622**	**(14,499)**	**22,041**	**753,249**

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2018

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**100,873**	189,496	**11,687**	7,863
Adjustments for:-				
Accretion of discounts on held to maturity investments	**(7)**	(12)	**-**	-
Allowance for doubtful debts	**225**	211	**28**	43
Allowance for doubtful debts no longer required	**(136)**	(150)	**-**	(33)
Amortisation of premium on held to maturity investments	**2**	2	**-**	-
Bad debts written off	**430**	47	**-**	52
Investment in subsidiary companies written off	**-**	-	**-**	123
Depreciation of property, plant and equipment	**30,740**	35,096	**68**	73
Dividend income	**(9,837)**	(11,020)	**-**	-
Effects of dilution of equity interests in associate companies	**8,134**	3,138	**-**	-
Excess of fair value of net assets over investment cost on acquisition of additional interest in associate companies	**-**	(567)	**-**	-
Fair value loss on derivative financial instruments	**4,470**	287	**-**	-
Fair value (gain)/loss on investment properties	**(2,404)**	376	**-**	-
Gain on capital repayment from an associate company	**(29)**	-	**(29)**	-
Gain on disposal of an investment property	**-**	(244)	**-**	-
Gain on disposal of shares in associate companies	**(49,273)**	(34,538)	**-**	-
Gain on disposal of available for sale investments	**(8,972)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(211)**	(807)	**-**	-
Loss/(Gain) on fair value changes of financial assets at fair value through profit or loss	**22,527**	(42,167)	**-**	-
Gain on redemption of held to maturity investments	**-**	(12)	**-**	-
Interest expenses	**22,790**	20,442	**10,148**	8,037
Interest income	**(16,290)**	(11,890)	**(9,019)**	(6,848)
Property, plant and equipment written off	**374**	166	**-**	-
Provision for impairment loss on investment in associate companies	**3,919**	26	**3**	26
Share of profits less losses of associate companies	**(50,365)**	(57,769)	**-**	-
Unrealised foreign exchange loss/(gain)	**18,071**	(15,967)	**(2,130)**	2,155
Waiver of debts	**-**	(11)	**-**	-
Writeback of allowance for diminution in value of inventories	**(62)**	(28)	**-**	-
Impairment/(Writeback of impairment) on held to maturity investments	**20**	(18)	**-**	-
Operating profit before working capital changes	**74,989**	74,087	**10,756**	11,491

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2018
(Cont'd)

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Changes in working capital:-				
Property development costs	**(264)**	(264)	**-**	-
Inventories	**1,761**	(1,024)	**-**	-
Financial assets at fair value through profit or loss	**62,758**	31,179	**-**	-
Receivables	**23,762**	(108,569)	**(1)**	98
Payables	**(16,252)**	17,359	**24**	130
Associate companies	**8,799**	(183)	**(8)**	(4)
Subsidiary companies	**-**	-	**13,233**	(66,495)
Net cash from/(used in) operations	**155,553**	12,585	**24,004**	(54,780)
Interest received	**16,290**	11,890	**362**	234
Interest paid	**(19,845)**	(20,288)	**(6,857)**	(7,443)
Net tax (paid)/refunded	**(8,170)**	(10,843)	**41**	(1,000)
Net cash from/(used in) operating activities	**143,828**	(6,656)	**17,550**	(62,989)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment **(Note A)**	**(4,141)**	(17,196)	**(55)**	(45)
Proceeds from disposal of property, plant and equipment	**9,803**	16,996	**-**	-
Subscription of shares and investment in associate companies	**(52,739)**	(29,177)	**-**	-
Purchase of investment properties	**(3,840)**	(4,012)	**-**	-
Purchase of available for sale investments	**(13,020)**	(4,071)	**-**	-
Purchase of held to maturity investments	**-**	(2,279)	**-**	-
Proceeds from redemption and disposal of held to maturity investments	**1,515**	7,484	**-**	-
Dividends received	**49,590**	38,034	**-**	-
Subscription of shares in a subsidiary company	**-**	-	**-**	(51)
Proceeds from disposal of available for sale investments	**17,334**	-	**-**	-
Proceeds from disposal of an investment property	**-**	8,287	**-**	-
Proceeds from disposal of shares in associate companies	**57,454**	78,897	**-**	-
Capital repayment from an associate company	**29**	-	**29**	-
Net cash from/(used in) investing activities	**61,985**	92,963	**(26)**	(96)

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2018
(Cont'd)

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in fixed deposits pledged	**(13,447)**	(37,289)	**(31)**	(30)
Decrease/(Increase) in cash and bank balances pledged	**15,179**	(29,653)	**-**	-
Repayment to non-controlling interests	**-**	(43)	**-**	-
Net of (repayment)/drawdown of loans and borrowings	**(40,003)**	70,250	**(1,400)**	70,100
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	**(39,619)**	(43,348)	**(17)**	(29)
Net cash (used in)/from financing activities	**(84,520)**	(46,468)	**(8,078)**	63,411
CASH AND CASH EQUIVALENTS				
Net changes	**121,293**	39,839	**9,446**	326
Brought forward	**301,394**	258,050	**7,630**	7,294
Exchange differences	**(4,097)**	3,505	**(11)**	10
Carried forward (**Note B**)	**418,590**	301,394	**17,065**	7,630

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Total purchase of property, plant and equipment	**24,235**	70,713	**55**	45
Less: Purchase through hire purchase arrangements	**(20,094)**	(52,742)	**-**	-
Less: Purchase financed by other payables	**-**	(775)	**-**	-
Cash payments made	**4,141**	17,196	**55**	45

STATEMENTS OF CASH FLOWS
For the Financial Year ended 30 June 2018
(Cont'd)

NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

B. CASH AND CASH EQUIVALENTS COMPRISE OF:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Bank overdrafts	**(3,862)**	(7,708)	**-**	-
Cash and bank balances	**103,763**	118,258	**5,691**	4,243
Deposits with licensed banks and financial institutions	**572,703**	461,092	**12,567**	4,549
	672,604	571,642	**18,258**	8,792
Less:-				
Cash and bank balances pledged (Note 20)	**(25,112)**	(40,363)	**-**	-
Fixed deposits pledged (Note 19)	**(228,902)**	(229,885)	**(1,193)**	(1,162)
	418,590	301,394	**17,065**	7,630

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities are disclosed in Note 24, Note 25 and Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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 Notes 49 and 50 to the financial statements. There have been no significant changes in the nature of these 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 2018.

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 2018
(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 2018
(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 2018
(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 2018
(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 financial instrument 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 2018
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

(xii) Significant influence over associated companies (cont'd)

Interest in Inari Amertron Berhad ("Inari")

During the financial year, the Group's equity interest in Inari has been diluted from 20.2% to 19.1%, arising from the issuance of new ordinary shares in Inari pursuant to the exercise of Inari's warrants and share options under Inari's employees' share options scheme by Inari warrant holders and employees of Inari, and the disposal of shares in Inari by the Group.

The Group has continued equity accounting for the Group's investment in Inari although it holds less than 20% of the voting shares in Inari, as the Group undertakes to hold its equity interest in Inari for long term and is able to participate in the financial and operating policies in Inari by virtue of having board representation in Inari.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 (cont'd):-

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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.

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 of 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.

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%-100%
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 the end of each reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 or 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.

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 for 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

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

Financial assets held for trading include derivatives financial instruments 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 assets whereas financial assets that are not held for trading purposes are presented as non-current based on the settlement date.

(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 has 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(d) Financial assets (cont'd)

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

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 the statements of profit or loss when the rights to receive payment is 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 or 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.

(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 current 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the 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.

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 reporting 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 the associate company and its carrying value. Impairment loss is recognised in the 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 the statements of profit or loss. Any gains or losses previously recognised in the 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 the 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 the 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 the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

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.

(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.

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 companies.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Goodwill (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(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)

Stated below is the policy adopted by the 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:-

	Criteria for classification as non-performing	
Type of accounts	**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 the 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 the 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 the statements of profit or loss, is removed from equity and recognised in the 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.

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 the statements of profit or loss is removed from equity and recognised in the 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 occuring after the impairment loss was recognised in the statements of profit or loss, the impairment loss is reversed through the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(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.

(k) Property development costs

When a 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 the statements of profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial liabilities (cont'd)

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.

(p) Equity instruments

(i) Share capital and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

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 retained earnings.

(ii) Redeemable preference shares ("RPS")

The RPS issued by the Company are regarded as a 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 dividends 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 free warrants issued pursuant to the issuance of the RPS, 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Equity instruments (cont'd)

(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 an 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.

The issuance of ordinary shares upon exercise of the 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 statements of financial position. Finance charges on hire purchase arrangements are allocated to the 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 the 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 Company regard the value of the credit enhancement provided by the corporate guarantee as minimal.

(v) Income tax and deferred tax

Income tax in 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 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Revenue recognition

(i) Sale 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 sale 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 date and value.

(iii) Revenue from stockbroking activities

Revenue from stockbroking 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 the 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 2018
(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 the average 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 the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Borrowing costs (cont'd)

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, employer insurance scheme 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(cc) Related parties (cont'd)

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.

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 2017.

The amendments/improvements to the Standards did not have any material financial impact on the financial statements of the Group and the Company, except as follows:-

Amendments to MFRS 107 Statements of Cash Flows: Disclosure Initiative

The Group and the Company have applied these amendments for the first time in the current financial year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The informations are provided in Note 24, Note 25 and Note 26 to the financial statements. Consistent with the transition provisions of the amendments, the Group and the Company have not disclosed comparative information for the prior period.

(b) New and revised Standards that have been issued but are 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.

NOTES TO THE FINANCIAL STATEMENTS

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(Cont'd)

5 **MFRSs (CONT'D)**

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

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies in the first period beginning after the effective date of the pronouncements. The initial applications of these relevant 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 the Company, except for those which are discussed below:

(i) MFRS 9, Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018 and shall be applied retrospectively, with a few exceptions. The new Standard contains substantial changes from the current Standard with regards to classification, measurement, impairment and hedge accounting requirements. The changes to the three main sections of MFRS 9 are as follows:

(a) Classification and measurement

The new classification requirements are based on the entity's business model for managing the financial assets and the characteristics of the financial assets' contractual cash flows. MFRS 9 sets out three major classification; namely amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

The classification of financial liabilities under MFRS 9 remains broadly the same as under MFRS 139 whereby financial liabilities are measured at amortised cost or at fair value through profit or loss when they are held for trading. For financial liabilities designated at FVTPL using the fair value option, the gain or loss attributable to changes in the entity's own credit risk should be recognised in OCI, with the remainder recognised in profit or loss.

(b) Impairment

MFRS 9 sought to address the key concern that the incurred loss model in MFRS 139 contributed to the delayed recognition of credit losses. As such, it has introduced a forward looking expected credit loss model ("ECL"). The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of the financial instruments. The amount of ECL recognised as a loss allowance depends on the extent of credit deterioration since initial recognition. Under the two measurement bases, the 12-month ECL is applied to all items from initial recognition as long as there is no significant deterioration in credit quality; whereas lifetime ECL is applied if at the reporting date, the credit risk on the financial instrument has increased significantly since its initial recognition.

(c) Hedge accounting

The aim of the new hedge accounting model is to produce useful information about risk management activities that an entity undertakes using financial instruments, with the effect that financial reporting will reflect more accurately how an entity manages its risk and the extent to which hedging mitigates those risks.

The Group will adopt MFRS 9 in the next financial year. Overall, the Group and the Company do not expect any significant impact to the financial statements of the Group and the Company except for the revised classification and disclosures of the financial instruments as required by MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

5 MFRSs (CONT'D)

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

(ii) 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. MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The principles in MFRS 15 provide a more structured approach to measure and recognise revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. The new Standard will be applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings. In accordance with the transition guidance, MFRS 15 will be applied to contracts that are incomplete as at 1 January 2018.

Based on the initial assessment on the adoption of MFRS 15, the Group and the Company do not expect any significant financial impact on the financial statements.

(iii) MFRS 16, Leases

MFRS 16 replaces MFRS 117 Leases and its related interpretations. MFRS 16 takes effect for annual periods beginning on or after 1 January 2019, and shall be applied retrospectively or on a modified retrospective approach.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Lessees will apply a single accounting model for all leases and are to recognise assets and liabilities arising from operating leases in the statements of financial position unless exemptions are applied. Under the Standard, there are two recognition exemptions for lessees: leases of low value assets and short-term leases, on a lease-to-lease basis. Lessor accounting is substantially unchanged.

The aim of MFRS 16 is to improve comparability between entities that borrow to buy assets and entities that leases assets by circumventing off-balance sheet leasing activities. This new requirement will lead to a gross-up of assets and liabilities which will impact an entity's financial metrics and deferred tax position. Rent expenses will be replaced by depreciation and interest expenses in the statements of profit or loss, similar to finance lease under MFRS 117.

The Group and the Company will assess the financial impact that may arise from the adoption of MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

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
2018						
Cost						
At beginning of financial year	35,201	403	205,683	8,072	10,054	259,413
Additions	-	6	23,192	333	704	24,235
Transfer to investment properties	(1,562)	-	-	-	-	(1,562)
Disposals	-	-	(25,679)	(87)	(109)	(25,875)
Written off	-	-	-	(384)	(973)	(1,357)
Exchange differences	(756)	(11)	(6,468)	(69)	(106)	(7,410)
At end of financial year	32,883	398	196,728	7,865	9,570	247,444
Accumulated depreciation						
At beginning of financial year	2,891	262	58,977	4,730	7,607	74,467
Charge for the financial year	553	70	28,499	791	827	30,740
Transfer to investment properties	(131)	-	-	-	-	(131)
Disposals	-	-	(16,170)	(50)	(63)	(16,283)
Written off	-	-	-	(221)	(762)	(983)
Exchange differences	(45)	(6)	(1,643)	(29)	(48)	(1,771)
At end of financial year	3,268	326	69,663	5,221	7,561	86,039
Net carrying amount						
as at 30 June 2018	29,615	72	127,065	2,644	2,009	161,405

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(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
2018				
Cost				
At beginning of financial year	11,638	7,307	16,256	35,201
Transfer to investment properties	(145)	-	(1,417)	(1,562)
Exchange differences	(388)	(368)	-	(756)
At end of financial year	11,105	6,939	14,839	32,883
Accumulated depreciation				
At beginning of financial year	1,325	497	1,069	2,891
Charge for the financial year	220	167	166	553
Transfer to investment properties	(35)	-	(96)	(131)
Exchange differences	(17)	(28)	-	(45)
At end of financial year	1,493	636	1,139	3,268
Net carrying amount				
as at 30 June 2018	9,612	6,303	13,700	29,615

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(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
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 2018
(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 2018
(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
2018						
Cost						
At beginning of financial year	**147**	**108**	**482**	**140**	**155**	**1,032**
Additions	**-**	**-**	**-**	**55**	**-**	**55**
At end of financial year	**147**	**108**	**482**	**195**	**155**	**1,087**
Accumulated depreciation						
At beginning of financial year	**130**	**108**	**414**	**91**	**140**	**883**
Charge for the financial year	**17**	**-**	**33**	**13**	**5**	**68**
At end of financial year	**147**	**108**	**447**	**104**	**145**	**951**
Net carrying amount						
as at 30 June 2018	**-**	**-**	**35**	**91**	**10**	**136**
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

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(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	
	2018	2017
	RM'000	RM'000
Freehold land and buildings	**2,710**	2,890
Short term leasehold land and buildings	**6,303**	6,810
Long term leasehold land and building	**13,700**	15,187
	22,713	24,887

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

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Motor vehicles	**121,673**	140,660	**-**	17

7 INVESTMENT PROPERTIES

Group

	Freehold land	**Freehold land and buildings**	**Long term leasehold land and buildings**	**Freehold land and buildings under construction**	**Land held for development**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2018						
At beginning of financial year	**14,300**	**71,934**	**37,066**	**16,577**	**38,000**	**177,877**
Additions	**-**	**14,666**	**-**	**4,180**	**-**	**18,846**
Reclassification	**-**	**1,468**	**-**	**(1,468)**	**-**	**-**
Transfer from property, plant and equipment	**-**	**110**	**1,321**	**-**	**-**	**1,431**
Fair value gain	**-**	**708**	**1,696**	**-**	**-**	**2,404**
Exchange differences	**-**	**(2,254)**	**-**	**-**	**-**	**(2,254)**
Net carrying amount as at 30 June 2018						
- At fair value	**14,300**	**86,632**	**40,083**	**-**	**38,000**	**179,015**
- At cost	**-**	**-**	**-**	**19,289**	**-**	**19,289**
	14,300	**86,632**	**40,083**	**19,289**	**38,000**	**198,304**

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2018
(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

Group (cont'd)

	Freehold land	Freehold land and buildings	Long term leasehold land and buildings	Freehold land and buildings under construction	Land held for development	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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

(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	
	2018	2017
	RM'000	RM'000
Freehold land and buildings under construction	**13,339**	13,777
Freehold land	**-**	14,300
Freehold land and buildings	**66,737**	66,704
Long term leasehold land and buildings	**39,995**	36,978
	120,071	131,759

NOTES TO THE FINANCIAL STATEMENTS
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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
2018				
Investment properties				
Freehold land	**-**	**14,300**	**-**	**14,300**
Freehold land and buildings	**-**	**86,632**	**-**	**86,632**
Long term leasehold land and buildings	**-**	**40,083**	**-**	**40,083**
Land held for development	**-**	**38,000**	**-**	**38,000**
	-	**179,015**	**-**	**179,015**
2017				
Investment properties				
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

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 2018
(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 RM340,000 (2017: RM450,000). The effective interest rates of the specific borrowing was 4.52% to 6.82% (2017: 4.27% to 6.59%).

(f) During the financial year, addition to freehold land and buildings amounting to RM14,666,000 was settled by way of set-off against amount due from associate companies.

8 AVAILABLE FOR SALE INVESTMENTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Unquoted investments outside Malaysia, at cost	**21,926**	22,478	**-**	-
Unquoted investments in Malaysia, at cost	**5,228**	5,033	**-**	-
Quoted securities in Malaysia, at fair value	**18,900**	16,664	**-**	-
Other investments in Malaysia, at cost	**751**	751	**345**	345
Other investments outside Malaysia, at cost	**1,697**	1,697	**622**	622
	48,502	46,623	**967**	967
Less:-				
Accumulated amortisation	**(200)**	(200)	**-**	-
Accumulated impairment loss	**(3,280)**	(3,453)	**(27)**	(27)
	45,022	42,970	**940**	940
Market value of quoted securities in Malaysia	18,900	16,664	-	-

Quoted securities in Malaysia with market value of Nil (2017: RM16,646,000) 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.

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(Cont'd)

8 AVAILABLE FOR SALE INVESTMENTS (CONT'D)

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

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**3,453**	3,310	**27**	27
Exchange differences	**(173)**	143	**-**	-
At end of financial year	**3,280**	3,453	**27**	27

9 HELD TO MATURITY INVESTMENTS

	Group	
	2018	2017
	RM'000	RM'000
Non-current (maturity later than 1 year)		
Unquoted corporate bonds outside Malaysia, at cost	**3,052**	3,814
Unquoted corporate bond in Malaysia, at cost	**787**	787
Add/(Less):-		
Accretion of discount	**(10)**	(17)
Amortisation of premium	**5**	7
Accumulated impairment loss	**(20)**	-
Net carrying amount at end of financial year	**3,814**	4,591
Current (maturity within 1 year)		
Unquoted corporate bonds outside Malaysia, at cost	**1,343**	1,830
Add:-		
Exchange differences	**195**	553
Net carrying amount at end of financial year	**1,538**	2,383
	5,352	6,974

The Group's investments in unquoted corporate bonds amounting to RM5,352,000 (2017: RM6,974,000) 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% (2017: 4.38% to 6.63%).

NOTES TO THE FINANCIAL STATEMENTS

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(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 impairment loss of RM20,000 (2017: writeback of impairment loss of RM18,000) on unquoted corporate bonds and had recognised the impairment loss/(writeback of impairment loss) in the statements of profit or loss.

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

	Group	
	2018	2017
	RM'000	RM'000
At beginning of financial year	**-**	18
Charge for the financial year	**20**	-
Writeback during the financial year	**-**	(18)
At end of financial year	**20**	-

10 SUBSIDIARY COMPANIES

		Company	
		2018	2017
		RM'000	RM'000
(a)	Unquoted shares, at cost	**196,985**	196,863
	Equity loan (Note 10(c))	**283,806**	289,327
	Redeemable convertible preference shares (Note 10(d))	**357,060**	352,990
	Less: Accumulated impairment loss	**(32,856)**	(32,856)
		804,995	806,324

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

	Company	
	2018	2017
	RM'000	RM'000
At beginning of financial year	**32,856**	38,126
Written off*	**-**	(5,270)
At end of financial year	**32,856**	32,856

* Investment in certain subsidiary companies, of which allowance for impairment against cost of investment was fully provided in the preceding years, were written off in the preceding 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	
	2018	2017
	RM'000	RM'000
Amount due from subsidiary companies	**200,082**	205,139
Less: Allowance for impairment	**(302)**	(274)
	199,780	204,865

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	
	2018	2017
	RM'000	RM'000
At beginning of financial year	**274**	264
Charge for the financial year	**28**	43
Writeback during the financial year	**-**	(33)
At end of financial year	**302**	274

(c) Equity loan

During the financial year, an amount of RM13,008,000 (2017: RM22,302,000) 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.

During the financial year, equity loan of RM18,529,000 due from certain subsidiary companies were repaid.

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

During the financial year:-

(i) An amount of RM16,270,000 due from two subsidiary companies were capitalised by way of investment in RCPS upon the allotment of 16,270,000 units of RCPS by the two subsidiary companies to the Company at an issue price of RM1.00 each; and

(ii) 12,200,000 RCPS of RM0.01 each, issued at RM1.00 per RCPS, were redeemed by a subsidiary company at the redemption price of RM1.00 per RCPS by way of issuance of 122,000 new ordinary shares of RM1.00 per ordinary share to the Company and RM12,078,000 out of share premium account for total cash of RM12,200,000.

NOTES TO THE FINANCIAL STATEMENTS

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10 SUBSIDIARY COMPANIES (CONT'D)

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

In the preceding 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, issued at RM1.00 per RCPS, 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

(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 for, was written off during the preceding financial year as the two (2) subsidiary companies has been placed under members' voluntary winding up.

11 ASSOCIATE COMPANIES

		Group		Company	
		2018	2017	**2018**	2017
		RM'000	RM'000	**RM'000**	RM'000
(a)	Quoted shares in Malaysia, at cost	**164,559**	118,959	**-**	-
	Unquoted shares in Malaysia, at cost	**7,560**	18,500	**262**	262
	Unquoted shares outside Malaysia, at cost	**27,158**	23,392	**-**	-
	Group's share of post acquisition:				
	- profits less losses	**94,764**	97,702	**-**	-
	- reserves	**67,748**	42,992	**-**	-
		361,789	301,545	**262**	262
	Less:-				
	Accumulated impairment loss				
	- unquoted shares	**(4,161)**	(242)	**(245)**	(242)
		357,628	301,303	**17**	20
	Represented by:-				
	Share of net assets	**277,652**	257,626		
	Goodwill on acquisition	**79,976**	43,677		
		357,628	301,303		
	Market value of quoted shares in Malaysia	**1,376,569**	885,148		

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11 ASSOCIATE COMPANIES (CONT'D)

(a) (cont'd)

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

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	242	216	242	216
Charge for the financial year	3,919	26	3	26
At end of financial year	4,161	242	245	242

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.

Interest in Ho Hup Construction Company Berhad ("Ho Hup")

With effect from 1 January 2016, the Group commenced equity accounting for its interest in 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.

Interest in Inari Amertron Berhad ("Inari")

During the financial year, the Group's equity interest in Inari has been diluted from 20.2% to 19.1%, arising from the issuance of new ordinary shares in Inari pursuant to the exercise of Inari's warrants and share options under Inari's employees' share options scheme by Inari warrant holders and employees of Inari, and the disposal of shares in Inari by the Group.

The Group has continued equity accounting for the Group's investment in Inari although it holds less than 20% of the voting shares in Inari, as the Group undertakes to hold its equity interest in Inari for long term and is able to participate in the financial and operating policies in Inari by virtue of having board representation in Inari.

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

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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:-

	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 2018						
Assets and liabilities						
Non-current assets	407,637	280,765	46,090	95,219	20,135	849,846
Current assets	924,138	678,575	69,388	315,135	10,633	1,997,869
Non-current liabilities	(29,905)	(247,656)	(5,447)	(8,027)	(1,094)	(292,129)
Current liabilities	(239,732)	(361,198)	(75,074)	(357,377)	(30,636)	(1,064,017)
Net assets/(liabilities)	1,062,138	350,486	34,957	44,950	(962)	1,491,569
Carrying amount of proportion of the Group's ownership	202,691	42,676	14,870	17,984	(569)	277,652
Financial performance for financial year ended 30 June 2018						
Results						
Revenue	1,376,042	220,845	151,800	3,296	8,988	1,760,971
Attributable to owners of the investee:-						
Profit/(Loss) for the financial year	249,266	32,355	(7,071)	(4,796)	(13,813)	255,941
Other comprehensive (loss)/income	(15,606)	(525)	-	(1,287)	1,805	(15,613)
Total comprehensive income/(loss)	233,660	31,830	(7,071)	(6,083)	(12,008)	240,328
Group's share of:-						
Profit/(Loss) for the financial year	47,568	3,940	(3,065)	(1,919)	3,841	50,365
Other comprehensive (loss)/income	(3,086)	(64)	-	(515)	671	(2,994)
Total comprehensive income/(loss)	44,482	3,876	(3,065)	(2,434)	4,512	47,371
Dividend received	40,147	-	-	-	60	40,207

NOTES TO THE FINANCIAL STATEMENTS
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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 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
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)

(d) Quoted shares in an associate company with market value of RM579,240,000 (2017: RM299,270,000) have been pledged to licensed banks and financial institutions for credit facilities granted to the Company and certain subsidiary companies.

12 INTANGIBLE ASSETS

	Group	
	2018	2017
	RM'000	RM'000
Stock broking dealer's license:-		
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	**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% (2017: 5%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 5% (2017: 5%). The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license. The management of the stock broking subsidiary company believes that no reasonable possible change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

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 index 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.

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13 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**(4,099)**	(4,982)	**(932)**	(1,095)
Recognised in statements of profit or loss (Note 37)	**(555)**	969	**152**	163
Exchange differences	**93**	(86)	**-**	-
At end of financial year	**(4,561)**	(4,099)	**(780)**	(932)
Presented as follows:-				
Deferred tax assets	**2,834**	2,642	**-**	-
Deferred tax liabilities	**(7,395)**	(6,741)	**(780)**	(932)
	(4,561)	(4,099)	**(780)**	(932)

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

Deferred tax assets

	Unutilised tax losses	Unabsorbed capital allowances	Temporary differences between depreciation and capital allowances	Other timing differences	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
2018					
At beginning of financial year	**31**	**944**	**376**	**1,291**	**2,642**
Recognised in statements of profit or loss	**-**	**715**	**-**	**(467)**	**248**
Exchange differences	**(2)**	**(54)**	**-**	**-**	**(56)**
At end of financial year	**29**	**1,605**	**376**	**824**	**2,834**
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

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				
2018				
At beginning of financial year	**2,926**	**2,905**	**910**	**6,741**
Recognised in statements of profit or loss	**40**	**915**	**(152)**	**803**
Exchange differences	**-**	**(149)**	**-**	**(149)**
At end of financial year	**2,966**	**3,671**	**758**	**7,395**
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
Company				
2018				
At beginning of financial year	**-**	**22**	**910**	**932**
Recognised in statements of profit or loss	**-**	**-**	**(152)**	**(152)**
At end of financial year	**-**	**22**	**758**	**780**
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

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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	
	2018	2017
	RM'000	RM'000
Temporary differences between depreciation and capital allowances	**(80)**	929
Unutilised tax losses	**(62,288)**	(69,521)
Unabsorbed capital allowances	**(8,888)**	(6,414)
	(71,256)	(75,006)

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	
	2018	2017
	RM'000	RM'000
Development costs:-		
At beginning of financial year	**10,233**	9,969
Addition during the financial year	**264**	264
At end of financial year	**10,497**	10,233

15 INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
Unsold units of apartments and retail lots	**7,116**	7,116
Wines and others	**5,292**	6,991
	12,408	14,107

NOTES TO THE FINANCIAL STATEMENTS
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16 TRADE RECEIVABLES

	Group	
	2018	2017
	RM'000	RM'000
Trade receivables	**389,994**	419,605
Less: Allowance for impairment	**(13,513)**	(14,827)
	376,481	404,778

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	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	**319,970**	348,950
1 to 30 days past due not impaired	**3,295**	1,429
31 to 60 days past due not impaired	**2,505**	1,088
61 to 90 days past due not impaired	**1,993**	2,266
91 to 120 days past due not impaired	**1,640**	801
More than 121 days past due not impaired	**47,078**	50,244
	56,511	55,828
Impaired	**13,513**	14,827
	389,994	419,605

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM297,785,000 (2017: RM326,536,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM55,694,000 (2017: RM53,944,000) are secured in nature. The remaining balance of trade receivables of RM817,000 (2017: RM1,884,000) 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 RM13,513,000 (2017: RM14,827,000) 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.

Included in trade receivables is an amount due from an associate company of RM78,852,000 (2017: RM54,750,000) arising from advances provided to the associated company by the licensed money lending subsidiary company of the Group in the ordinary course of business.

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16 TRADE RECEIVABLES (CONT'D)

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

	Group	
	2018	2017
	RM'000	RM'000
At beginning of financial year	**14,827**	14,695
Charge for the financial year	**225**	195
Written off during the financial year	**(1,334)**	-
Writeback during the financial year	**(136)**	(150)
Exchange differences	**(69)**	87
At end of financial year	**13,513**	14,827

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Sundry receivables	**24,222**	22,628	**3**	1
Deposits paid	**4,258**	4,236	**727**	727
Prepayments	**2,473**	2,762	**57**	58
	30,953	29,626	**787**	786
Less: Allowance for impairment	**-**	(1,001)	**-**	-
	30,953	28,625	**787**	786

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	
	2018	2017
	RM'000	RM'000
At beginning of financial year	**1,001**	900
Charge for the financial year	**-**	16
Written off during the financial year	**(959)**	-
Exchange differences	**(42)**	85
At end of financial year	**-**	1,001

NOTES TO THE FINANCIAL STATEMENTS
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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2018	2017
	RM'000	RM'000
Quoted securities, at market value		
- in Malaysia	**57,744**	121,031
- outside Malaysia	**178,818**	209,513
	236,562	330,544

The Group's financial assets at fair value through profit or loss amounting to RM200,055,000 (2017: RM248,709,000) 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks and financial institutions consist of the following:-				
- fixed deposits	**327,850**	319,481	**1,193**	1,162
- short term deposits	**244,853**	141,611	**11,374**	3,387
	572,703	461,092	**12,567**	4,549

Deposits placed with licensed banks and financial institutions amounting to RM228,902,000 (2017: RM229,885,000) 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 RM1,193,000 (2017: RM1,162,000) of the Company is pledged as security for credit facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM81,667,000 (2017: RM106,394,000) 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 0.005% to 4.04% (2017: 0.01% to 4.50%) and 2.55% to 2.80% (2017: 2.55%) 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 RM486,000 (2017: RM477,000) 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 RM25,112,000 (2017: RM40,363,000) 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 RM80,121,000 (2017: RM11,111,000) 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

	Group and Company			
	Number of shares		Amount	
	2018	2017	**2018**	2017
	Unit'000	Unit'000	**RM'000**	RM'000
Issued and fully paid up:-				
Ordinary shares				
At beginning of financial year	**693,334**	693,334	**741,085**	693,334
Transfer from share premium account pursuant to Section 618(2) of the Companies Act, 2016	**-**	-	**-**	47,751
At end of financial year	**693,334**	693,334	**741,085**	741,085

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital, par value of share capital and share premium.

The credit standing in the share premium account of the Company of RM47,751,000 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Company may exercise its rights to use the credit amount transferred from the share premium account within 24 months after the commencement of the New Act.

The holders of the ordinary shares are entitled to receive dividends as and when declared and paid 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	
	2018	2017	**2018**	2017
	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 23 November 2017, approved the Company's plan to purchase its own shares of 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 in the preceding financial years 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:-				
- Available for sale investments fair value reserve	**6,075**	8,302	**-**	-
- Exchange translation reserve	**25,933**	40,727	**-**	-
- Warrants reserve	**4,622**	4,622	**4,622**	4,622
- Other reserve	**67,428**	39,862	**-**	-
	104,058	93,513	**4,622**	4,622

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.

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 subscription of 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 each held in the Company 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.

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23 RESERVES (CONT'D)

Warrants reserve (cont'd)

The fair value of the warrants 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 and a subsidiary company's other reserve.

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24 LOANS AND BORROWINGS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Short term loans and borrowings - secured				
Bank overdrafts	**3,862**	7,708	**-**	-
Term loans	**155,604**	195,297	**-**	-
Revolving credit facilities	**82,300**	83,700	**72,300**	73,700
Margin financing facility	**1,985**	1,888	**-**	-
	243,751	288,593	**72,300**	73,700
Long term loans and borrowings - secured				
Term loans	**20,909**	21,555	**-**	-
	264,660	310,148	**72,300**	73,700

The maturity of the loans and borrowings as at the reporting date are as follows:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Amount repayable:-				
On demand or within 1 year	**243,751**	288,593	**72,300**	73,700
More than 1 year but not later than 2 years	**1,133**	1,209	**-**	-
More than 2 years but not later than 5 years	**3,383**	3,661	**-**	-
More than 5 years	**16,393**	16,685	**-**	-
	264,660	310,148	**72,300**	73,700

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 certain pledged properties of the Group; and
(viii) personal guarantee extended by a Director of a subsidiary company.

The loans and borrowings of the Company are secured against the followings:-

(i) fixed charge over certain properties held by certain subsidiary companies;
(ii) quoted securities held by certain subsidiary companies;
(iii) 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.

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24 LOANS AND BORROWINGS (CONT'D)

The effective interest rates per annum on the loans and borrowings as at the reporting date were as follows:-

	Group		Company	
	2018	2017	**2018**	2017
Bank overdrafts	**8.20%-9.54%**	5.50%- 9.29%	**-**	-
Term loans	**0.40%-8.00%**	0.30%-6.59%	**-**	-
Revolving credit facilities	**4.96%-6.14%**	4.91%-6.21%	**4.96%-5.95%**	4.91%-5.77%
Margin financing facility	**6.69%**	6.67%	**-**	-

The reconciliation of liabilities arising from financing activities in the statements of cash flows is as follows:-

	At 1.7.2017	Net (repayment)/ addition	Others	Exchange differences	At 30.6.2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Term loans	216,852	(38,700)	1,818	(3,457)	**176,513**
Revolving credit facilities	83,700	(1,400)	-	-	**82,300**
Margin financing facility	1,888	97	-	-	**1,985**
	302,440	(40,003)	1,818	(3,457)	**260,798**
Company					
Revolving credit facilities	73,700	(1,400)	-	-	**72,300**

25 HIRE PURCHASE PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Gross amount payable:-				
Within 1 year	**33,850**	37,702	**-**	18
More than 1 year but not later than 5 years	**57,561**	76,706	**-**	-
More than 5 years	**380**	2,326	**-**	-
	91,791	116,734	**-**	18
Less: Interest in suspense	**(5,807)**	(8,691)	**-**	(1)
	85,984	108,043	**-**	17
Present value of hire purchase payables:-				
Within 1 year	**30,932**	33,860	**-**	17
More than 1 year but not later than 5 years	**54,677**	71,919	**-**	-
More than 5 years	**375**	2,264	**-**	-
	55,052	74,183	**-**	-
	85,984	108,043	**-**	17

NOTES TO THE FINANCIAL STATEMENTS
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25 HIRE PURCHASE PAYABLES (CONT'D)

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 RM27,343,000 (2017: RM36,229,000);
(iii) Corporate guarantee by certain subsidiary companies amounting to RM597,000 (2017: RM13,819,000); and
(iv) Personal guarantee extended by directors of certain subsidiary companies.

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	
	2018	2017	**2018**	2017
Hire purchase payables	**2.35%-7.68%**	2.28%-6.61%	**4.59%**	4.59%

The reconciliation of liabilities arising from financing activities in the statements of cash flows is as follows:-

	At 1.7.2017	**Repayment**	**Others**	**Exchange differences**	**At 30.6.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
Hire purchase payables	108,043	(39,619)	20,869	(3,309)	**85,984**
Company					
Hire purchase payables	17	(17)	-	-	**-**

26 PREFERENCE SHARES

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Redeemable preference shares ("RPS") issued by the Company (Note 26(a))	**129,444**	128,811	**129,444**	128,811
Redeemable convertible preference shares ("RCPS") issued by a subsidiary company (Note 26(b))	**-**	1,611	**-**	-
	129,444	130,422	**129,444**	128,811

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26 PREFERENCE SHARES (CONT'D)

(a) RPS

	Group and Company			
	Number of RPS		Amount	
	2018	2017	**2018**	2017
	Unit'000	Unit'000	**RM'000**	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
Accumulated RPS dividends recognised in the statements of profit or loss:-				
At beginning of financial year			**14,702**	8,794
During the financial year			**5,937**	5,908
At end of financial year			**20,639**	14,702
Accumulated RPS dividends paid/payable:-				
At beginning of financial year			**(12,410)**	(7,106)
During the financial year			**(5,304)**	(5,304)
At end of financial year			**(17,714)**	(12,410)
RPS - liability component at end of financial year			**129,444**	128,811

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 the 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 a pro-rated basis on the issue price commencing from the date of issue of the RPS up to the maturity date.

NOTES TO THE FINANCIAL STATEMENTS

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26 PREFERENCE SHARES (CONT'D)

(a) RPS (cont'd)

The salient terms of the RPS are as follows (cont'd):-

(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.

(b) RCPS

	Group	
	2018	2017
	RM'000	RM'000
RCPS issued by a subsidiary company to:-		
Non-controlling interests	**-**	1,611

During financial year ended 30 June 2015, 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 per RCPS plus any unpaid dividends up to redemption date subject to the terms and conditions contained in the subscription agreement.

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26 PREFERENCE SHARES (CONT'D)

(b) RCPS (cont'd)

On 27 September 2017, Roset has redeemed in full the 3,000,000 RCPS for SGD3,000,000.

The reconciliation of liabilities arising from financing activities in the statements of cash flows is as follows:-

	At 1.7.2017	Others	At 30.6.2018
	RM'000	RM'000	RM'000
Group			
Preference shares	130,422	(978)	**129,444**

27 DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2018	2017
	RM'000	RM'000
Negative fair value on:-		
Currency forward contracts and options	**7,438**	4,688
Other equity related contracts	**4,592**	2,884
	12,030	7,572

As at the reporting date, the contracted underlying principal amount of the Group's currency forward contracts and options and equity related contracts are RM47,237,000 (2017: RM73,820,000).

28 TRADE PAYABLES

Margin creditors, clients' trust monies and dealer's representatives' security deposits amounting to RM161,788,000 (2017: RM117,505,000) 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.

29 OTHER PAYABLES AND ACCRUALS

Other payables and accruals consist of the followings:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Accrued expenses	**8,180**	11,463	**482**	386
Deposits received	**9,737**	7,773	**-**	-
Accrued interest expenses	**2,772**	145	**2,747**	132
Other payables	**8,484**	11,018	**8**	43
	29,173	30,399	**3,237**	561

NOTES TO THE FINANCIAL STATEMENTS
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30 REVENUE

Significant categories of revenue recognised during the financial year are as follows:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Sale of financial assets at fair value through profit or loss and other financial instruments	**198,233**	216,312	**-**	-
Income from car rental and related services	**59,080**	61,536	**-**	-
Interest income	**31,800**	30,117	**-**	-
Brokerage commissions	**14,047**	14,625	**-**	-
Sale of goods and services	**22,612**	12,209	**-**	-
Management, advisory and consultancy fee income	**10,244**	7,214	**483**	486
Rental income from letting of properties	**3,433**	3,666	**-**	-
Dividend income	**1,262**	1,433	**16,670**	17,470
Sale of properties under inventories	**-**	580	**-**	-
Others	**821**	137	**-**	-
	341,532	347,829	**17,153**	17,956

31 COST OF SALES

Included in cost of sales are, amongst other items, the followings:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Cost of inventories recognised in cost of sales	**20,405**	12,575	**-**	-
Depreciation of property, plant and equipment	**28,296**	32,475	**-**	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	**8**	8	**-**	-
Writeback of allowance for diminution in value of inventories	**(62)**	(28)	**-**	-
Rental of motor vehicles	**742**	314	**-**	-

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32 OTHER INCOME

Included in other income are, amongst other items, the followings:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Accretion of discounts on held to maturity investments	**7**	12	**-**	-
Allowance for doubtful debts no longer required	**136**	150	**-**	33
Bad debts recovered	**-**	322	**-**	-
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	**2,404**	-	**-**	-
Gain on capital repayment from an associate company	**29**	-	**29**	-
Gain on fair value changes of financial assets at fair value through profit or loss	**-**	42,167	**-**	-
Gain on disposal of an investment property	**-**	244	**-**	-
Gain on disposal of property, plant and equipment	**211**	807	**-**	-
Gain on disposal of shares in associate companies	**49,273**	34,538	**-**	-
Gross dividends from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	**2,750**	3,463	**-**	-
- quoted outside Malaysia	**6,797**	6,977	**-**	-
Gross dividends from available for sale investments:-				
- quoted in Malaysia	**290**	580	**-**	-
Gain on disposal of available for sale investments	**8,972**	-	**-**	-

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32 OTHER INCOME (CONT'D)

Included in other income are, amongst other items, the followings (cont'd):-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Interest income from:-				
- deposits and cash balances placed with licensed banks and financial institutions	**14,450**	10,218	**362**	234
- associate companies	**417**	360	**-**	-
- subsidiary companies	**-**	-	**8,657**	6,614
- loans and receivables	**1,099**	646	**-**	-
- held to maturity investments	**285**	638	**-**	-
- others	**39**	28	**-**	-
Rental income	**209**	94	**-**	-
Unrealised foreign exchange gain	**-**	15,967	**2,130**	-
Waiver of debts	**-**	11	**-**	-
Writeback of impairment on held to maturity investments	**-**	18	**-**	-

33 ADMINISTRATION EXPENSES

Included in administration expenses are, amongst other items, the followings:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:-				
Grant Thornton Malaysia				
Statutory audit fees				
- current financial year	**288**	285	**39**	36
- underprovision in previous financial year	**10**	9	**3**	4
Other external auditors				
Statutory audit fees				
- current financial year	**173**	141	**-**	-
- underprovision in previous financial year	**2**	-	**-**	-
Depreciation of property, plant and equipment	**666**	760	**68**	73
Rental of premises	**1,157**	1,193	**430**	432
Hire of equipment	**6**	12	**-**	-

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34 OTHER OPERATING EXPENSES

Included in other operating expenses are, amongst other items, the followings:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Allowance for doubtful debts	**225**	211	**28**	43
Amortisation of premium on held to maturity investments	**2**	2	**-**	-
Auditors' remuneration:-				
Other external auditors				
Statutory audit fees				
- current financial year	**-**	9	**-**	-
- underprovision in previous financial year	**-**	1	**-**	-
Bad debts written off	**430**	47	**-**	52
Depreciation of property, plant and equipment	**1,778**	1,861	**-**	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	**1,001**	1,128	**-**	-
- non-rental generating properties	**70**	44	**-**	-
Fair value loss on investment properties	**-**	376	**-**	-
Fair value loss on derivative financial instruments	**4,470**	287	**-**	-
Hire of equipment	**378**	397	**-**	-
Impairment on held to maturity investments	**20**	-	**-**	-
Lease rental	**627**	666	**-**	-
Loss on fair value changes of financial assets at fair value through profit or loss	**22,527**	-	**-**	-
Provision for impairment loss on investment in associate companies	**3,919**	26	**3**	26
Realised foreign exchange loss	**3,429**	6,673	**120**	-
Rental of motor vehicles	**113**	129	**-**	-
Rental of premises	**574**	588	**-**	-
Unrealised foreign exchange loss	**18,071**	-	**-**	2,155

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35 FINANCE COSTS

Finance costs comprise of the following interest expenses:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on:-				
- term loans	**7,344**	6,084	**-**	-
- bank overdrafts	**300**	595	**-**	-
- revolving credit facilities	**4,778**	2,653	**4,182**	1,994
- hire purchase payables	**4,361**	4,854	**1**	1
- dividends on RPS	**5,937**	5,908	**5,937**	5,908
- dividends on RCPS	**35**	148	**-**	-
- margin financing facility	**35**	200	**-**	-
- charged by a subsidiary company	**-**	-	**28**	134
	22,790	20,442	**10,148**	8,037

36 EXCEPTIONAL ITEM

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Effects of dilution of equity interests in associate companies	**8,134**	3,138	**-**	-

37 TAX EXPENSE

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Income tax:-				
Provision for current financial year				
- Malaysian income tax	**9,809**	9,305	**762**	853
- Overseas income tax	**214**	327	**-**	-
(Over)/Underprovision in previous financial year				
- Malaysian income tax	**(95)**	126	**-**	1
- Overseas income tax	**(15)**	66	**-**	-
Deferred tax (Note 13):-				
Transfer from/(to) deferred taxation	**490**	(1,597)	**(152)**	(163)
Underprovision in previous financial year	**25**	487	**-**	-
Deferred Real Property Gains Tax	**40**	141	**-**	-
	10,468	8,855	**610**	691

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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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Profit before tax	**100,873**	189,496	**11,687**	7,863
Income tax at the Malaysian statutory tax rate of 24% (2017: 24%)	**24,210**	45,479	**2,805**	1,887
Tax effects in respect of:-				
Non-allowable expenses	**9,854**	5,839	**2,393**	3,020
Income not subject to tax	**(22,759)**	(42,226)	**(4,588)**	(4,217)
Deferred Real Property Gains Tax on fair value adjustment of investment properties	**40**	141	**-**	-
Effect of different tax rates in other countries	**(379)**	(651)	**-**	-
Overseas tax paid on dividend income	**487**	506	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(998)**	(1,554)	**-**	-
Deferred taxation not recognised in the financial statements	**98**	642	**-**	-
Tax expenses for current financial year	**10,553**	8,176	**610**	690
(Over)/Underprovision for tax expense in previous financial year	**(110)**	192	**-**	1
Underprovision for deferred taxation in previous financial year	**25**	487	**-**	-
Total tax expense for the financial year	**10,468**	8,855	**610**	691
Unutilised tax losses carried forward subject to agreement of the tax authorities	**62,461**	69,696	**-**	-
Unabsorbed capital allowances carried forward subject to agreement of the tax authorities	**17,909**	11,733	**-**	-

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 RM90,539,000 (2017: RM181,010,000) to the weighted average number of ordinary shares in issue during the financial year of 663,007,000 ordinary shares (2017: 663,007,000 ordinary shares), after taking into consideration the movement of ordinary shares bought back by the Company.

Diluted earnings per share

The diluted earnings per share is not computed for the financial year as there is no dilutive potential equity instruments in issue that give diluted effect to the earnings per ordinary share.

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38 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share (cont'd)

The diluted earnings per ordinary share for the preceding financial year was 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 preceding 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 preceding financial year.

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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	**5,095**	2,785	**240**	240
Defined contribution plan	**558**	327	**46**	46
Benefits-in-kind	**63**	35	**35**	35
	5,716	3,147	**321**	321
Directors of subsidiary companies				
Salaries and other emoluments	**3,869**	4,219	**-**	-
Defined contribution plan	**410**	438	**-**	-
Fees	**39**	38	**-**	-
Benefits-in-kind	**18**	22	**-**	-
	4,336	4,717	**-**	-
Total Executive Directors' remuneration	**10,052**	7,864	**321**	321
Non-Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	**415** *	1,184 *	**-**	-
Defined contribution plan	**37**	130	**-**	-
Fees	**96**	64	**96**	64
Benefits-in-kind	**5**	41	**5**	13
	553	1,419	**101**	77
Director of subsidiary companies				
Salaries and other emoluments	**96**	158	**-**	-
Total Non-Executive Directors' remuneration	**649**	1,577	**101**	77
Total Directors' remuneration	**10,701**	9,441	**422**	398

* This includes the aggregate remuneration of Non-Executive Directors of the Company who are Directors and management staff of certain subsidiary companies.

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40 STAFF COSTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Salaries, bonus, allowances and fees	**32,349**	36,193	**3,706**	3,594
Defined contribution plan	**3,779**	3,617	**425**	417
Social security cost	**151**	153	**21**	22
Other staff related expenses	**168**	154	**-**	-
	36,447	40,117	**4,152**	4,033

Included in staff costs of the Group and of the Company are executive and non-executive Directors' remuneration amounting to RM10,615,000 (2017: RM9,343,000) and RM382,000 (2017: RM350,000) respectively as disclosed in Note 39 to the financial statements.

41 DIVIDENDS

	Group and Company	
	2018	2017
	RM'000	RM'000
Interim single-tier dividend of 1 sen per ordinary share paid on 14 February 2018 in respect of financial year ended 30 June 2018	**6,630**	-
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
	6,630	6,630

42 ACQUISITION OF ASSOCIATE AND SUBSIDIARY COMPANIES AND NEWLY INCORPORATED SUBSIDIARY COMPANY

(a) Acquisition of associate companies during the financial year are as follows:-

(i) Inshoku Ten Sdn. Bhd. ("Inshoku Ten")

On 12 October 2017, Lifestyle-One Sdn. Bhd. ("Lifestyle-One"), a wholly-owned subsidiary company, subscribed for 20,000 ordinary shares at an issue price of RM1.00 each representing 20% equity interest in Inshoku Ten for a cash consideration of RM20,000. Arising thereon, Inshoku Ten became an associate company of the Group.

On 16 April 2018, Lifestyle-One acquired additional 2,222 ordinary shares in Inshoku Ten for a cash consideration of RM2,222.

Inshoku Ten is a private limited company incorporated in Malaysia on 24 August 2017 and its principal activity is operating food and beverages restaurants.

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42 ACQUISITION OF ASSOCIATE AND SUBSIDIARY COMPANIES AND NEWLY INCORPORATED SUBSIDIARY COMPANY (CONT'D)

(a) Acquisition of associate companies during the financial year are as follows (cont'd):-

(ii) Symphony Interactive Sdn. Bhd. ("Symphony")

On 24 November 2017, Filmont Holdings Sdn. Bhd., an indirect wholly-owned subsidiary company, subscribed for 35,000 ordinary shares at an issue price of RM1.00 each representing 35% equity interest in Symphony for a cash consideration of RM35,000.

Symphony is a private limited company incorporated in Malaysia on 9 September 2013 and its principal activity is investment holding and property investment.

(iii) Pyxis CF Pte. Ltd. ("Pyxis")

On 4 June 2018, Insas Technology Pte. Ltd., an indirect wholly-owned subsidiary company, subscribed for 150,000 ordinary shares at SGD1.00 each representing 30% equity interest in Pyxis for a cash consideration of SGD150,000.

Pyxis is a private limited company incorporated in Singapore on 10 April 2018 and its principal activities are to carry out design, manufacture, repair, assembly and testing of semiconductor equipment.

(b) Acquisition of associate and subsidiary companies and newly incorporated subsidiary company during the preceding financial year are as follows:-

(i) Roset Auto Care Services Pte. Ltd. ("Roset Auto Care")

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.

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.

(ii) PRAC GreenTech Sdn. Bhd. ("PRAC GreenTech")

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 for a cash consideration of RM80,000.

PRAC GreenTech is a private limited company incorporated in Malaysia on 29 April 2016.

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 said ordinary shares, PRAC GreenTech became a 66.95% indirect subsidiary company of the Group.

(iii) O&S Pacific Co. Ltd. ("O&S")

On 14 November 2016, Lifestyle-One subscribed for 300 ordinary shares of USD1.00 each representing 30% equity interest in 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 seafood.

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42 ACQUISITION OF ASSOCIATE AND SUBSIDIARY COMPANIES AND NEWLY INCORPORATED SUBSIDIARY COMPANY (CONT'D)

(c) The effects of the acquisition of PRAC GreenTech on the financial results of the Group in the preceding financial year was as follows:-

	Group 2017 RM'000
Revenue	475
Cost of sales	(407)
Gross profit	68
Other income	1
Administration expenses	(20)
Finance costs	(516)
Loss before tax	(467)
Tax expense	-
Loss after tax	(467)
Attributable to:-	
Owners of the Company	(313)
Non-controlling interests	(154)

If the acquisition had taken place at the beginning of the preceding financial year, the Group's profit, net of tax and non-controlling interests, would have been RM181,010,000 and the Group's revenue would have been RM347,829,000.

43 INFORMATION ON THE DISSOLUTION OF SUBSIDIARY COMPANIES DURING THE FINANCIAL YEAR

(a) On 3 August 2017 and 14 February 2018, the Company announced that 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:-
Xota Communications Sdn. Bhd.	31 July 2017	3 August 2017
Xotapoint Sdn. Bhd.	31 July 2017	3 August 2017
Noble Builders Sdn. Bhd.	12 February 2018	14 February 2018
Premium-One Sdn. Bhd.	12 February 2018	14 February 2018

The above dormant companies have been dissolved as at the end of the reporting period.

(b) On 3 May 2018, the Company announced that following its application, M & A Financial Services Inc., a dormant indirect wholly-owned subsidiary company incorporated in the British Virgin Islands ("BVI"), had been struck off from the register maintained by the Registrar of Corporate Affairs of BVI on 1 May 2018.

The striking off of M & A Financial Services Inc. has no material financial impact to the Group as the Group has fully accounted for the post acquisition losses prior to the striking off process.

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44 CONTINGENT LIABILITIES

	Group		Company	
	Limit	Amount utilised	Limit	Amount utilised
	RM'000	RM'000	RM'000	RM'000
Unsecured:-				
Guarantees to secure banking and credit facilities granted to subsidiary companies as at 30 June 2018	**186,136**	**110,322**	**185,538**	**109,726**
Guarantees to secure banking and credit facilities granted to subsidiary companies as at 30 June 2017	217,946	141,149	202,570	126,574

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	
	2018	2017
	RM'000	RM'000
Authorised and contracted for:-		
- Acquisition of investment properties	**249**	18,992
- Acquisition of property, plant and equipment	**2,668**	2,888
- Investment commitments in relation to available for sale investments	**13,037**	13,781
	15,954	35,661

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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	
	2018	2017
	RM'000	RM'000
Not later than 1 year	**397**	637
Later than 1 year but not more than 5 years	**117**	347
	514	984

(b) Operating lease commitments - as lessor

The Group has entered into property leases on certain of 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	
	2018	2017
	RM'000	RM'000
Not later than 1 year	**2,514**	2,877
Later than 1 year but not more than 5 years	**1,329**	1,908
	3,843	4,785

(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 RM'000	Investment holding and trading RM'000	Technology and IT-related manufacturing, trading and services RM'000	Retail trading and car rental RM'000	Property investment and development RM'000	Elimination RM'000	Group RM'000
2018							
Revenue							
External revenue	65,270	192,602	18,900	64,031	729	-	341,532
Inter-segment revenue	1,099	18,204	32,098	14,592	516	(66,509)	-
Total segment revenue	66,369	210,806	50,998	78,623	1,245	(66,509)	341,532
Results							
Interest income	3,434	15,516	7,860	10	51	(10,581)	16,290
Finance costs	(10,407)	(16,465)	(70)	(6,420)	(753)	11,325	(22,790)
Depreciation and amortisation	(1,030)	(365)	(398)	(28,893)	(56)	-	(30,742)
Share of profits less losses of associate companies	-	(1,919)	42,773	(3,015)	12,526	-	50,365
Tax expense	(5,216)	(3,883)	(880)	(567)	78	-	(10,468)
Other non-cash expenses (i)	(8,574)	(38,724)	(10,415)	(457)	-	-	(58,170)
Segment profit/(loss)	7,585	(1,072)	76,570	(3,340)	10,662	-	90,405
Assets							
Investments in associate companies	-	17,985	274,069	15,769	49,805	-	357,628
Additions to non-current assets (ii)	422	4,959	65,528	23,686	14,245	-	108,840
Segment assets	526,489	821,200	517,123	181,983	174,405	-	2,221,200
Liabilities							
Segment liabilities	50,183	392,841	3,620	114,467	4,123	-	565,234

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47 SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

	Financial services and credit & leasing RM'000	Investment holding and trading RM'000	Technology and IT-related manufacturing, trading and services RM'000	Retail trading and car rental RM'000	Property investment and development RM'000	Elimination RM'000	Group 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 profits 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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47 SEGMENTAL INFORMATION (CONT'D)

(a) Operating Segments (cont'd)

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.

The Group is organised into five main operating segments. The main operating segments of the Group and their respective business activities are:-

Operating segments	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 design, manufacture, repair, assembly and testing of semiconductor equipment and IT consultancy services.
Retail trading and car rental	Cars and limousines for hire/rental, repair and maintenance of motor vehicles, 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:-

	2018 RM'000	2017 RM'000
Effects of dilution of equity interests in associate companies	**8,134**	3,138
Allowance for doubtful debts	**225**	211
Bad debts written off	**430**	47
Fair value loss on derivative financial instruments	**4,470**	287
Fair value loss on investment properties	**-**	376
Loss on fair value changes of financial assets at fair value through profit or loss	**22,527**	-
Impairment on held to maturity investments	**20**	-
Property, plant and equipment written off	**374**	166
Provision for impairment loss on investment in associate companies	**3,919**	26
Unrealised foreign exchange loss	**18,071**	-
	58,170	4,251

(ii) Additions to non-current assets consist of the following items:-

	2018 RM'000	2017 RM'000
Property, plant and equipment	**24,235**	70,713
Investment properties	**18,846**	4,462
Available for sale investments	**13,020**	4,071
Held to maturity investments	**-**	2,279
Associate companies	**52,739**	29,177
	108,840	110,702

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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
2018		
Malaysia	**150,577**	**605,582**
Singapore	**190,955**	**166,369**
United Kingdom	**-**	**18,005**
Other countries	**-**	**2,264**
	341,532	**792,220**
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

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

	2018 RM'000	2017 RM'000
Property, plant and equipment	**161,405**	184,946
Investment properties	**198,304**	177,877
Available for sale investments	**45,022**	42,970
Held to maturity investments	**3,814**	4,591
Associate companies	**357,628**	301,303
Intangible assets	**26,047**	26,047
	792,220	737,734

(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), Note 11(b) and Note 16 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	
	2018	2017
	RM'000	RM'000
Refurbishment and maintenance works provided to companies related to certain Directors of the Company and a subsidiary company:-		
- Immobillaire Holdings Sdn. Bhd.	**44**	62
- Baktihan Sdn. Bhd.	**77**	102
- Winfields Development Sdn. Bhd.	**11**	19
- Accrocrest Development Sdn. Bhd.	**-**	1
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
- packing services	**782**	443
- secretarial, share registration and other related service fees	**104**	81
- professional fee income	**30**	65
- network services	**6**	-
Rental of office premises charged to associate companies:-		
- Numoni Malaysia Sdn. Bhd.	**-**	24
- Numoni DFS Sdn. Bhd.	**37**	24
- Numoni Pte. Ltd.	**58**	-
Rental of office premises charged to a company related to a Director of the Company:-		
- Diversified Gateway Berhad	**10**	-
Sale of goods to associate companies:-		
- Lifestyle Inspirations Sdn. Bhd.	**5**	8
- Numoni DFS Sdn. Bhd.	**-**	3
Purchase of property, plant and equipment from an associate company:-		
- Numoni Pte. Ltd.	**-**	23
Administration fees charged by an associate company:-		
- Numoni Pte. Ltd.	**18**	-

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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	
	2018	2017
	RM'000	RM'000
Secretarial service fees charged to companies related to certain Directors of the Company*	**13**	11
Secretarial service fees charged to associate companies*	**41**	34
Interest charged to associate companies:-		
- Ho Hup Construction Company Berhad Group	**8,608**	3,677
- Other associate companies*	**1,621**	2,667
Fees charged by Pacific Regal Sdn. Bhd., a company related to a Director of a subsidiary company:-		
- administration fee	**-**	6
- rental of premises	**-**	15
Rental of motor vehicles charged to a Director of a subsidiary company	**19**	-
Rental of motor vehicles charged by a company related to a Director of a subsidiary company:-		
- Fivestar Development (Puchong) Sdn. Bhd.	**236**	84
Rental of motor vehicles charged to companies related to certain Directors of a subsidiary company:-		
- Fivestar Development (Puchong) Sdn. Bhd.	**83**	70
- Omesti Berhad	**124**	131
- H2O Holdings Sdn. Bhd. (formerly known as Red Zone Development Sdn. Bhd.)	**131**	131
- Pacific Regal Sdn. Bhd.	**35**	63
- Prac Limousine Sdn. Bhd.	**-**	8
- Microlink Solutions Berhad	**232**	239
Management fees income charged to an associate company:-		
- Inshoku Ten Sdn. Bhd.	**35**	-
Management fees income charged to a company related to certain Directors of the Company:-		
- Satin Magic Sdn. Bhd.	**36**	-

* The transactions are disclosed in aggregate as it is immaterial to disclose individually.

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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:-

	Company	
	2018	2017
	RM'000	RM'000
Management fees charged to subsidiary companies*	**483**	486
Dividends received from subsidiary companies:-		
- Insas Technology Berhad	**580**	580
- M&A Securities Sdn. Bhd.	**7,000**	7,800
- Insas Pacific Rent-A-Car Sdn. Bhd.	**90**	90
- Insas Plaza Sdn. Bhd.	**4,500**	4,500
- Insas Credit & Leasing Sdn. Bhd.	**4,500**	4,500
Capital repayment from an associate company, Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. (company dissolved)	**29**	-
Secretarial service and retainer fees paid and payable to a subsidiary company, Megapolitan Management Services Sdn. Bhd.	**86**	97
Website maintenance and support fees paid and payable to a subsidiary company, Vigtech Labs Sdn. Bhd.	**2**	2
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.	**87**	46
Interest charged to subsidiary companies*	**8,657**	6,614
Bad debts written off*	**-**	52
Interest charged by a subsidiary company, Insas Plaza Sdn. Bhd.	**28**	134

* 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Salaries, bonus, allowances and fees	**9,909**	8,972	**300**	280
Defined contribution plan	**1,000**	877	**46**	46
Social security cost	**10**	10	**-**	-
Benefits-in-kind	**86**	98	**40**	48
	11,005	9,957	**386**	374

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48 RELATED PARTY DISCLOSURES (CONT'D)

(d) Remuneration of key management personnel (cont'd)

Included in the total compensation of key management personnel were:-

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors' remuneration (Note 39)	**10,052**	7,864	**321**	321

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.

49 LIST OF SUBSIDIARY COMPANIES

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
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
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 (ceased operation)	Singapore
Insas Logistics (M) Sdn. Bhd.	**79.5**	79.5	Investment holding	Malaysia

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
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
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 other trading business	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 Financial Services Inc.	**-**	100	Company struck off	British Virgin Islands
M & A Nominee (Asing) Sdn. Bhd.	**100**	100	Nominee agent and registration services	Malaysia

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
M & A Nominee (Tempatan) Sdn.Bhd.	**100**	100	Nominee agent and registration services	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
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
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	Company wound-up	Malaysia
Parkfair Development Sdn.Bhd.	**90**	90	Investment holding	Malaysia
PRAC GreenTech Sdn. Bhd.	**67**	67	Long term leasing of electric vehicles	Malaysia
Premium-One Sdn. Bhd.	**-**	100	Company wound-up	Malaysia
Premium Realty Sdn. Bhd.	**100**	100	Investment holding and property investment	Malaysia
PRAC Logistics Sdn. Bhd.	**55**	55	Long term car lease, fleet management and limousine services	Malaysia
Roset Auto Care Services Pte. Ltd.*	**79.5**	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

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
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
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 and other trading business	Malaysia
Xotapoint Sdn. Bhd.	**-**	100	Company wound-up	Malaysia
Xota Communications Sdn. Bhd.	**-**	100	Company wound-up	Malaysia

* Companies not audited by Grant Thornton Malaysia.

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50 LIST OF ASSOCIATE COMPANIES

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
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
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 (temporary ceased operations)	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 (temporary ceased operations)	Malaysia
Inari Amertron Berhad	**19.1**	20.2	Investment holding and provision of management services	Malaysia
Inari Technology Sdn. Bhd.	**19.1**	20.2	Manufacturing of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services	Malaysia
Inari International Limited	**19.1**	20.2	Investment holding	Cayman Islands
Amertron Inc. (Global) Limited	**19.1**	20.2	Investment holding	Cayman Islands
Amertron Incorporated[@]	**19.1**	20.2	Manufacture of all kinds of electronics optical fiber cable devices	Philippines

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
Amertron Technology (Kunshan) Co. Ltd.@	**19.1**	20.2	Manufacture of light emitting diode, researching and reselling all kinds of optoelectronic devices	The People's Republic of China
Inari South Keytech Sdn. Bhd.	**19.1**	20.2	Designing, developing and manufacturing of fiber optic product	Malaysia
Inari Global (HK) Limited	**19.1**	20.2	Dormant	British Virgin Islands
Ceedtec Sdn. Bhd.	**9.7**	10.3	Designing, marketing and distribution of electronic products (Dormant)	Malaysia
Ceedtec Technology Sdn. Bhd.	**9.7**	10.3	Manufacturing of testing equipment for semiconductor and related products	Malaysia
Simfoni Bistari Sdn. Bhd.	**19.1**	20.2	Investment holding and property investment	Malaysia
Inari Semiconductor Labs Sdn. Bhd.	**19.1**	20.2	Manufacturing of semiconductor related products	Malaysia
Hektar Teknologi Sdn. Bhd.	**19.1**	20.2	Property investment	Malaysia
Inari Integrated Systems Sdn. Bhd.	**19.1**	20.2	Manufacturing of advanced communication chips and die preparation	Malaysia
Inari Optical Technology Sdn. Bhd.	**19.1**	20.2	Manufacturing, assembling and testing of optoelectronic and sensor components, modules and systems	Malaysia
Ho Hup Construction Company Berhad*	**12.2**	12.2	Investment holding, foundation engineering, civil engineering, building contracting works and provision of management services	Malaysia
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.*	**-**	20	Company dissolved	Malaysia
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

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
Montprimo Sdn. Bhd.*	**45**	45	Investment holding and real property and housing development	Malaysia
Bandar Kinrara Properties Sdn. Bhd.*	**45**	45	Property development	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.*	**42.6**	28.4	Investment holding, manufacture, develop and sale of transaction self-service kiosk that provide prepaid airtime and micro financing transaction	Singapore
Numoni Singapore Pte. Ltd.*	**42.6**	28.4	Sale of prepaid airtime from self-service kiosk	Singapore
Numoni Philippines, Inc*	**42.6**	28.4	Provide services, facilities and technologies to enable commercial transactions	Philippines
Numoni Technology Pte. Ltd.*	**42.6**	28.4	Regional sale of self-service kiosk and payment solution	Singapore
PT Numoni Indonesia*	**42.6**	28.4	Dormant	Indonesia
Numoni Malaysia Sdn. Bhd.	**42.6**	28.4	Mobile telecommunication services	Malaysia
PT Numoni Nusantara Indonesia*	**42.6**	28.4	Dormant	Indonesia
Numoni (HK) Limited@	**27.4**	18.3	Sale of prepaid airtime from self-service kiosk	Hong Kong
Numoni DFS Sdn. Bhd.*	**40.5**	25.0	Integrated mobile remittance service provider	Malaysia
Numoni Asia Limited*	**42.6**	28.4	Dormant	Hong Kong
PT MM Indonesia*	**23.4**	15.6	Provide remittance services (Dormant)	Indonesia
PEP Innovation Pte. Ltd.*	**30**	30	Assembly and testing of semiconductors	Singapore
O&S Pacific Co. Ltd.*	**30**	30	Trading in frozen seafood	Malaysia

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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2018	2017	Principal activities	Country of incorporation
Symphony Interactive Sdn. Bhd.*	**35**	-	Investment holding and property investment	Malaysia
Inshoku Ten Sdn. Bhd.	**20**	-	Operating food and beverages restaurants	Malaysia
Pyxis CF Pte. Ltd. *	**30**	-	Design, manufacture, repair, assembly and testing of semiconductor equipment	Singapore

* Companies not audited by Grant Thornton Malaysia.

@ Companies audited by other member firms of Grant Thornton International Limited.

51 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The acquisition of new associate companies during the financial year, the acquisition of associate and subsidiary companies and the incorporation of a new subsidiary company during the preceding financial year and information on the dissolution of subsidiary companies are disclosed in Note 42 and Note 43 to the financial statements.

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

DGSB is listed on the ACE Market of Bursa Malaysia Securities Berhad on 2 August 2006. DGSB is principally engaged in investment holding activities whilst its subsidiaries are involved in the business of computer networking solutions and system integration, digital media solutions and services as well as in the business of computer distribution and maintenance of computer networking, network security storage and network management solutions.

52 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

Vigcash was incorporated in Mongolia on 7 December 2005 and its issued and paid-up share capital is USD10,000. The company is currently dormant.

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

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

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

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53 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 and the Company'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, preference shares and amount due from subsidiary companies are mainly fixed rate in nature and are not exposed to interest rate risk.

The interest rate profiles of the Group's and of the Company's financial assets and financial liabilities are set out as follows:-

2018	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rates during the year % per annum
Group				
Financial assets				
Amount due from associate companies	-	9,449	9,449	2.00% - 24.00%
Held to maturity investments	-	5,352	5,352	4.38% - 6.63%
Other receivables	-	76	76	2.85%
Trade receivables	-	279,088	279,088	6.00% - 12.00%
Deposits placed with licensed banks and financial institutions	-	572,703	572,703	0.005% - 4.04%
Financial liabilities				
Loans and borrowings	264,660	-	264,660	0.40% - 9.54%
Hire purchase payables	-	85,984	85,984	2.35% - 7.68%
Preference shares	-	129,444	129,444	4.00%
Company				
Financial assets				
Amount due from subsidiary companies	-	192,361	192,361	2.85% - 24.00%
Deposits placed with licensed banks	-	12,567	12,567	2.55% - 2.80%
Financial liabilities				
Loans and borrowings	72,300	-	72,300	4.96% - 5.95%
Preference shares	-	129,444	129,444	4.00%

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53 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 are set out as follows (cont'd):-

2017	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rates during the year % per annum
Group				
Financial assets				
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	6.00% - 12.00%
Deposits placed with licensed banks and financial institutions	-	461,092	461,092	0.01% - 4.50%
Financial liabilities				
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				
Financial assets				
Amount due from subsidiary companies	-	195,645	195,645	2.85% - 24.00%
Deposits placed with licensed banks	-	4,549	4,549	2.55%
Financial liabilities				
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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53 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% (2017: 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	
2018	
Variable rates	
- increase by 1%	(2,647)
- decrease by 1%	2,647
2017	
Variable rates	
- increase by 1%	(3,101)
- decrease by 1%	3,101
Company	
2018	
Variable rates	
- increase by 1%	(723)
- decrease by 1%	723
2017	
Variable rates	
- increase by 1%	(737)
- decrease by 1%	737

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.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating.

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53 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(ii) Credit risk (cont'd)

Trade and other receivables

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2017: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to 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 (2017: 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 required.

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 couterparties 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 exchange 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.

NOTES TO THE FINANCIAL STATEMENTS
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53 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

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.

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:-

2018	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
Group								
Available for sale investments	-	2,138	-	18,005	-	-	-	20,143
Held to maturity investments	2,326	-	-	-	3,026	-	-	5,352
Trade receivables	603	4,350	4	340	-	609	-	5,906
Amount due from associate companies	1,375	1,841	-	-	-	-	-	3,216
Other receivables, deposits and prepayments	9	2,129	-	-	169	40	-	2,347
Financial assets at fair value through profit or loss	44,468	93,362	1,835	4,784	6,045	23,373	4,951	178,818
Deposits with licensed banks and financial institutions	16,058	14,383	-	17,520	155,816	25,767	-	229,544
Cash and bank balances	26,727	11,726	763	6,186	5,432	6,229	86	57,149
Loans and borrowings	(47,901)	(76,355)	(23,360)	(13,681)	-	(3,078)	-	(164,375)
Derivative financial liabilities	(1,092)	(920)	(4,124)	(3,373)	(966)	(1,555)	-	(12,030)
Trade payables	(132)	(3,657)	-	-	-	-	-	(3,789)
Hire purchase payables	-	(57,108)	-	-	-	-	-	(57,108)
Other payables and accruals	(12)	(9,477)	(5)	(34)	-	(34)	-	(9,562)
Net financial assets/(liabilities)	42,429	(17,588)	(24,887)	29,747	169,522	51,351	5,037	255,611
Company								
Available for sale investments	-	-	-	595	-	-	-	595
Cash and bank balances	-	-	-	-	101	-	-	101
Amount due from subsidiary companies	-	9	-	-	-	-	-	9
Amount due to subsidiary companies	-	(30)	-	-	-	(56,799)	-	(56,829)
Net financial (liabilities)/assets	-	(21)	-	595	101	(56,799)	-	(56,124)

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53 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):-

2017	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
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)

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53 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and policies (cont'd)

(iii) Foreign currency exchange risk (cont'd)

A 5% (2017: 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
2018			
US Dollar/RM	- strengthening	**2,121**	**-**
	- weakening	**(2,121)**	**-**
Singapore Dollar/RM	- strengthening	**(879)**	**(1)**
	- weakening	**879**	**1**
Euro Dollar/RM	- strengthening	**(1,244)**	**-**
	- weakening	**1,244**	**-**
Sterling Pound/RM	- strengthening	**1,487**	**30**
	- weakening	**(1,487)**	**(30)**
Australian Dollar/RM	- strengthening	**8,476**	**5**
	- weakening	**(8,476)**	**(5)**
Hong Kong Dollar/RM	- strengthening	**2,568**	**(2,840)**
	- weakening	**(2,568)**	**2,840**
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

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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53 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 trade and other payables and accruals, 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 ensure 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 (2017: 30 to 90 days) except for a subsidiary company whose credit terms is 3 market days according to 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:-

2018	Less than 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
Group				
Financial liabilities				
Derivative financial liabilities	12,030	-	-	12,030
Trade and other payables and accruals	64,723	-	-	64,723
Loans and borrowings	244,606	7,503	18,109	270,218
Hire purchase payables	33,850	57,561	380	91,791
Preference shares	5,304	136,103	-	141,407
Company				
Financial liabilities				
Amount due to subsidiary companies	66,405	-	-	66,405
Other payables and accruals	3,237	-	-	3,237
Loans and borrowings	72,300	-	-	72,300
Preference shares	5,304	136,103	-	141,407

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

53 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):-

2017	Less than 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
Group				
Financial liabilities				
Derivative financial liabilities	7,572	-	-	7,572
Trade and other payables and accruals	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				
Financial liabilities				
Amount due to subsidiary companies	70,350	-	-	70,350
Other payables and accruals	561	-	-	561
Loans and borrowings	73,700	-	-	73,700
Hire purchase payables	18	-	-	18
Preference shares	5,304	141,407	-	146,711

(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	
	2018	2017
	RM'000	RM'000
Available for sale investments		
- quoted securities in Malaysia	**18,900**	16,664
Financial assets at fair value through profit or loss		
- quoted securities in Malaysia	**57,744**	121,031
- quoted securities outside Malaysia	**178,818**	209,513
	236,562	330,544
Derivative financial liabilities	**12,030**	7,572

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

53 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% (2017: 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
2018		
Available for sale investments		
- increase by 5%	**-**	**945**
- decrease by 5%	**-**	**(945)**
Financial assets at fair value through profit or loss and derivative financial liabilities		
- increase by 5%	**11,227**	**-**
- decrease by 5%	**(11,227)**	**-**
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)	-

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 2018
(Cont'd)

53 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:-

		Group		Company	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	RM'000	RM'000	RM'000	RM'000
2018					
Financial assets					
Available for sale investments					
- unquoted investments in Malaysia	8	**5,228**	*	-	-
- unquoted investments outside Malaysia	8	**18,674**	*	-	-
- other investments	8	**2,220**	*	**940**	*
2017					
Financial assets					
Available for sale investments					
- unquoted investments in Malaysia	8	5,033	*	-	-
- unquoted investments outside Malaysia	8	19,053	*	-	-
- 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 their fair values due to their relatively short term nature and the insignificant impact of discounting.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

53 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 (cont'd):-

(ii) Derivative financial assets/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).

(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
2018				
Available for sale investments				
- quoted securities	**18,900**	**-**	**-**	**18,900**
Financial assets at fair value through profit or loss				
- quoted securities	**236,562**	**-**	**-**	**236,562**
	255,462	**-**	**-**	**255,462**
Derivative financial liabilities	**-**	**12,030**	**-**	**12,030**

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

53 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)

Group (cont'd)	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

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.

(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

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2018
(Cont'd)

54 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.

55 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 2018 and 30 June 2017 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Total interest bearing borrowings	**480,088**	548,613	**201,744**	202,528
Total equity attributable to owners of the Company	**1,648,580**	1,554,157	**753,249**	748,802
Gearing ratio	**0.29**	0.35	**0.27**	0.27

56 COMPARATIVE FIGURES

The following comparative figures have been restated to reclassify capital redemption reserve of a subsidiary company from share capital to reserves:-

	Group	
	As previously reported	**As restated**
	RM'000	**RM'000**
Statements of financial position		
Share capital	741,113	741,085
Reserves	93,485	93,513

LIST OF PROPERTIES

- held by Insas Berhad Group as at 30 June 2018

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	20	18-Jan-1995	30-Jun-2018	12,304
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	21	31-Oct-2001	30-Jun-2018	4,100
Block 45 & 47, The Boulevard Offices Mid Valley City, Lingkaran 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 84 years)	16	17-Jun-2002	30-Jun-2018	53,693
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	17	3-Jan-2000	30-Jun-2018	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	15	22-Jun-2007	30-Jun-2018	530
8A, Orange Grove Road #11-03, D'Grove Villas Singapore	Apartment for lease	Montego (S) Pte. Ltd.	2,701 sq feet	Freehold	25	14-Feb-1996	30-Jun-2018	14,043
5, Draycott Drive #15-02, The Arc at Draycott Singapore	Apartment for lease	Montego (S) Pte. Ltd.	1,270 sq feet	Freehold	10	27-Nov-2008	30-Jun-2018	8,574
21 Claymore Road #07-02, The Tate Residences Singapore	Apartment for lease	Montego (S) Pte. Ltd.	1,894 sq feet	Freehold	8	24-Feb-2010	30-Jun-2018	12,713
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-2018	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	26-Mar-2018	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 87 years)	8	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	7	11-Jul-2011	-	1,504
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	7	17-Mar-2011	30-Jun-2018	2,344

LIST OF PROPERTIES

- held by Insas Berhad Group as at 30 June 2018
(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
53, Ubi Avenue 1, #03-47, Paya Ubi Industrial Park Singapore 408934	1 unit office premise	Roset Limousine Services Pte. Ltd.	3,121 sq feet	Leasehold (unexpired lease period of 39 years)	21	28-May-2012	-	2,943
51, Ubi Avenue, #03-30 Paya Ubi Industrial Park Singapore 408934	1 unit office premise	Roset Limousine Services Pte. Ltd.	3,520 sq feet	Leasehold (unexpired lease period of 39 years)	21	4-Jul-2016	-	3,361
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	3	1-Jun-2012	30-Jun-2018	2,700
Lot No. 8, H S (D) 276441, No. P T 79888		Teraju Usaha Sdn. Bhd.	3,466 sq feet	Freehold	3	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	3	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	3	17-Jul-2014	30-Jun-2018	7,391
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	3	25-Jun-2014	-	6,903
Unit 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 for lease	Insas Plaza Sdn. Bhd.	1,529 sq feet 1,529 sq feet	Freehold Freehold	1 1	24-Jul-2012 24-Jul-2012	30-Jun-2018 30-Jun-2018	740 740
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	-	14,797
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	-	4,492
A-01-02, A-01-03,A-01-3A, A-01-05,A-02-02, A-03-03,A-3A-02,A-06-02, A-13A-03,A-18-02, B-01-01,B-01-03,B-01-06, B-03-06,B-03A-06, B-13-06,B-13A-03,B-16-03, B-19-03,B-20-03, B-21-01 & B-21-02 , H S (D) 259911, No. P T 5981, Village of Kinrara, District of Petaling, Selangor.	22 units of apartments for lease and for sale	Teraju Usaha Sdn Bhd	42,422 sq feet	Freehold	1	22-Nov-2017	-	14,666

ANALYSIS OF SHAREHOLDINGS
As at 27 September 2018

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	2,199	8.31	79,065	0.01
100 - 1,000	1,762	6.66	746,609	0.11
1,001 - 10,000	17,682	66.80	62,415,122	9.41
10,001 - 100,000	4,286	16.19	115,772,238	17.46
100,001 - 33,150,317	539	2.04	392,898,495	59.27
33,150,318 and above	2	0.01	91,094,813	13.74
	26,470	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	4.49
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.	Immobillaire Holdings Sdn Bhd	13,538,635	2.04
10.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	7,069,200	1.07
11.	Kim Poh Holdings Sdn Bhd	6,364,800	0.96

ANALYSIS OF SHAREHOLDINGS
As at 27 September 2018
(Cont'd)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

	Name	No. of ordinary shares	%
12.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,054,502	0.91
13.	Dato' Sri Thong Kok Khee	5,184,678	0.78
14.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	4,953,593	0.75
15.	M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	4,739,543	0.71
16.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Fong Loong Tuck (CEB)	4,000,000	0.60
17.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	3,987,881	0.60
18.	Teo Tin Lun	3,628,300	0.55
19.	CIMB Group Nominees (Asing) Sdn Bhd - Exempt An For DBS Bank Ltd (SFS)	3,243,760	0.49
20.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Geok Lian	3,203,000	0.48
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Swee Kiat & Sons Sdn Bhd (8109706)	2,893,400	0.44
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Hock Leong (E-PDG/SAN)	2,650,000	0.40
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Bank of Singapore Limited	2,500,000	0.38
24.	Citigroup Nominees (Asing) Sdn Bhd - Goldman Sachs International	2,432,300	0.37
25.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	2,313,600	0.35
26.	Low Chu Mooi	2,307,000	0.35
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund Miju for Numeric Emerging Markets Small Cap Core Offshore Fund Ltd	2,266,900	0.34
28.	HSBC Nominees (Asing) Sdn Bhd - TNTC for National Railroad Retirement Investment Trust	2,218,300	0.33
29.	Datin Tan Few Teng	2,189,344	0.33
30.	Perak Traders Holdings Sdn Bhd	2,169,548	0.33
		318,291,019	48.01

ANALYSIS OF SHAREHOLDINGS

As at 27 September 2018
(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 27 September 2018

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	111	2.65	4,021	0.00
100 - 1,000	783	18.71	474,084	0.18
1,001 - 10,000	2,104	50.29	7,857,789	2.96
10,001 - 100,000	921	22.02	31,736,036	11.97
100,001 - 13,260,126	262	6.26	161,588,082	60.93
13,260,127 and above	3	0.07	63,542,524	23.96
	4,184	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	4,798,100	1.81
10.	Lim Siew Ling	4,592,500	1.73
11.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Fong Loong Tuck (CEB)	4,400,000	1.66
12.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Gim Leong	3,812,600	1.44

ANALYSIS OF WARRANTS HOLDINGS

As at 27 September 2018
(Cont'd)

THIRTY LARGEST WARRANTS HOLDERS (CONT'D)

	Name	No. of warrants	%
13.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yong Kwee Lian	3,100,000	1.17
14.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Mooi Fong	2,921,300	1.10
15.	Chng Kim Chye	2,807,700	1.06
16.	Kim Poh Holdings Sdn Bhd	2,545,920	0.96
17.	Chua Teik Suan	2,086,100	0.79
18.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Seng Giap	2,000,500	0.75
19.	Teoh Chea Wooi	2,000,000	0.75
20.	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Teh Shiou Cherng	1,800,000	0.68
21.	Lee Yew Hui	1,800,000	0.68
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Kok Choy (SRB/PMS)	1,800,000	0.68
23.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Ah Chuan	1,745,800	0.66
24.	Tan Soo Eng	1,600,000	0.60
25.	Chong Kay Lin	1,587,400	0.60
26.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Cheah Chee Siong (MY1891)	1,416,800	0.53
27.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Kam Hong	1,403,500	0.53
28.	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Wong Kam Hong	1,346,000	0.51
29.	Chai Ming Fatt	1,290,000	0.49
30.	Maybank Nominees (Tempatan) Sdn Bhd - Ooi Beng Lee	1,285,000	0.48
		156,328,314	58.95

ANALYSIS OF REDEEMABLE PREFERENCE SHAREHOLDINGS

As at 27 September 2018

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	98	2.56	3,437	0.01
100 - 1,000	1,590	41.61	879,995	0.66
1,001 - 10,000	1,752	45.86	5,473,915	4.13
10,001 - 100,000	303	7.93	9,294,917	7.01
100,001 - 6,630,063	73	1.91	67,102,742	50.60
6,630,064 and above	5	0.13	49,846,262	37.59
	3,821	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	8,653,000	6.53
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.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Sieh Kok Swee (PB)	5,448,800	4.11
9.	Khoo Loon See	5,225,000	3.94
10.	M&A Investments International Limited	5,017,800	3.78
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 27 September 2018
(Cont'd)

THIRTY LARGEST RPS HOLDERS (CONT'D)

	Name	No. of RPS	%
13.	Gan Peoy Hong	2,393,000	1.80
14.	Ong Swee Keng	2,200,000	1.66
15.	Dato' Sri Thong Kok Khee	2,100,000	1.58
16.	Lucky Star Pte. Ltd.	1,945,700	1.47
17.	Ho Chu Chai	1,708,100	1.29
18.	Looi Bian Cheong	1,365,000	1.03
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.	Khoo Boon Chong	910,400	0.69
24.	Ching Weng Cheong	900,000	0.68
25.	Winfields Development Sdn Bhd	802,800	0.61
26.	Khoo Boon Chong	700,000	0.53
27.	Teo Lay Hong	700,000	0.53
28.	Loo Voon Hong	640,400	0.48
29.	Maybank Nominees (Tempatan) Sdn Bhd - Soo Choo Ing @ Soo Eng Chuan	615,300	0.46
30.	Phuah Bee Lan	600,000	0.45
		106,102,215	80.02

STATEMENT OF DIRECTORS' INTEREST

In **INSAS BERHAD** and Its Related Corporations as at 27 September 2018

DIRECTORS' INTEREST IN ORDINARY SHARES

		Ordinary Shares			
		Direct Interest		Deemed Interest	
Insas Berhad		**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 interested 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 interested by virtue of his spouse's interest.

[3] Deemed interested 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 27 September 2018 (Cont'd)

DIRECTORS' INTEREST IN WARRANTS

	Warrants 2015/2020			
	Direct Interest		Deemed Interest	
Insas Berhad	**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	-	-	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 interested 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

	Redeemable Preference Shares			
	Direct Interest		Deemed Interest	
Insas Berhad	**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 interested 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 56th 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 **Wednesday, 28 November 2018** at **11.00 a.m.** for the following purposes: -

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2018 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 RM96,000 for the financial year ended 30 June 2018.	**Resolution 1**
2.2	Directors' benefits of up to RM11,500 for the period from 29 November 2018 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	Ms. Soon Li Yen	**Resolution 3**
3.2	Mr. Oh Seong Lye	**Resolution 4**
4.	To re-appoint Messrs Grant Thornton Malaysia 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**

   "**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."

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

6. **Proposed renewal of the authority for the Company to purchase its own shares** **Resolution 7**

"**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 purchases 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:-

(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 Directors**

(i) "**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 twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**

(ii) "**THAT**, subject to the passing of Ordinary Resolution 4 above, approval be and is hereby given to Mr. Oh Seong Lye, 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." **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

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 2018

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 1 – Directors' Fees**

   The proposed Ordinary Resolution 1, if passed, will authorise the payment of Directors' fees in respect of the financial year ended 30 June 2018 amounting to RM96,000 (2017 : RM64,320). The Board opined that it is just and equitable for the Non-Executive Directors to be paid such fees in view of their level of duties and responsibilities, and time commitment required for them to discharge their duties effectively.

3. **Ordinary Resolution 2 – Directors' Benefits**

   The Directors' benefits of up to RM11,500 (2017 : RM27,400) payable to the Non-Executive Directors comprise car, fuel and meeting allowance for attending the Board, Board Committees and general meetings of the Company for the period from 29 November 2018 until the next Annual General Meeting in 2019. The meeting allowance is estimated based on the number of scheduled and unscheduled meetings and the number of Non-Executive Directors involved in these meetings.

4. **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 23 November 2017. 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 56th 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.

5. **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 2019. 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 page 185 to 191 of the Annual Report 2018.

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

6. **Ordinary Resolution 8 and 9 – Retention of Independent Non-Executive Directors**

Both the Nomination and Remuneration 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 Mr. Oh Seong Lye who have served as Independent Non-Executive Directors for a cumulative term of more than twelve (12) years and nine (9) years respectively, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus, they would be able to provide check and balance and bring an element of objectivity to the Board.
(b) They have been with the Company for more than twelve (12) years and nine (9) years and therefore understand the Company's business operations extensively, enabling them to participate actively and contribute positively in deliberation and decision making of the Board and Board Committees.
(c) They exercise due care and diligence as Independent Non-Executive Directors of the Company and carry out their professional duties in the interest of the Company and shareholders.

Shareholders' approval for the proposed resolution 8 on the retention of Y.A.M. Tengku Aishah as Independent Non-Executive Director will be sought via a single tier voting process.

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 16 November 2018 shall be entitled to attend and vote at the 56th 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 individuals are standing for election as Directors (excluding Directors standing for re-election) at the 56th 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 23 November 2017. As at the date of this notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 56th Annual General Meeting.

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

(“PROPOSED SHARE BUY-BACK“)

1. INTRODUCTION

On 26 September 2018, 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 56th 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 Wednesday, 28 November 2018 at 11.00 a.m.

2. PROPOSED SHARE BUY-BACK

At the 55th AGM of the Company held on 23 November 2017, 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 56th 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 27 September 2018 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 27 September 2018, 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 27 September 2018, representing 10% of the proforma enlarged issued shares 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 2018, the retained profits of the Company is RM22,041,000. 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:-

<u>Minimum Scenario</u>

Assuming the Proposed Share Buy-Back is undertaken in full and that none of the 265,202,536 outstanding Warrants are exercised into Shares.

<u>Maximum Scenario</u>

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 shares of the Company is illustrated as follows:-

	No. of Shares	
	Minimum Scenario	**Maximum Scenario**
Issued shares as at 27 September 2018	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 27 September 2018.

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 27 September 2018 and the resulting public shareholding spread of the Company, assuming the Company purchases 10% of its own issued Shares, are as follows:-

	After the Proposed Share Buy-Back	
As at 27 September 2018	**Minimum scenario**	**Maximum scenario**
66.98%	64.91%	62.83%

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 27 September 2018 are as follows: -

Minimum Scenario

	As at 27 September 2018[1]				After the Proposed Share Buy-Back[2]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
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 27 September 2018[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, *DK(II), SIMP*	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 27 September 2018.

(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 27 September 2018 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, Immobillaire 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

	As at 27 September 2018[1]				(I) Assuming full exercise of Warrants[2]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Dato' Sri Thong Kok Khee [4]	5,184,678	0.78	160,880,284	24.27	5,184,678	0.56	244,295,254	26.32
M & A Investments International Limited	124,420,289	18.77	-	-	170,622,289	18.38	-	-
Dato' Thong Kok Yoon [5]	43,358,813	6.54	30,844,835	4.65	60,702,337	6.54	42,859,541	4.62
Directors								
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, *DK(II), SIMP*	121,992	0.02	-	-	121,992	0.01	-	-
Dato' Sri Thong Kok Khee [4]	5,184,678	0.78	160,880,284	24.27	5,184,678	0.56	244,295,254	26.32
Dato' Wong Gian Kui	212,160	0.03	-	-	297,024	0.03	-	-
Dato' Dr. Tan Seng Chuan	-	-	-	-	-	-	-	-
Ms. Soon Li Yen	-	-	-	-	-	-	-	-
Mr. Oh Seong Lye	-	-	-	-	-	-	-	-

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]	5,184,678	0.60	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, *DK(II), SIMP*	121,992	0.01	-	-
Dato' Sri Thong Kok Khee [4]	5,184,678	0.60	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 27 September 2018.

(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, Immobillaire 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, Immobillaire 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 27 September 2018 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 56th 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 2018 and Note 22 to the audited financial statements for further information on the purchases made by the Company of its own Shares.

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INSAS BERHAD
(Company No. 4081-M)

FORM OF PROXY
56TH ANNUAL GENERAL MEETING

No. of Ordinary 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 56th 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 **Wednesday, 28 November 2018** at **11.00 a.m.** or at any adjournment thereof in the manner indicated below:

*(*strike out whichever is not applicable)*

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' benefits		
3.	To re-elect Ms. Soon Li Yen as Director		
4.	To re-elect Mr. Oh Seong Lye as Director		
5.	To re-appoint Messrs. Grant Thornton Malaysia 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 Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP as Independent Non-Executive Director		
9.	To retain Mr. Oh Seong Lye as 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 ________________ 2018

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of Ordinary Shares	**Percentage**
Proxy 1		
Proxy 2		
Total		100%

____
Signature(s)/Common Seal of Member(s)

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 16 November 2018 shall be entitled to attend and vote at the 56th 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.

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The Chartered Secretaries
INSAS BERHAD (4081–M)
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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INSAS BERHAD
(Company No. 4081-M)

Suite 23.02, Level 23, The Gardens South Tower
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