INSAS BERHAD

(Company No. 4081-M)

ANNUAL REPORT **2019** LAPORAN TAHUNAN

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Wong Gian Kui
Chief Executive Officer/Executive Director

Dato' Dr. Tan Seng Chuan
Executive Director

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

Mr. Oh Seong Lye
Independent Non-Executive Director

AUDIT COMMITTEE

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

Mr. Oh Seong Lye
(Independent Non-Executive Director)

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

RISK MANAGEMENT COMMITTEE

Dato' Wong Gian Kui
(Chairman/Executive Director)

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

Mr. Oh Seong Lye
(Independent Non-Executive Director)

COMPANY SECRETARIES

Ms. Chow Yuet Kuen
(MAICSA 7010284)

Ms. Lau Fong Siew
(MAICSA 7045893)

REGISTERED OFFICE

No. 47-5, The Boulevard,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2391 9309
Fax : 03-2282 4688

PRINCIPAL PLACE OF BUSINESS

Suite 23.02, Level 23,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2282 9311
Fax : 03-2284 8500

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
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.

SHARE REGISTRARS

Quadrant Biz Solutions Sdn. Bhd.
No. 47-5, The Boulevard,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03-2391 9309
Fax : 03-2282 4688

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : INSAS
Sector : Financial Services
Stock Code : 3379

PROFILE OF DIRECTORS

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU HAJJAH AISHAH BINTI AL-MARHUM SULTAN HAJI AHMAD SHAH, DK(II), SIMP
Aged 62, 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 and Diversified Gateway Solutions Berhad.

DATO' WONG GIAN KUI
Aged 60, Malaysian, Male
Chief Executive Officer/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. He assumed the position of Chief Executive Officer on 28 February 2019.

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 are non-listed public companies 100% owned by Insas Berhad and Diversified Gateway Solutions Berhad respectively.

DATO' DR. TAN SENG CHUAN
Aged 64, 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 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 and an Executive Director of Diversified Gateway Solutions Berhad. He also sits on the board of Insas Technology Berhad and Diversified Gateway Berhad, both are non-listed public companies 100% owned by Insas Berhad and Diversified Gateway Solutions Berhad respectively.

PROFILE OF DIRECTORS
(Cont'd)

OH SEONG LYE
Aged 71, 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 commercial 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 2 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 51, 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;
(ii) any conflict of interest with the Company;
(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 2019.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' WONG GIAN KUI

Aged 60, Malaysian, Male
Chief Executive Officer/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.

DATO' DR. TAN SENG CHUAN

Aged 64, Malaysian, Male
Executive Director, Insas Berhad
Director, Insas Technology Berhad (a principal subsidiary company of Insas Berhad).

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

DATO' SRI THONG KOK KHEE

Aged 65, Malaysian, Male
Director, Insas Plaza Sdn Bhd ("IPSB"), Insas Credit & Leasing Sdn Bhd ("ICL") and Insas Technology Berhad ("ITB") (principal subsidiary companies of Insas Berhad).

Dato' Sri Thong resigned from the Board of Insas Berhad as Executive Deputy Chairman cum Chief Executive Officer on 28 February 2019.

Prior to this, Dato' Sri Thong was the Chief Executive Officer of Insas Berhad from 10 March 1993 to 29 November 2004. 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 to 28 February 2019.

Dato' Sri Thong was appointed as a Director of IPSB and ICL on 15 April 1993 and 2 June 1997 respectively. He was also appointed as a Director of ITB on 12 March 1997 to 30 September 1999, and reappointed on 7 May 2003.

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 a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad and Ho Hup Construction Company Berhad.

Dato' Sri Thong is a substantial shareholder of 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)

THONG MEI CHUEN
Aged 37, 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 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.

DATO' THONG KOK YOON
Aged 68, 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 52, Malaysian, Male
Executive Director cum Head of Operations, M&A Securities Sdn Bhd ("M&A")

Mr. Goh was appointed as an 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 an 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.

PROFILE OF KEY SENIOR MANAGEMENT
(Cont'd)

DATUK TAN CHOON PEOW
Aged 48, Malaysian, Male
Executive Director-Corporate Finance, M&A Securities Sdn Bhd ("M&A")

Datuk Tan was appointed as the 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.

WONG YEW KIANG
Aged 48, 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 29, 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 2019 ("FY 2019").

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 2019, the Group continued to operate in a difficult business environment amid the adverse and volatile external developments such as the ongoing US - China trade war crisis, uncertainty over Brexit, the vulnerabilities and volatility of the emerging market economies and currencies that has affected global investors' confidence in the financial and stock markets. The Board has continued to provide sound corporate governance, accountability and prudent management and we are pleased to report that in spite of the difficult and uncertain global financial and equity market conditions, the Group reported a respectable pre-tax profit of RM93.3 million, against RM100.9 million reported in FY 2018, and the net assets of the Group has increased from RM1,649 million to RM1,739 million as of 30 June 2019.

The main contributor of revenue to the Group in FY 2019 remains the investment holding & trading segment contributing 30% of total Group revenue (2018: 56%), followed by the retail trading and car rental segment contributing 29% (2018: 19%) whereas the Financial Services segment contributed 28% (2018: 19%) of the Group's revenue.

The main contributor of pre-tax profit in FY 2019 is the Technology segment accounting for 67% (2018: 77%) of total Group pre-tax profit, followed by the Financial Services segment contributing 27% (2018: 13%). As a result of the unfavourable factors highlighted above, the investment holding & trading segment contributed 2% of total pre-tax profit (2018: 3%).

The Group's main operations are located in Malaysia and Singapore and our principal associate company's operations are located in Malaysia, 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 for future growth and capital appreciation 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.

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 company, is a stock broking company providing trading services for securities listed on Bursa Malaysia Securities Berhad ("Bursa") and other recognised foreign stock exchanges, share margin and discretionary financing, collaterised trading, corporate finance advisory, underwriting and placement of securities, nominee and custodian services and other regulated activities. M&A's principal office is located in Mid Valley City, Kuala Lumpur and it currently has five (5) branch offices located in Kuala Lumpur, Ipoh, Penang and Johor Bahru.

Since July 2018, M&A has acted as principal advisers and successfully listed 5 companies on the ACE Market and 4 companies on the LEAP Market. M&A has continuously been ranked as one of the top principal advisers in the IPO market for ACE and LEAP Markets. M&A will continue its niche in the stock broking and corporate advisory role in promoting SME and growth companies to list on the ACE and LEAP 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 decreased by 18% from RM32.2 million in FY 2018 to RM26.3 million in FY 2019, mainly due to general slowdown in the Malaysian and global capital markets. As with the preceding financial year, 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 2019, ICL has outstanding loans portfolio of close to RM300 million which are fully collateralized and generating recurring 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, the collateral offered and sources of repayments 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 achieve this objective, 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 2019, the Group's investments in listed equities are primarily in the properties and REITS, consumer products and financial services sectors in both local and overseas stock exchanges, and the key equity investments include, amongst others, IGB REIT, 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 3 broad technology sectors namely electronics manufacturing services ("EMS"), financial transaction processing and mobile remittance service provider ("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 Radio Frequency ("RF") products and tailored EMS contract manufacturing to the semiconductor optoelectronic industry. As of to-date, Inari operates 9 plants situated in Malaysia, Philippines and China with total built-up areas of approximately 1.8 million square feet. In FY 2019, Inari reported revenue of RM1,153 million, a 16% decrease as compared to RM1,376 million in FY 2018, and its earnings decreased from RM260 million in FY 2018 to RM192 million in FY 2019. The decline in revenue and profit is mainly attributable to the ongoing US-China trade war which has adversely affected the semi-conductor industry.

Numoni is a financial technology (Fintech) company incorporated in Singapore and 49.6% owned by Insas Technology. Numoni's subsidiary company in Malaysia, Numoni DFS Sdn Bhd is licensed by Bank Negara Malaysia to conduct e-wallet and remittance businesses via mobile applications and other electronic channels. Another subsidiary company, Numoni Malaysia Sdn Bhd, is involved in mobile telecommunication services and has introduced NUJOK Live. NUJOK Live is a live interactive puzzle game platform that runs at real time featuring hosts and influencers with cash prizes to be won by playing with or against a community of like-minded. Players can also watch, practice and play the games offline to exercise their mind and sharpen their skills, and when they are ready, join the NUJOK community to chat, compete, interact with our hosts and other players. The NUJOK platform caters to exercise minds and improves lives.

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 and it continues to seek new and promising investments in the technology industry.

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, Max Mara, MCM, Roger Vivier and Tod's. Melium also operates a multi-brand "M Store" at Pavilion Mall which presents fashion trend from more than 50 international brands. Melium also holds the Malaysian franchise for Dome Café and operates over 19 outlets in Klang Valley, Genting Highland, Johor and Penang.

Besides luxury fashion and F&B, 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.

2.6 Car rental

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

- Insas Pacific Rent-A-Car Sdn Bhd ("PRAC")
- PRAC Logistics Sdn Bhd ("PRAC Logistics")
- PRAC GreenTech Sdn Bhd ("PRAC GreenTech")
- Roset Limousine Services Pte Ltd ("Roset")
- Tribecar Pte Ltd ("Tribecar")

PRAC offers the conventional self drive and chauffeured services on short to long-term leases with its wide fleet of sedans, SUVs and MPVs. PRAC's operations is located at Mid Valley City, Kuala Lumpur and Johor Bahru, and it has 4 branches at the airports in KLIA 1, KLIA 2, Bayan Lepas and Senai.

PRAC Logistics carries out mostly higher end sedans and MPVs for long term leases and PRAC GreenTech offers Tesla EV models for long term hire.

Roset offers luxury and premium chauffeured services with experienced professional drivers to cater for both long term and transient leases and fleet management. Roset has continuously maintained and renewed its fleet size at over 500 vehicles comprising mainly the popular makes of Toyota, Nissan and Honda.

Tribecar's in-house developed car rental system allows for car hire on hourly basis and makes it convenient for customers to rent a car as the registration, booking, locking and unlocking the choice vehicle are all done using the customer's smart phone, and it also allows the customers to pick up and return cars at their desired location and timeslot. This flexibility and efficiency focused on innovation and strategies managed to increase Tribecar's edge in this highly competitive and fast changing in the travel demand vehicle rental industry in Singapore.

The Group will continue to improve on the vehicle utilisation rate to ensure fair return on capital employed and the review of 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

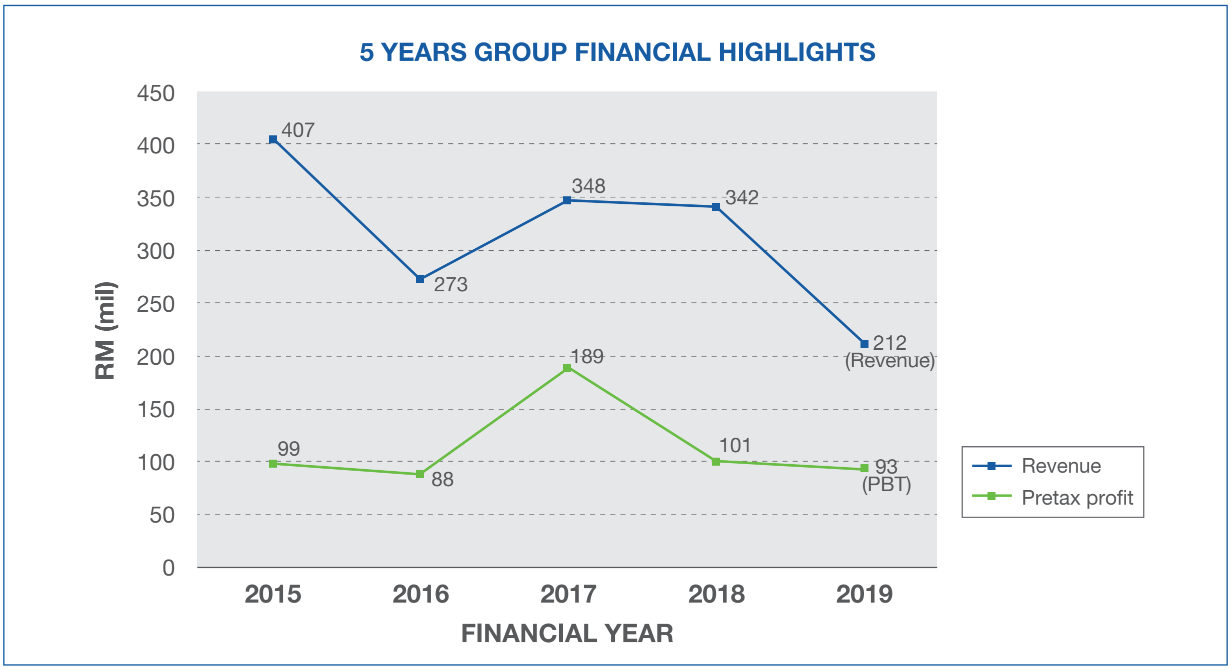
The Group's property portfolio comprises a mix of landed and high-rise residential units and shops/office spaces held to generate rental income and for resale. Occupancy for our shops/office spaces remain encouraging with near full occupancy during FY 2019 whereas occupancy rate for the residential properties remained soft primarily due to the oversupply of residential properties in the Klang Valley. With the recent lowering of banks' base lending rate, the division strives to capture opportunities in the property resale market.

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 2019, 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 joint development entitlement from Bukit Jalil City Project in Bukit Jalil, Kuala Lumpur, and the development of Aurora Place Project in Bukit Jalil, and from the launch of The Crown Service Suites in Kota Kinabalu, Sabah.

3. FINANCIAL REVIEW



Financial performance

For FY 2019, the Group recorded revenue of RM212.0 million as compared to RM341.5 million in FY 2018. Main contributors to the Group revenue is from trading activities by the investment holding & trading segment of RM63.7 million (2018: RM192.6 million), Financial Services segment of RM59.9 million (2018: RM65.3 million) and retail trading and car rental segment of RM62.0 million (2018: RM64.0 million) which in total accounted for 87% (2018: 94%) of the Group revenue.

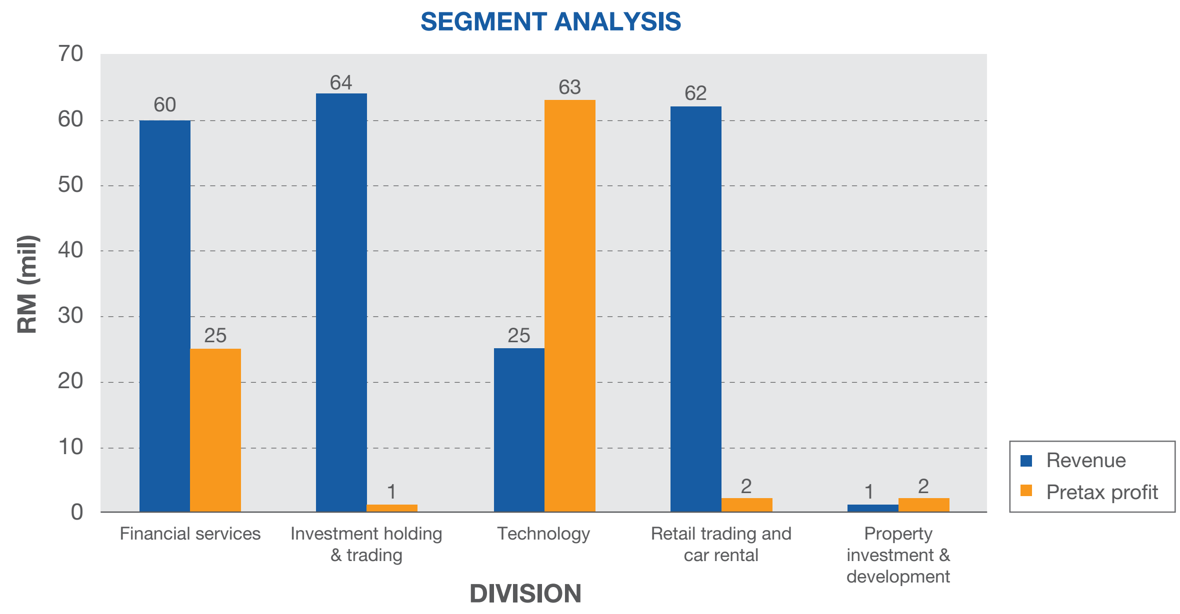
MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

Financial performance (cont'd)

The Group recorded a lower pre-tax profit at RM93.3 million in FY 2019 as compared to RM100.9 million in FY 2018 and the decrease is primarily due to the lower profit contribution from Inari.

The financial performance by business segments for FY 2019 is as follows:



Division	2019 Revenue RM'mil	2019 Pretax profit RM'mil	2018 Revenue RM'mil	2018 Pretax profit RM'mil
Financial services	60	25	65	13
Investment holding & trading	64	1	193	3
Technology	25	63	19	77
Retail trading and car rental	62	2	64	(3)
Property investment & development	1	2	1	11
Total	**212**	**93**	**342**	**101**

3.1 Stock broking and provision of corporate finance & advisory services

M&A reported lower revenue of RM26.3 million in FY 2019 as compared to RM32.2 million in FY 2018, mainly due to the challenging environment for the stock broking and corporate finance businesses affected by the uncertain global market conditions, and lower revenue generated by the corporate finance advisory unit as fewer corporate exercise mandates were undertaken by M&A during FY 2019.

M&A recorded lower pre-tax profits of RM8.8 million in FY 2019 as compared to RM10.0 million in FY 2018 mainly due to lower revenue generated from the stock broking and corporate finance advisory units and lower margin interest income in FY 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

3.2 Structured finance

Despite no significant variance in revenue reported by ICL for FY 2019, the pre-tax profit has increased to RM16.5 million in FY 2019 from RM2.8 million in FY 2018 mainly due to higher interest income earned arising from the increase in the loan portfolio during FY 2019 and the low FY 2018 profit was due to an unrealised loss of RM8.2 million on fair value changes of financial assets at fair value through profit or loss, as compared to an unrealised gain of RM2.4 million in FY 2019.

3.3 Investment holding and trading

For FY 2019, the investment unit did not augur well and reported lower revenue mainly from lower sale of financial assets at fair value through profit or loss and other financial instruments totaled RM63.7 million in FY 2019 as compared to RM192.6 million in FY 2018 on the back of the uncertain financial and equity markets amid the effects of the US and China trade war.

Despite the lower revenue in FY 2019, there was no significant variance in the pre-tax profits reported by the investment unit. The investment unit reported slight recovery in the market value of its investments positions at the end of the reporting year and recorded lower unrealised loss on fair value changes of financial assets at fair value through profit or loss of RM11.3 million (2018: unrealised loss of RM14.5 million) and unrealised fair value gain on derivative financial instruments of RM11.0 million (2018: unrealised loss of RM4.5 million).

As at 30 June 2019, the investment unit holds financial assets at fair value through profit or loss of RM231.4 million, an increase of 1.3% as compared to RM228.4 million as of 30 June 2018.

3.4 Technology and IT related services

The Technology segment reported revenue of RM24.8 million in FY 2019, an increase of 31.2% as compared to RM18.9 million in FY 2018, mainly due to the increase in trading of technology related products.

Pre-tax profit decreased by 18.8% from RM77.5 million in FY 2018 to RM62.9 million in FY 2019, primarily due to lower profit contribution from Inari.

3.5 Retail trading

Retail trading condition remains tough due to the onslaught of online retail spending and the poor market confidence arising from the US-China trade war and unstable global economy which has dampen consumer spending. Disregarding drop in revenue, the pre-tax loss in FY 2019 decreased primarily due to higher gross profit margin arising from improved product mix and reduction in rental expenses. For FY 2019, the Group's share of Melium Group's losses was RM0.4 million (2018: RM3.1 million).

3.6 Car rental

The Group has further reduced the fleet size from 1,111 in FY2018 to 1,039 in FY2019 to optimize division profitability. As a result, revenue decreased from RM64.0 million in FY2018 to RM62.0 million in FY 2019, but the division reported a higher pre-tax profit of RM2.0 million in FY2019 (2018 : RM 0.24 million) mainly due to gain from disposal of older models of motor vehicles. The Group has re-purchased new fleet cars for the secured long-term customers. The management remains positive in the prospect of car division performance with better allocation of assets and vehicle utilisation.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

3. FINANCIAL REVIEW (CONT'D)

3.7 Property investment and development

Revenue has increased to RM1.6 million in FY 2019 as compared to RM0.7 million in FY 2018 mainly due to higher sale of apartment units in FY 2019.

Pre-tax profit decreased to RM2.2 million in FY 2019 as compared to RM10.6 million in FY 2018 but there is no major variances in operating profit from FY2018 to FY2019 as the higher pre-tax profit for FY2018 was mainly attributed to the one-off non-recurring gain of RM8.6mil arising from the reversal of over-provision of share of losses of an associate company.

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 2019, the key downside risks to the global economy that affected the Group remained the trade tensions between the US and China and Brexit, affecting global interest rates and financial and equity market volatility. 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. The general slowdown in the economy has affected the equity market and consumer 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

The primary threat is mainly from the highly competitive nature and liberalization of the stockbroking industry as well as cyber threats. This may lead to potential reduction of brokerage and fee base income and the inability of M&A to secure potential clients and dealer's representatives.

To achieve the vision and market as a niche stockbroker, M&A will continue its efforts to secure and recruit corporate finance executives and dealer's representatives, expand its reach to the urban areas via regional hubs and kiosks, diversify and enhancing M&A's product and services to meet the clients' needs and invest and enhancing front and back office systems, trade monitoring system and the eStatement system.

There was no cyber security threat reported during the financial year. M&A have implemented firewalls and precaution measures to mitigate any potential cyber threat including set up a Cyber Incident Response Team to monitor, manage and report any cyber incident.

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.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

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

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 risk. With good investment strategies in place, we will monitor to ensure the investment unit will complement the Group's bottomline.

4.4 Technology and IT related services

Based on data compiled by World Semiconductor Trade Statistics (WSTS), cumulative year-to-date sales during the first half of 2019 were 14.5% lower than they were through the same point in 2018. Inari's performance was in-line with WSTS's data. For 2020, WSTS in their latest Spring 2019 report, semiconductor sales are forecasted to grow with the overall market up 5.4%. We look forward positively to this growth forecast in the semiconductor market in 2020.

While the Technology segment's growth prospects are fairly good given WSTS's forecast and the embedment of technology in nearly every aspect of daily living, growth prospects are susceptible to business/market risks arising from the USA-China trade/tariff altercations, Brexit, geopolitical conflicts and their impact on the global economy.

4.5 Retail trading

The prolonged trade tensions between the US and China have led towards increasing concerns especially to the local market. As Malaysia, being one of the most export-reliant economy in the region, purchasers' spending habit is greatly sensitive towards global economic environment. The slower Gross Domestic Product index and political unstability worsen the retail industry outlook. The management will continue to focus on pricing and promotional strategies to maximise the profitability, generate cash flows and reducing inventory holdings while enduring this challenging period.

4.6 Car rental

The ongoing global economic slowdown caused a continuous decrease in number of tourists arrival in Malaysia since its prime year in 2016. This unfavorable impact on the tourism industry dampens the prospect of the Group's transient leasing business.

The strong competition and wide availability of 'rideshare' services remain the biggest risk to the car rental division. Customers retention become one of our greatest challenges, especially in the transient leasing. We continue to monitor closely our pricing model, fleet size and models and marketing strategies to differentiate ourselves and attract more customers.

Nonetheless, the effectiveness in utilising resources of the synergy created via restructuring of car rental division is one of the challenges to the management. Each component within the car rental division support and work together as one with ultimate goal to minimize operating costs and create sustainable profits. The car fleet of over 1000 vehicles requires management's close monitoring by ensuring the vehicles are maintained in good condition within reasonable operational cost and generating surplus for the business expansion and to reward the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

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

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 2020 to be a challenging year due to the global equity and currency market volatility as a result of the continuous US-China trade war, uncertainties over the Brexit negotiation, and the contagion effects of the emerging economies markets and currencies crisis.

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 2020.

M&A expects FY 2020 equity market environment to remain challenging which M&A will continue to promote and source for new clients for fund raising and corporate exercises to secure revenue for the Company. M&A also expects to expand its margin business to generate a steady flow of income. M&A's management will exercise controls in granting margin lines to clients to mitigate possible credit risks under the current weak market conditions.

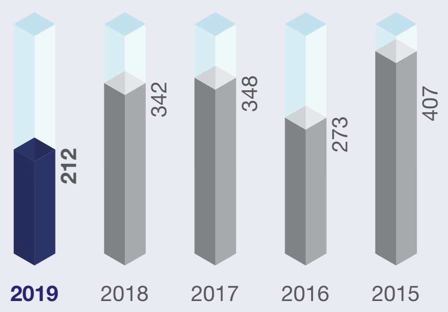
Inari is targeting to grow its light emitting diode (LED), fiber optics and sensor product portfolio to offset possible lag in radio frequency (RF) demand due to flat to bearish near-term smartphone outlook. Inari is working with its major German customer to develop several new products being fine pitch 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 and relocation plans of companies moving out of China due to the ongoing USA tariff issue will add new and potential customers for the new 680,000 sq ft Inari P34 plant located in Batu Kawan, Penang. These developments should contribute to new revenue growth for FY2020 and beyond.

On property portfolio, the Group will continue its effort to market its existing properties for rent and/or sale and to identify and invest in good properties and development projects that yield attractive return.

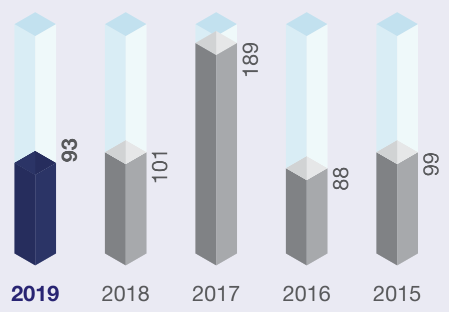
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	212,014	341,532	347,829	272,723	406,802
Profit Before Taxation	93,328	100,873	189,496	88,090	98,911
Profit After Taxation Attributable to Owners of the Company	81,831	90,539	181,010	77,376	91,129
Total Assets	2,338,959	2,221,200	2,204,979	1,899,602	1,941,751
Total Liabilities	591,765	565,234	643,065	542,380	671,458
Total Borrowings	514,759	480,088	548,613	462,980	564,548
Equity Attributable to Owners of the Company	1,739,358	1,648,580	1,554,157	1,349,664	1,265,770
Number of Shares in Issue, net of Treasury Shares (Thousands)	663,007	663,007	663,007	663,007	663,007
Earnings Per Share (Sen)	12.34	13.66	27.30	11.67	13.73
Net Assets Per Share (RM)	2.62	2.49	2.34	2.04	1.91
Return on Equity (%)	4.7	5.5	11.6	5.7	7.2
Return on Total Assets (%)	3.5	4.1	8.2	4.1	4.7
Gearing Ratio	0.30	0.29	0.35	0.34	0.45

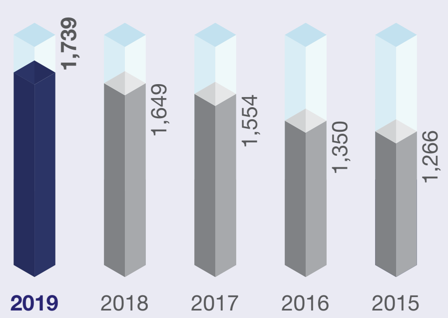
Revenue (RM' Million)



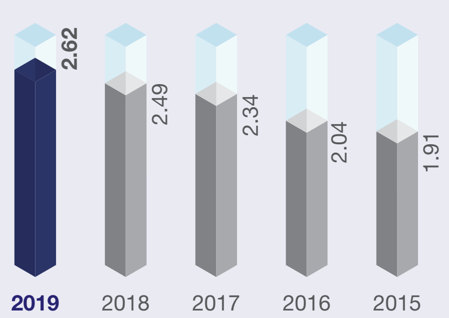
Profit Before Taxation (RM' Million)



Equity Attributable to Owners of the Company (RM' Million)



Net Assets Per Share (RM)



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

Principle A: Board Leadership and Effectiveness

- Board 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 2019 is available on the Group'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 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 the preceding financial years from a slew of reform measures including the Companies Act 2016, the MCCG 2017 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 2019 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.

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 Risk Management Committee ("RMC") have been established to assist the Board in its oversight function with reference to their specific areas of responsibilities. 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 is made available on the Group'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 Committees 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 2019 is outlined below:

Directors	Board	AC	RMC	NRC
Executive Directors				
Dato' Wong Gian Kui	5/5	-	1/1	-
Dato' Dr. Tan Seng Chuan	5/5	-	-	-
Dato' Sri Thong Kok Khee*	2/4	-	-	-
Non-Independent Non-Executive Director				
Ms. Soon Li Yen	5/5	5/5	-	1/1
Independent Non-Executive Directors				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK (II), SIMP	4/5	5/5	1/1	1/1
Mr. Oh Seong Lye	5/5	5/5	1/1	1/1

Chairman of the Board / Board Committees

* *Dato' Sri Thong Kok Khee resigned from the Board with effect from 28 February 2019*

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 act as corporate governance counsel and ensure good information flow within the Board, Board Committees and Senior Management and provide 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. The Code of Conduct & Ethics and the 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 Conduct & Ethics is published on the Group's website at www.insas.net.

Board Composition

The Board of the Company comprises five members, two 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. Appointments to the Board are made 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

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

Board Composition (cont'd)

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 once during the financial year ended 30 June 2019 with full attendance of its members and carried out the following activities during the meeting held:

(i) Reviewed and discussed the annual assessment of the Board and Board Committee;
(ii) Evaluated the independence of Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum 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 recommended them to continue to act as Independent Directors (without their participation); and
(iii) Reviewed 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 carry 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 renumeration 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 of the Company for the financial year ended 30 June 2019 for the Company and the Group are disclosed in the Corporate Governance Report for the financial year ended 30 June 2019.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The AC 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 preceding financial year ended 30 June 2018.

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 of 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 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 investors relation activities.

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 six 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 2019 are as follows:

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

The Board undertook to review the Board Charter, which was updated during the financial year and published on the Company's website. There were no changes made to the Terms of Reference for the Board Committees. These documentary references serve to guide the governance and conduct to the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

FOCUS AREAS ON CORPORATE GOVERNANCE (CONT'D)

Corporate governance areas which were given attention during the financial year ended 30 June 2019 are as follows (cont'd):

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 programmes 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' Wong Gian Kui	Business Transformation Drive Impactful Performance Results	Terus Mesra Sdn Bhd	8.5.2019
Dato' Dr. Tan Seng Chuan	Cyber Security in the Boardroom: Accelerating from Acceptance to Action	Deloitte Risk Advisory Sdn Bhd	27.6.2019
Ms. Soon Li Yen	Audit Committee Conference 2019	Malaysian Institute of Accountants	15.4.2019
Mr. Oh Seong Lye	1. Real Property Gains Tax (RPGT) – Implications and Exemptions	Malaysian Institute of Accountants	23.7.2018
	2. SID Directors Conference 2018 – Rebooting Globalisation and Governance in an Era of Disruption	Singapore Institute of Directors	7.9.2018
	3. 2019 Budget Seminar – Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing	Malaysian Institute of Accountants & Malaysian Association of Tax Accountants	21.11.2018
	4. Audit Committee Conference 2019	Malaysian Institute of Accountants	15.4.2019
	5. MIA's Engagement Session with Audit Committee Members on Integrated Reporting	Malaysian Institute of Accountants	30.4.2019
	6. MFRS Conference 2019 – Applications in Your Practice	Malaysian Institute of Accountants	25.6.2019

CORPORATE GOVERNANCE PRIORITIES (2020 AND BEYOND)

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 risk management and the system of internal control of the listed entity as a Group in the Annual Report.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its overall responsibility for the Group's risk management and system of internal control and to oversee the establishment of appropriate control environment as well as review the adequacy, effectiveness and integrity of the Group's internal control, risk management practices and management information systems. In view of the inherent limitations in any system of internal control, the system is designed to manage rather than to 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 and the Risk Management Committee, which dedicates separate time for discussion on this matter.

RISK MANAGEMENT FRAMEWORK

Risk management focuses on identifying threats and opportunities while internal control helps to counter threats and takes advantage of opportunities. 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 Chief Executive Officer ("CEO") 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 and the Risk Management Committee.

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

In 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 tests, evaluates and updates 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.

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

KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

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

1. **Management and direction of the Group's businesses**

   The 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.

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 operational 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 practises 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 RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL (CONT'D)

The framework of the Group's risk management and 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 and annual audits 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 risk management practices and internal control; and
iii) meeting defined reporting deadlines and ensuring compliance with policies, procedure and regulatory requirements.

9. Budgeting process

Detailed budgeting process and/or development of business strategies whereby key operating subsidiary and associate companies prepare budgets and performance targets for the coming financial year, which are approved at the operating level. Key performance indicators are set and the performance are monitored via management reporting system.

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 RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL (CONT'D)

The framework of the Group's risk management and 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 as well as 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 statutory and annual audit of the financial statements and review of internal control system relevant to the preparation of financial statements of the Group. Areas for improvement identified during the course of the statutory and annual 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, which is based on risk-based audit methodology. 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.

14. Risk Management Committee

The Board had approved for the setting up of a Risk Management Committee in the preceding financial year. The pivotal role of the Risk Management Committee is to act as an independent committee of the Board with the sole purpose of risk oversight responsibilities for the Group. The Chairman of the Risk Management Committee is the Group's CEO, who has the required expertise and knowledge of the Group's businesses and operational functions for risk assessment and risk management. To ensure better coordination of risk oversight, the remaining two (2) members of the Risk Management Committee are both members of the Audit Committee and are also independent non-executive directors of the Company.

During the financial year, in order to carry out its function effectively, the Risk Management Committee approved the setting up of a sub-committee comprising senior executives from their area of responsibilities and expertise from the Finance, Company Secretarial, Group Internal Audit and Legal functions to assist the Risk Management Committee on identified and emerging risks, and conducted a risk management review on the key strategic, financial and reporting, operational and compliance risks that affects the Group and the related risks assessment and risks management processes.

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

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

The Board does not regularly review the risk management and 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 approved financial 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 recognises that an internal audit function is necessary to provide independent assessment on the Group's risk management and 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.

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 2019 were as follows:-

1. Tabled the Annual Audit Plan for year 2019 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 internal control system for operations of investments management, accountability of rental revenue and operating expenses, bank reconciliations, fixed deposit placement and intercompany transactions and safekeeping and retention of tenancy agreements;

        (ii) Reviewed the internal control system for operations, administration and marketing functions, and Penang and KLIA branches of the car rental operations with proper approval and documentation processes for monthly leasing and daily rental, and asset reconciliation against fleet inventory management for the car rental operations; and

        (iii) Completed audit follow-up on previous audit issues highlighted for the car rental operations in Singapore.

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

INTERNAL AUDIT FUNCTION (CONT'D)

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 (cont'd):-

   (b) On the stock broking subsidiary company:-

      (i) Reviewed the adequacy and effectiveness of the internal control system for Intra Day & Short Selling ("IDSS"), assessed the standard operating system are up to-date and in line with the stock exchange's requirements and performed independent review for monthly compliance program for IDSS section;

      (ii) Performed audit review on the Compliance function of the Principal Office and all branches are complied with the rules, regulations and guidelines issued by the authorities; the validation and completeness of checking on monthly compliance program; the monitoring, reporting and submission are managed by the Head of Compliance; and in-house training and dissemination of information and safekeeping of records by the Compliance Department;

      (iii) Performed audit review on the adequacy and effectiveness on the internal control system on Anti-Money Laundering ("AMLA") framework, the internal policies and procedures and checking adhered to the rules, regulations and guidelines set by the authorities and monitoring and reporting channels to detect suspicious transactions;

      (iv) Reviewed the adequacy and effectiveness of the Business Continuity and Disaster Recovery Plan (BCP) undertaken by the stock broking company;

      (v) Conducted audit review on the Risk Management Department to ensure adequate risk management system and processes are in place for risk identification, risk assessment, risk controls and risk measurement, the completeness of stress testing and scenario analysis in compliance with the requirements by the authorities and reported to the stock broking's Risk Management Committee on a quarterly basis; and

      (vi) Performed audit review on the adequacy and effectiveness of internal control system on credit control, margin financing, settlement and central depository system (CDS) departments and branches; the completeness of documentation for opening of accounts, clients and dealer's representatives requests; and the review and approval process for credit assessment, trading limits and settlement in compliance with the rules, regulations and guidelines stipulated by the relevant authorities, and the company standard operating policies and procedures (SOP).

The cost incurred by the Group Internal Audit function in carrying out its duties in respect of the financial year ended 30 June 2019 is as follows:-

	RM
Staff cost	208,029
Reimbursements on traveling, accommodation and allowances	6,926
Total	214,955

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

WHISTLEBLOWING POLICY

During the preceding 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 of and in good faith belief 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 CEO 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 financial 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 2019 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 2019 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 relating to 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 2019.

COMPOSITION

The membership of the AC has been selected with the aim of providing a wide range of financial and commercial expertise and experience necessary to meet its responsibilities. The AC comprises three (3) members of whom two (2) are Independent Non-Executive Directors.

The members of the AC during the financial year ended 30 June 2019 are as follows:-

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

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum 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 the members' tenure, accountability and effectiveness were duly assessed via the annual assessment carried out by the Nomination and Remuneration Committee ("NRC"). Having reviewed the objectives, duties and responsibilities and primary activities undertaken by the AC members, the NRC is satisfied that the AC has effectively discharged its duties and responsibilities in accordance with its terms of reference.

MEETINGS AND ATTENDANCE

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 2019 as follows:-

Date of meetings	Time
28 August 2018	10.00 a.m.
26 September 2018	10.00 a.m.
26 November 2018	10.00 a.m.
21 February 2019	10.00 a.m.
23 May 2019	10.00 a.m.

AUDIT COMMITTEE REPORT

(Cont'd)

MEETINGS AND ATTENDANCE (CONT'D)

The details of attendance by the AC members are as follows:-

Directors	Attendance
Mr. Oh Seong Lye	5/5
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum 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 four (4) of these meetings. Matters of significant concerns raised by the GIA Manager and the EA noted by the AC requiring the Board of Directors' ("the Board") direction and approval were highlighted by the AC Chairman at the Board meetings. Minutes of the AC meetings were circulated to the Board for their notation.

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The works 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
28 August 2018	Fourth quarter and full year unaudited results of the Group for the financial year ended 30 June 2018.
26 November 2018	First quarter results for the financial period ended 30 September 2018.
21 February 2019	Second quarter results for the financial period ended 31 December 2018.
23 May 2019	Third quarter results for the financial period ended 31 March 2019.

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

(ii) Reviewed the Directors' Report and audited financial statements of the Company and the Group for the financial year ended 30 June 2018 before recommending the same for consideration and approval by the Board at its meeting held on 26 September 2018, 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 2018 and were 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 2018 at the said meeting. In reviewing the annual audited financial statements, the AC discussed with the management and the EA on the accounting principles and standards that were applied and their opinion on the items that may affect the financial statements.

AUDIT COMMITTEE REPORT
(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONT'D)

The works 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 Issues Committee Interpretations ("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 the Group's financial reporting.

(b) Internal Audit

(i) The AC reviewed with the GIA Manager, the annual audit plan for Year 2019 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 appraise that 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 26 November 2018.

(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:-
- Credit control and margin department
- CDS and settlement department
- Risk management department
- Compliance function review
- Anti-money laundering compliance review
- System and application department and Business Continuity and Disaster Recovery Plan review
- Intra-day & short selling review

Other operating subsidiary companies:-
- Car rental division on operations, fleet management, administration and marketing functions review.
- Investment division on investment management review eg: accountability of rental revenue and operating expenses; inter-company transactions and safekeeping and retention of tenancy agreements.
- Car rental operations in Singapore – concluding audit follow up works.

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 appropriate remedial actions were 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 2019 (CONT'D)

The works 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 28 August 2018 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 2018 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 2018 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 2018 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 2018 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 Grant Thornton Malaysia, had recommended to the Board for approval, the re-appointment of Grant Thornton Malaysia as external auditors for the ensuing financial year ended 30 June 2019.

(iii) Reviewed with the EA at the meeting held on 26 November 2018 on the requirements and impact of MFRS 9 Financial Instruments, which became effective to be adopted by the Group on 1 July 2018 and that the Group's first quarter's results for the financial period ended 30 September 2018 was consistent and in compliance with the requirements of MFRS 9; and

(iv) Reviewed with the EA at the meeting held on 23 May 2019, 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 2019, outline of recent development of the Group, the audit approach, accounting and auditing development, and areas of audit focus with emphasis on the adoption of MFRS 9 Financial Instruments and the impairment of financial assets based on the new expected credit loss model to be undertaken in the audit for the financial year ended 30 June 2019.

(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 senior management.

(ii) Reviewed and monitored the financial risks management in particular the credit risk and adequacy of allowance for impairment on the Group's receivables arising from the adoption of MFRS 9 Financial Instruments by the Group with effect from 1 July 2018 which introduced the expected credit loss model to assess impairment with emphasis on the Group's 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 2019.

AUDIT COMMITTEE REPORT
(Cont'd)

SUMMARY OF WORK OF THE AC IN DISCHARGING ITS FUNCTION AND DUTIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONT'D)

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

(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 arisen that raised 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.

(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 of Risk Management and Internal Control for inclusion in the Annual Report 2018 and recommended their adoption by the Board at its meeting held on 26 September 2018.

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 is performed by the in-house internal audit department set up in the financial year ended 30 June 2009.

The summary of works of the GIA function during the financial year ended 30 June 2019 is disclosed in the Statement on Risk Management and Internal Control.

TERMS OF REFERENCE OF THE AC

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

SUSTAINABILITY STATEMENT

A. INTRODUCTION

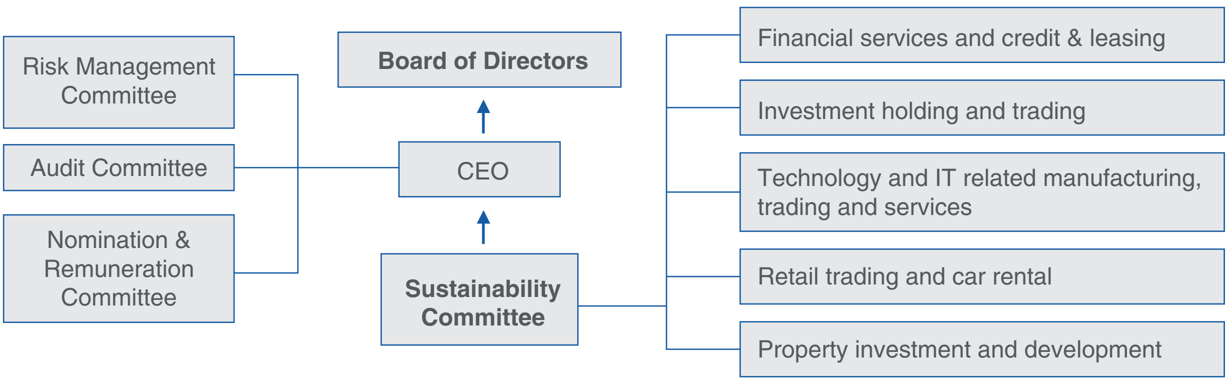
The Board of Directors ("the Board") and the management of Insas Berhad ("Insas" or "the Group") are pleased to present the Sustainability Statement which provides an overview of the sustainability practices of the Company and its subsidiary companies for the financial year ended 30 June 2019.

There are no significant changes in the scope of the Sustainability Statement as compared to the preceding financial year ended 30 June 2018, which covers material issues arising from the Group's principal business activities and does not include our associate companies. The information disclosed in this statement is derived from the Group's 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 and 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 operates with the highest degree of integrity and transparency.

Since our first Sustainability Statement in FY 2018, the Group remain committed to build long term sustainable values towards value creation for 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 is comprised of the following:-

Board of Directors

The Group's sustainable leadership is led by the Board, 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, identification and monitoring of sustainability initiatives, executions and reporting, and reports to the CEO on sustainability matters.

SUSTAINABILITY STATEMENT
(Cont'd)

B. SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)

The Group's sustainability governance structure is comprised of the following (cont'd):-

Board Committees – Risk Management, Audit and Nomination & Remuneration Committees

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 in the Statement. The Board Committees review and ensure the processes are in place for the Group to achieve its sustainability commitments.

C. SUSTAINABILTY REPORTING FRAMEWORK

The Materiality Assessment Process

Stakeholders' 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, their impact and significance, the engagement approaches, frequency of the engagement approaches, area of interest and the desired outcome of engagement.

ii) Identification and categorisation of Sustainability issues

We assessed the significance of each of the sustainability matters on its level of impact on the operations and the importance of these issues to its key stakeholders based on a rating methodology through internal discussion carried out by the Sustainability Committee. The results of this assessment were positioned on the Materiality Assessment Matrix in Section E. The Materiality Assessment Matrix is meant to serve as a baseline for progressive planning of sustainability initiatives in the future years.

Going forward, we plan to conduct a comprehensive survey with the representatives from each group of stakeholders identified to ascertain 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, social and governance topics to be embedded in wider business processes and prioritise the Group's resources allocation for sustainability issues.

SUSTAINABILITY STATEMENT
(Cont'd)

C. SUSTAINABILTY REPORTING FRAMEWORK (CONT'D)

The Materiality Assessment Process (cont'd)

iii) Prioritisation and review (cont'd)

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

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
• Innovating the stock broking business landscape • Flexible and innovative solutions for our car rental customers • Vigilant risks management • Data protection and cyber threat • Quality services and products • Financial performance	• Energy and water conservation • Greenhouse gas emissions	• Diversity and equal opportunity • Human capital development • Community engagement and development	• Corporate governance and compliance • Whistleblowing policy • Law and regulations

The evaluation and process review are discussed in Section F - 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 are as follows:-

Stakeholder Groups	Impact and Significance	Form of Engagement	Frequency	Area of Interest	Desired Outcome of Engagement
Our Employees	Our employees are an important component of our human capital whose competencies and well being are fundamental to the Group's operational effectiveness. Our aim is to have our employees realise their full potential and generate a knowledgeable and technically competent workforce who are motivated and dedicated. The Group does not practice discrimination against gender, age 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	Periodic Periodic Based on planning - every 2 to 5 years Periodic	Environmental care Human capital & career development Employees' competencies Equal opportunities Fair remuneration and employees' welfare Code of conduct & business ethics	Safe, healthy and harmonious working environment Improved dissemination of HR policies Equip employees with skills and leadership capabilities that enhance work effectiveness and career progression Talent attraction and retention
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	Periodic Periodic	Customer satisfaction Product affordability Quality of services and products	Better quality and reliable services and products with affordable prices
Our Suppliers	Service delivery, payment schedule, quality and pricing of product and services.	Purchasing and procurement policies and guidelines	Periodic	Prompt payment Cost effective solutions Ethical business practices	Better relationship with suppliers for mutual benefit and improved negotiated terms

SUSTAINABILITY STATEMENT
(Cont'd)

D. STAKEHOLDERS' ENGAGEMENT (CONT'D)

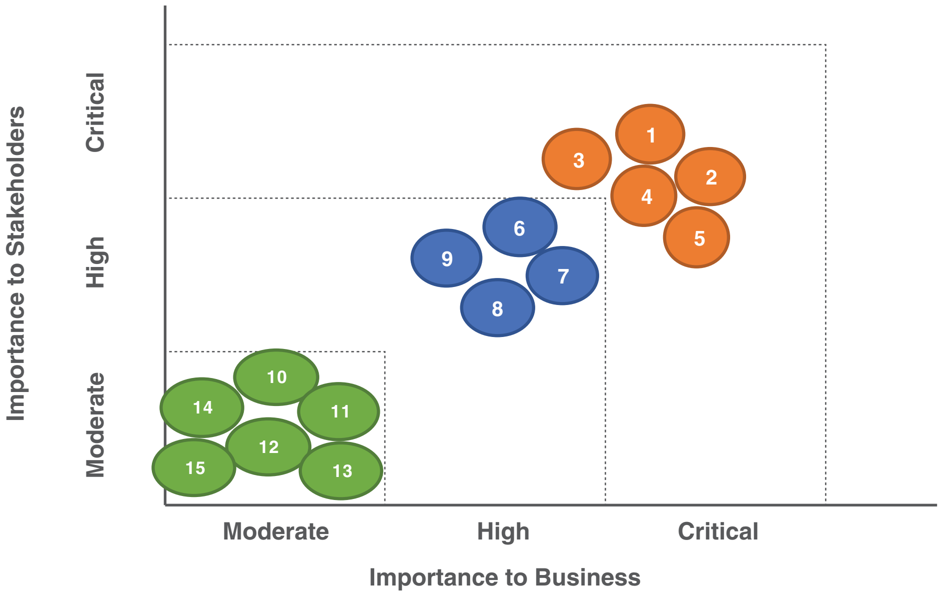
By assessing the significance and impact of their interest on Insas Group, we have identified our key stakeholder groups and the engagement approaches are as follows (cont'd):-

Stakeholder Groups	Impact and Significance	Form of Engagement	Frequency	Area of Interest	Desired Outcome of Engagement
Our Shareholders and investors	To build on strong fundamentals to deliver continued earnings growth and maximise returns to shareholders.	Quarterly reports Annual reports Announcements released to Bursa Malaysia Securities Berhad Annual general meetings Phone calls, emails, meetings Corporate website	Four times a year Once a year Periodic Once a year Periodic Periodic	Consistent profitability and dividends from the Company Maximise shareholders' value	Good relationship with shareholders and positive reputation amongst investors with constructive feedback
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 organised by government bodies and regulators Advice from the Group's panel of lawyers, external auditors, tax agents, etc	Ad hoc Periodic Ad hoc	MCCG New MFRSs accounting standards Personal data protection Tax compliance Licensing matters Anti-corruption policies Anti-money laundering policies Digital transformation	An opportunity to share Insas Group's commitment and policies and procedures for sustainable operations
Our Community	To be a committed and responsible corporate citizen contributing to our communities where we operate.	Company website Contributions to nominated charities and attendance at charitable events	Periodic Periodic	Social activities within the community	Better social relations with Insas Group

SUSTAINABILITY STATEMENT
(Cont'd)

E. MATERIALITY ASSESSMENT MATRIX

Materiality Assessment Matrix of Insas Berhad Group



No.	Sustainability Matters	EES
Importance is Critical		
1	Quality services and products	Economic
2	Good conduct and ethical business practices	Governance
3	Talent management and manpower succession planning	Social
4	Financial performance	Economic
5	Law and regulations	Governance
Importance is High		
6	Data protection and cyber threat	Economic
7	Digitalisation and innovation	Economic
8	Community engagement and development	Social
9	Risk management	Economic
Importance is Moderate		
10	Training and development opportunities	Social
11	Job rotation	Social
12	Sexual harassment and violence	Social
13	Energy and water conservation	Environmental
14	Greenhouse gas emissions	Environmental
15	Diversity and equal opportunity	Social

SUSTAINABILITY STATEMENT
(Cont'd)

F. THE GROUP'S KEY SUSTAINABILITY PRACTICES

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

This section highlights the measures undertaken by the Group to support the various sustainability matters that were identified:

ECONOMIC SUSTAINABILITY

i) Innovating the stock broking business 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 an online trading platform (M&A Online) to its clients with the latest technology to align with market demand and to improve customer trading experience and satisfaction. M&A Online enables its 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 anytime.

M&A has implemented ePayment and eStatement services during the financial year. With the implementation of the shorter T+2 settlement cycle recently, it will be an advantage for M&A's clients to opt for eStatement and ePayment services to ensure statements and settlement are delivered timely, and to reduce carbon footprint and conserve resources.

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 company in Singapore implemented a new innovation that allows its customers to rent a car easily whereby registration, booking, locking and unlocking the selected car can be done using the customers' smart phones.

iii) Vigilant risks management

Risk management is crucial in sustaining the Group's continuing growth and the Group through its Board, Audit and Risk Management Committees, 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 necessary, engagement of external security experts to enhance the security controls of the systems and applications are carried out.

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

There was no cyber security threat reported during the financial year.

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

ECONOMIC SUSTAINABILITY (CONT'D)

v) Quality services and products

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

vi) Financial performance

The Group continue its effort in delivering growth in financial performance and increase shareholders' value, underpinning a commitment to drive long-term returns.

ENVIRONMENTAL SUSTAINABILITY

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 involves 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

Our employees are the Group's primary assets and also its 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 aspire the Group to be. We are therefore determined to foster a workplace culture and environment that attracts, retains and develop our people to reach their fullest potential so that we can continue to deliver value to our stakeholders.

SUSTAINABILITY STATEMENT
(Cont'd)

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

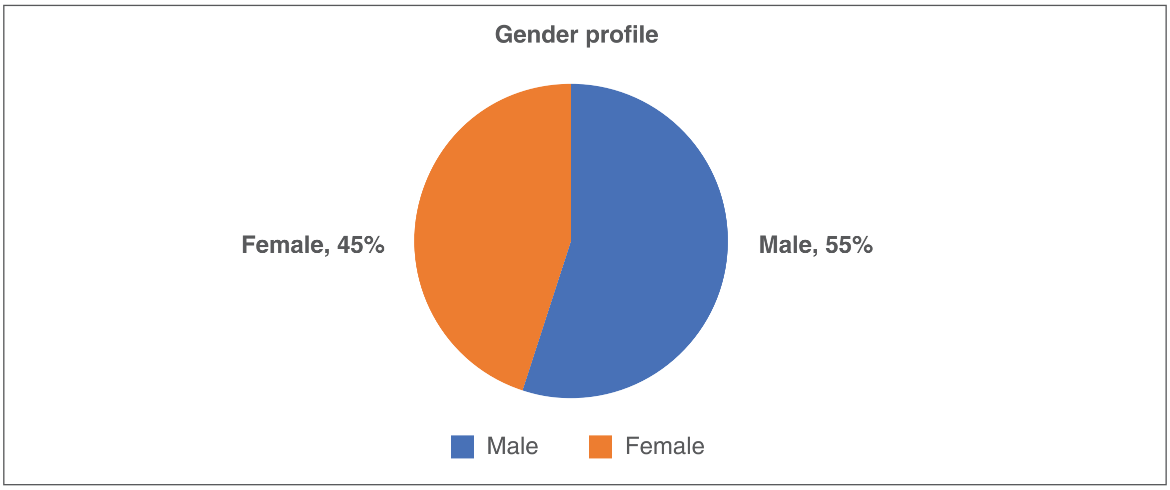
SOCIAL SUSTAINABILITY (CONT'D)

Diversity and equal opportunity

The Group continues to focus on initiatives that promote equal career development opportunities to all of our employees without discrimination of gender, age, nationality and religion.

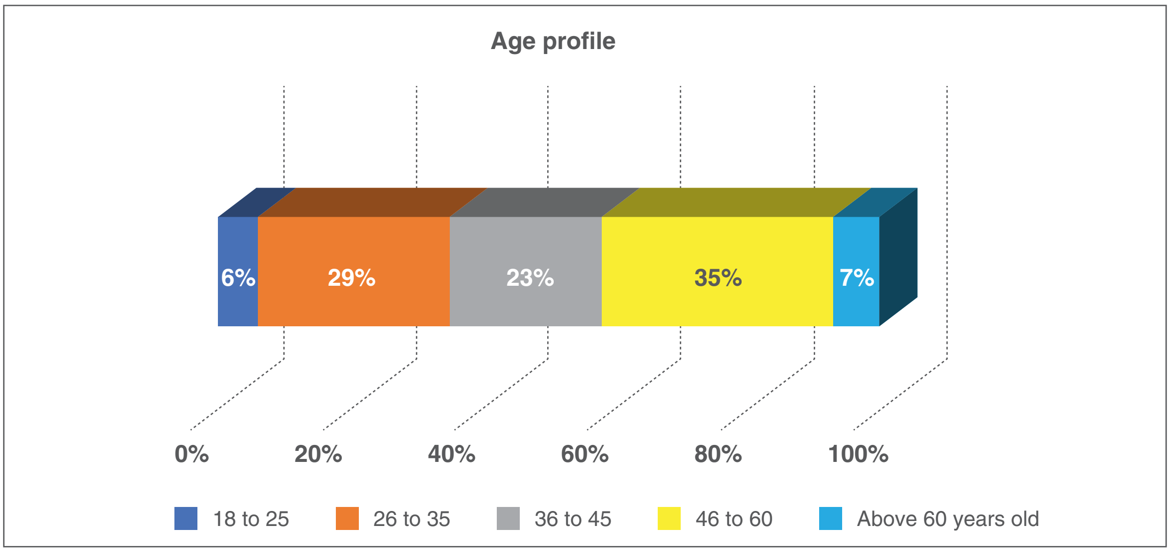
i) Gender profile

As at 30 June 2019, the Group has a total of 279 employees (excluding directors) which consists of 45% female and 55% male.



ii) Age profile

Our employees age profile is balanced with almost 58% of our employees being below the age of 45 years old. Most of our employees are young and energetic, which is parallel with the Group's direction to develop new talents.



SUSTAINABILITY STATEMENT
(Cont'd)

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

SOCIAL SUSTAINABILITY (CONT'D)

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 practises 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 function of its respective operating units and departments.

ii) Training and development opportunities

The Group invest in the training and development of employees to improve their knowledge, skills and competencies to enhance their performances and opportunity to advance in their careers 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 its next generation of leaders and provide mentoring, coaching 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.

Community engagement and 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.

SUSTAINABILITY STATEMENT
(Cont'd)

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

GOVERNANCE SUSTAINABILITY

Corporate governance and compliance

The Group strives to fully comply with the 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.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 18 to 23 of this Annual Report as well as the Corporate Governance Report for announcement and publication on the website of Bursa Malaysia Securities Berhad.

Whistleblowing policy

The Group had developed a Whistleblowing policy last year with the objective to encourage all employees and external parties to come forward and voice out their concerns and report any malpractice or misconduct of which they are aware of.

For FY 2019, the Group did not received any complaint or report on workplace grievances nor any malpractices or misconduct activities from employees or third parties.

Law and regulations

Our policy on governance requires that the Group strives to meet all local requirements including law and regulations, accounting standards, listing requirements, tax compliance and licensing requirements amongst others.

Regulatory and reporting changes may affect the Group's business model, compliance measures as well as the management of capital, liquidity and profitability. Continuous engagement with regulatory authorities is undertaken to stay abreast of the latest regulatory developments. Senior management assessed for staffs to attend relevant seminars or trainings to update and enhance their skills in order for staffs to discharge their work and responsibilities efficiently and effectively.

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 2019 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 2019, 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 unutilised proceeds from any corporate proposals.

b) **Material contracts involving the interests of the directors and major shareholders**

There were no material contracts entered into by the Company and the Group involving the directors and substantial shareholders of the Company during the financial year other than the announcement made by the Company on 7 December 2018 to Bursa Malaysia Securities Berhad.

c) **Audit fees and non-audit fees**

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 2019 were as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Statutory audit fees paid and payable to:-				
- Grant Thornton Malaysia	302	298	41	42
- Other external auditors	211	175	-	-
Total (a)	513	473	41	42
Non-audit fees paid and payable to:-				
- Grant Thornton Malaysia	111	86	8	8
- Other external auditors	61	89	-	-
Total (b)	172	175	8	8
% of non-audit fees (b/a)	34%	37%	20%	19%

The non-audit services rendered were mainly for tax compliance advisory services 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 of Directors of the Company for the 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 57th 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 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies, associate companies and a jointly controlled entity are disclosed in Note 49 to Note 51 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	82,119	11,859
Attributable to:-		
Owners of the Company	81,831	11,859
Non-controlling interests	288	-
	82,119	11,859

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends:-

(a) a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the period from 31 December 2017 to 29 June 2018, paid on 2 July 2018;

(b) a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the period from 30 June 2018 to 30 December 2018, paid on 31 December 2018; and

(c) an interim single tier cash dividend of 2.0 sen per ordinary share amounting to RM13,260,127 in respect of the financial year ended 30 June 2019, paid on 10 January 2019.

The Directors declared a preferential cash dividend of 2.0 sen per redeemable preference share amounting to RM2,652,025 in respect of the period from 31 December 2018 to 29 June 2019, paid on 1 July 2019.

The Directors do not recommend any final dividend for the financial year ended 30 June 2019.

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.

DIRECTORS' REPORT
(Cont'd)

REDEEMABLE PREFERENCE SHARES ("RPS") AND WARRANTS

There were no issuance of new RPS and Warrants during the financial year.

The terms of the RPS and Warrants are disclosed in Note 27 and Note 24 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.

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 2019. Further relevant details are disclosed in Note 23 to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements 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 values 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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP*
Dato' Sri Thong Kok Khee (Resigned on 28 February 2019)
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 up to the date of this report, excluding those who are already the Directors of the Company are:-

Dato' Sri Thong Kok Khee
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. Sanj Natsagdorj (up to 25 July 2018 - as disclosed in Note 43(a)(i) to the financial statements)
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

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 1.7.2018**	**Bought**	**Sold**	**At 30.6.2019**
Interest in the Company				
Direct interest				
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	-	-	**121,992**
Dato' Wong Gian Kui	212,160	-	-	**212,160**
Deemed interest				
Dato' Wong Gian Kui	-	136,000	-	**136,000**
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 1.7.2018	**Bought**	**Sold**	**At 30.6.2019**
Interest in the Company				
Direct interest				
Dato' Wong Gian Kui	42,432	-	-	**42,432**

	Number of Warrants			
	At 1.7.2018	**Bought**	**Sold**	**At 30.6.2019**
Interest in the Company				
Direct interest				
Dato' Wong Gian Kui	84,864	-	-	**84,864**

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	**At 1.7.2018**	**Bought**	**Sold**	**At 30.6.2019**
Interest in the Company				
Direct interest				
Dato' Sri Thong Kok Khee	5,184,678	-	-	**5,184,678**
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				
Dato' Sri Thong Kok Khee	160,880,284	-	-	**160,880,284**
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**
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**

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 Preference Shares			
Directors of the subsidiary companies (cont'd)	**At 1.7.2018**	**Bought**	**Sold**	**At 30.6.2019**
Interest in the Company				
Direct interest				
Dato' Sri Thong Kok Khee	2,100,000	-	-	**2,100,000**
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				
Dato' Sri Thong Kok Khee	55,428,085	-	-	**55,428,085**
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**

	Number of Warrants			
	At 1.7.2018	**Bought**	**Sold**	**At 30.6.2019**
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				
Dato' Sri Thong Kok Khee	83,414,970	-	-	**83,414,970**
Datin Sri Yeoh Kwee See	82,953,570	-	-	**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 ordinary 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 40 to the financial statements. Included in Directors' emoluments are benefits-in-kind (based on estimated monetary value) for the Group and the Company of RM85,000 and RM27,000 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, except as disclosed in Note 48(b) to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 52 to the financial statements.

AUDITORS

Details of the auditors' remuneration are set out in 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 2019.

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU HAJJAH AISHAH BINTI AL-MARHUM SULTAN HAJI AHMAD SHAH, DK(II), SIMP	)	
	)	DIRECTORS
DATO' WONG GIAN KUI	)	

Kuala Lumpur

STATEMENT BY DIRECTORS

We, Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui, 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 2019, 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 2019.

Y.A.M. TENGKU PUTERI SERI KEMALA TENGKU HAJJAH AISHAH BINTI AL-MARHUM SULTAN HAJI AHMAD SHAH, DK(II), SIMP

DATO' WONG GIAN KUI

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 2019)
)

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 2019, 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 62 to 197.

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 2019, 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.

The Group applies a simplified approach in calculating provision for expected credit losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Group considers among others, its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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), 3(b), 4(d), 4(j)(i), 17 and 18 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 intend 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.

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:-

- 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.

- 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.

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

OTHER MATTERS

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

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

FOO LEE MENG
(NO.: 03069/07/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
26 September 2019

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

		Group		Company	
	Note	**2019**	2018	**2019**	2018
		RM'000	RM'000	**RM'000**	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**161,021**	161,405	**105**	136
Investment properties	7	**187,658**	198,304	**-**	-
Financial assets at fair value through other comprehensive income	8	**22,971**	-	**940**	-
Available for sale investments	8	**-**	45,022	**-**	940
Financial assets at amortised cost	9	**3,096**	-	**-**	-
Held to maturity investments	9	**-**	3,814	**-**	-
Subsidiary companies	10(a)	**-**	-	**809,734**	804,995
Amount due from subsidiary companies	10(b)	**-**	-	**8,708**	-
Associate companies	11(a)	**437,421**	357,628	**14**	17
Jointly controlled entity	12	**(33)**	-	**-**	-
Intangible assets	13	**26,047**	26,047	**-**	-
Deferred tax assets	14	**3,207**	2,834	**-**	-
Other receivables	18	**7,345**	-	**-**	-
Total non-current assets		**848,733**	795,054	**819,501**	806,088
Current assets					
Property development costs	15	**10,691**	10,497	**-**	-
Inventories	16	**11,956**	12,408	**-**	-
Trade receivables	17	**443,096**	376,481	**-**	-
Amount due from subsidiary companies	10(b)	**-**	-	**196,025**	199,780
Amount due from associate companies	11(b)	**89,571**	72,912	**390**	383
Other receivables, deposits and prepayments	18	**47,024**	38,341	**210**	787
Financial assets at amortised cost	9	**1,510**	-	**-**	-
Held to maturity investments	9	**-**	1,538	**-**	-
Financial assets at fair value through profit or loss	19	**234,233**	236,562	**-**	-
Tax recoverable		**2,445**	941	**181**	119
Deposits with licensed banks and financial institutions	20	**554,552**	572,703	**17,769**	12,567
Cash and bank balances	21	**95,148**	103,763	**5,027**	5,691
Total current assets		**1,490,226**	1,426,146	**219,602**	219,327
TOTAL ASSETS		**2,338,959**	2,221,200	**1,039,103**	1,025,415

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019
(Cont'd)

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	22	**741,085**	741,085	**741,085**	741,085
Treasury shares	23	**(14,499)**	(14,499)	**(14,499)**	(14,499)
Reserves	24	**120,191**	104,058	**4,622**	4,622
Retained earnings		**892,581**	817,936	**20,640**	22,041
		1,739,358	1,648,580	**751,848**	753,249
Non-controlling interests		**7,836**	7,386	**-**	-
TOTAL EQUITY		**1,747,194**	1,655,966	**751,848**	753,249
Non-current liabilities					
Loans and borrowings	25	**20,280**	20,909	**-**	-
Hire purchase payables	26	**53,931**	55,052	**-**	-
Deferred tax liabilities	14	**10,855**	7,395	**621**	780
Preference shares	27	**-**	129,444	**-**	129,444
Total non-current liabilities		**85,066**	212,800	**621**	130,224
Current liabilities					
Derivative financial liabilities	28	**1,056**	12,030	**-**	-
Trade payables	29	**24,001**	35,550	**-**	-
Amount due to subsidiary companies	10(b)	**-**	-	**67,360**	66,405
Other payables, deposits received and accruals	30	**39,752**	29,173	**3,168**	3,237
Hire purchase payables	26	**28,789**	30,932	**-**	-
Loans and borrowings	25	**281,653**	243,751	**86,000**	72,300
Preference shares	27	**130,106**	-	**130,106**	-
Tax payable		**1,342**	998	**-**	-
Total current liabilities		**506,699**	352,434	**286,634**	141,942
TOTAL LIABILITIES		**591,765**	565,234	**287,255**	272,166
TOTAL EQUITY AND LIABILITIES		**2,338,959**	2,221,200	**1,039,103**	1,025,415

STATEMENTS OF PROFIT OR LOSS
For the Financial Year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	31	**212,014**	341,532	**23,347**	17,153
Cost of sales	32	**(128,145)**	(237,632)	**-**	-
Gross profit		**83,869**	103,900	**23,347**	17,153
Other income	33	**83,272**	99,647	**9,832**	11,178
Administration expenses	34	**(29,529)**	(27,734)	**(6,258)**	(6,344)
Other operating expenses	35	**(61,457)**	(94,381)	**(3,090)**	(152)
Finance costs	36	**(23,220)**	(22,790)	**(11,453)**	(10,148)
Exceptional item	37	**(3,509)**	(8,134)	**-**	-
Share of profits less losses of associate companies		**44,085**	50,365	**-**	-
Share of losses of a jointly controlled entity		**(183)**	-	**-**	-
Profit before tax		**93,328**	100,873	**12,378**	11,687
Tax expense	38	**(11,209)**	(10,468)	**(519)**	(610)
Profit for the financial year		**82,119**	90,405	**11,859**	11,077
Attributable to:-					
Owners of the Company		**81,831**	90,539	**11,859**	11,077
Non-controlling interests		**288**	(134)	**-**	-
		82,119	90,405	**11,859**	11,077
Earnings per share (sen)					
- Basic	39	**12.34**	13.66		
- Diluted	39	**N/A**	N/A		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year ended 30 June 2019

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Profit for the financial year	**82,119**	90,405	**11,859**	11,077
Other comprehensive income/(loss) 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	**-**	-
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	**2,356**	(2,994)	**-**	-
Foreign currency translation of foreign operations, net of tax	**5,593**	(12,221)	**-**	-
Total other comprehensive income/(loss) for the financial year, net of tax	**7,949**	(17,442)	**-**	-
Total comprehensive income for the financial year, net of tax	**90,068**	72,963	**11,859**	11,077
Attributable to:-				
Owners of the Company	**89,618**	73,334	**11,859**	11,077
Non-controlling interests	**450**	(371)	**-**	-
	90,068	72,963	**11,859**	11,077

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2019

	Attributable to Owners of the Company										
		Non-distributable reserves					Distributable reserves				
Group	Share capital RM'000	Available for sale investments fair value reserve RM'000	Fair value through other comprehensive income 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 2017	741,085	8,302	-	4,622	39,862	40,727	(14,499)	734,058	1,554,157	7,757	1,561,914
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 42)	-	-	-	-	-	-	-	(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
Effect of adoption of MFRS 9	-	(6,075)	6,075	-	-	-	-	-	-	-	-
Restated total equity as at 1 July 2018	741,085	-	6,075	4,622	67,428	25,933	(14,499)	817,936	1,648,580	7,386	1,655,966

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2019
(Cont'd)

	Attributable to Owners of the Company										
		Non-distributable reserves					Distributable reserves				
Group (cont'd)	Share capital RM'000	Available for sale investments fair value reserve RM'000	Fair value through other comprehensive income 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
Total comprehensive income for the financial year											
Profit for the financial year	-	-	-	-	-	-	-	81,831	81,831	288	82,119
Share of other comprehensive income/(loss) of investments accounted for using equity method, net of tax	-	-	-	-	-	2,357	-	(1)	2,356	-	2,356
Foreign currency translation of foreign operations, net of tax	-	-	-	-	-	5,431	-	-	5,431	162	5,593
Total comprehensive income for the financial year	-	-	-	-	-	7,788	-	81,830	89,618	450	90,068
Transactions with owners:-											
Post-acquisition reserves - associate companies	-	-	-	-	14,420	-	-	-	14,420	-	14,420
Cash dividends paid to owners of the Company (Note 42)	-	-	-	-	-	-	-	(13,260)	(13,260)	-	(13,260)
Effect of fair value adjustment on initial recognition of investment in an associate company arising from increase in ownership interest in an equity instrument	-	-	(6,075)	-	-	-	-	6,075	-	-	-
Total transactions with owners	-	-	(6,075)	-	14,420	-	-	(7,185)	1,160	-	1,160
Balance at 30 June 2019	741,085	-	-	4,622	81,848	33,721	(14,499)	892,581	1,739,358	7,836	1,747,194

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2019
(Cont'd)

		Non-distributable reserves	Distributable reserves		
	Share capital	Warrants reserve	Treasury shares	Retained earnings	Total
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1 July 2017	741,085	4,622	(14,499)	17,594	748,802
Total comprehensive income for the financial year	-	-	-	11,077	11,077
<u>Transaction with owners:-</u>					
Cash dividends paid to owners of the Company (Note 42)	-	-	-	(6,630)	(6,630)
Balance at 30 June 2018	**741,085**	**4,622**	**(14,499)**	**22,041**	**753,249**
Total comprehensive income for the financial year	**-**	**-**	**-**	**11,859**	**11,859**
<u>Transaction with owners:-</u>					
Cash dividends paid to owners of the Company (Note 42)	**-**	**-**	**-**	**(13,260)**	**(13,260)**
Balance at 30 June 2019	**741,085**	**4,622**	**(14,499)**	**20,640**	**751,848**

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2019

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**93,328**	100,873	**12,378**	11,687
Adjustments for:-				
Accretion of discounts on financial assets at amortised cost	**(7)**	-	**-**	-
Accretion of discounts on held to maturity investments	**-**	(7)	**-**	-
Allowance/(Writeback of allowance) for diminution in value of inventories	**14**	(62)	**-**	-
Allowance for doubtful debts	**1,947**	225	**22**	28
Allowance for doubtful debts no longer required	**(90)**	(136)	**-**	-
Amortisation of premium on financial assets at amortised cost	**1**	-	**-**	-
Amortisation of premium on held to maturity investments	**-**	2	**-**	-
Bad debts written off	**335**	430	**104**	-
Depreciation of property, plant and equipment	**27,968**	30,740	**62**	68
Dividend income	**(6,765)**	(9,837)	**-**	-
Effects of dilution of equity interests in associate companies	**3,509**	8,134	**-**	-
Fair value (gain)/loss on derivative financial instruments	**(10,987)**	4,470	**-**	-
Fair value gain on investment properties	**(1,713)**	(2,404)	**-**	-
Gain on capital repayment from an associate company	**-**	(29)	**-**	(29)
Gain on disposal of an investment property	**(572)**	-	**-**	-
Gain on disposal of shares in an associate company	**(24,780)**	(49,273)	**-**	-
Gain on disposal of available for sale investments	**-**	(8,972)	**-**	-
Gain on disposal of property, plant and equipment	**(2,233)**	(211)	**-**	-
Gain on disposal of a subsidiary company	**(6)**	-	**-**	-
Gain on redemption of financial assets at amortised cost	**(51)**	-	**-**	-
Interest expenses	**23,220**	22,790	**11,453**	10,148
Interest income	**(19,973)**	(16,290)	**(9,829)**	(9,019)
Inventories written off	**4**	-	**-**	-
Loss on other receivables carried at amortised cost	**2,269**	-	**-**	-
Loss on amount due from subsidiary companies carried at amortised cost	**-**	-	**2,417**	-
Loss on fair value changes of financial assets at fair value through profit or loss	**8,998**	22,527	**-**	-
Property, plant and equipment written off	**95**	374	**-**	-

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2019
(Cont'd)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Provision for impairment loss on investment in a subsidiary company	**-**	-	**51**	-
Provision for impairment loss on investment in associate companies	**1,942**	3,919	**3**	3
Share of profits less losses of associate companies	**(44,085)**	(50,365)	**-**	-
Share of losses of a jointly controlled entity	**183**	-	**-**	-
Unrealised foreign exchange loss/(gain)	**5,698**	18,071	**492**	(2,130)
Writeback of impairment on financial assets at amortised cost	**(20)**	-	**-**	-
Impairment on held to maturity investments	**-**	20	**-**	-
Operating profit before working capital changes	**58,229**	74,989	**17,153**	10,756
Changes in working capital:-				
Property development costs	**(194)**	(264)	**-**	-
Inventories	**434**	1,761	**-**	-
Financial assets at fair value through profit or loss	**(1,659)**	62,758	**-**	-
Receivables	**(64,636)**	23,476	**577**	(1)
Payables	**(3,281)**	(16,252)	**(44)**	24
Associate companies	**(20,635)**	9,085	**(7)**	(8)
Subsidiary companies	**-**	-	**(8,436)**	8,004
Net cash (used in)/from operations	**(31,742)**	155,553	**9,243**	18,775
Interest received	**18,344**	16,290	**6,346**	5,591
Interest paid	**(22,612)**	(19,845)	**(10,718)**	(6,857)
Net tax (paid)/refunded	**(8,928)**	(8,170)	**(740)**	41
Net cash (used in)/from operating activities	**(44,938)**	143,828	**4,131**	17,550

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2019
(Cont'd)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment **(Note A)**	**(5,635)**	(4,141)	**(31)**	(55)
Proceeds from disposal of property, plant and equipment	**16,040**	9,803	**-**	-
Subscription of shares and investment in associate companies	**(45,199)**	(52,739)	**-**	-
Subscription of shares in a jointly controlled entity	**(150)**	-	**-**	-
Purchase of investment properties	**(406)**	(3,840)	**-**	-
Purchase of financial assets at fair value through other comprehensive income	**(1,849)**	-	**-**	-
Purchase of available for sale investments	**-**	(13,020)	**-**	-
Purchase of financial assets at amortised cost	**(767)**	-	**-**	-
Proceeds from redemption and disposal of financial assets at amortised cost	**1,610**	-	**-**	-
Proceeds from redemption and disposal of held to maturity investments	**-**	1,515	**-**	-
Dividends received	**42,999**	49,590	**-**	-
Proceeds from disposal of available for sale investments	**-**	17,334	**-**	-
Proceeds from disposal of an investment property	**492**	-	**-**	-
Proceeds from disposal of shares in an associate company	**31,820**	57,454	**-**	-
Net cash inflow on disposal of equity interest in a subsidiary company (Note 43(a)(i))	**6**	-	**-**	-
Capital repayment from an associate company	**-**	29	**-**	29
Net cash from/(used in) investing activities	**38,961**	61,985	**(31)**	(26)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in fixed deposits pledged	**(14,397)**	(13,447)	**(33)**	(31)
Decrease in cash and bank balances pledged	**5,410**	15,179	**-**	-
Net of drawdown/(repayment) of loans and borrowings	**31,991**	(40,003)	**13,700**	(1,400)
Cash dividends paid to owners of the Company	**(13,260)**	(6,630)	**(13,260)**	(6,630)
Repayment of hire purchase payables	**(35,691)**	(39,619)	**-**	(17)
Net cash (used in)/from financing activities	**(25,947)**	(84,520)	**407**	(8,078)
CASH AND CASH EQUIVALENTS				
Net changes	**(31,924)**	121,293	**4,507**	9,446
Brought forward	**418,590**	301,394	**17,065**	7,630
Exchange differences	**2,029**	(4,097)	**(2)**	(11)
Carried forward **(Note B)**	**388,695**	418,590	**21,570**	17,065

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 June 2019
(Cont'd)

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Total purchase of property, plant and equipment	**37,853**	24,235	**31**	55
Less: Purchase through hire purchase arrangements	**(30,422)**	(20,094)	**-**	-
Less: Purchase financed by other payables	**(1,796)**	-	**-**	-
Cash payments made	**5,635**	4,141	**31**	55

B. CASH AND CASH EQUIVALENTS COMPRISE OF:-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Bank overdrafts	**(3,082)**	(3,862)	**-**	-
Cash and bank balances	**95,148**	103,763	**5,027**	5,691
Deposits with licensed banks and financial institutions	**554,552**	572,703	**17,769**	12,567
	646,618	672,604	**22,796**	18,258
Less:-				
Cash and bank balances pledged (Note 21)	**(19,652)**	(25,112)	**-**	-
Fixed deposits pledged (Note 20)	**(238,271)**	(228,902)	**(1,226)**	(1,193)
	388,695	418,590	**21,570**	17,065

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities are disclosed in Note 25 to Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019

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, associate companies and a jointly controlled entity are disclosed in Note 49 to Note 51 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. 47-5, 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 2019.

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 2019
(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 2019
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

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 (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

Current financial year

<u>Financial assets at amortised cost</u>

Credit losses are the differences between all contractual cash flows of the Group and of the Company that are due and the cash flows that they actually expect to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Group's and the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for the purchased or originated credit-impaired financial assets).

The Group and the Company evaluate the Expected Credit Loss ("ECL") on a case-by-case basis.

The Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available such as changes in financial capability of the debtor, and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

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 (cont'd):-

(iii) Impairment of assets (cont'd)

(b) Financial assets (cont'd)

Previous financial year

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

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 (cont'd):-

(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

Current financial year

(a) Financial assets at amortised cost

The Group and the Company classify financial assets at amortised cost as those held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income

The Group's and the Company's financial assets at fair value through other comprehensive income are equity securities and other investments which are not held for trading but more for strategic investments. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition.

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

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Previous financial year

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

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 (cont'd):-

(vii) Classification of financial instruments (cont'd)

Previous financial year (cont'd)

(c) 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.

(d) 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.

(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 16 to the financial statements.

(xi) Fair value of investment properties

The Group carries its investment properties 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 properties to assess fair value as at end of the reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

2 BASIS OF PREPARATION (CONT'D)

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

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 (cont'd):-

(xii) Significant influence over associate 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.

Interest in Inari Amertron Berhad ("Inari")

During the financial year ended 30 June 2018, the Group's equity interest in Inari had been diluted to below 20%. The Group 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 has significant concentration of trade receivables owing which is disclosed in Note 53(b)(ii) to the financial statements. There is no major concentration of credit risk related to any financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(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):-

(c) Foreign currency exchange risk

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

(d) Liquidity risk

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

(e) Market risk

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

4 SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies

With effect from 1 July 2018, the Group and the Company have adopted MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers, which became effective for annual periods beginning on or after 1 January 2018.

The impact on the adoption of MFRS 9 to the Group and the Company's financial statements are summarised in Note 5(a) to the financial statements. As permitted by MFRS 9, the Group and the Company have applied the transitional exemptions whereby the comparative information for prior periods are not restated.

Accordingly, the information presented for the previous financial year does not reflect the requirements of MFRS 9 but rather those of MFRS 139 Financial Instruments: Recognition and Measurement. The accounting policies for the current financial year that complies with MFRS 9 and for the previous financial year that complies with MFRS 139 are disclosed in Note 4(d), Note 4(j), Note 4(n) and Note 4(u) to the financial statements.

There is no significant impact on the financial statements arising from the adoption of MFRS 15 as the revenue recognition principles applied and the timing of revenue recognition adopted by the Group and the Company remain largely unchanged.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The significant accounting policies adopted by the Group and the Company are disclosed as follows:-

(a) Basis of consolidation

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

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

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

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

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

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

If the Group retains any interest in the subsidiary company, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial asset at fair value through other comprehensive income (2018: 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 of the subsidiary companies is stated separately.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investment properties (cont'd)

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

Current financial year

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) Classification

The classification of financial assets is determined by both:-

- the Group's and the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

The Group and the Company classify its financial assets in the following categories:-

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. The financial assets 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. The Group's and the Company's financial assets at amortised cost comprise unquoted corporate bonds, trade and other receivables and deposits paid, amount due from subsidiary companies, amount due from associate companies, deposits with licensed banks and financial institutions and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

Current financial year (cont'd)

(i) Classification (cont'd)

The Group and the Company classify its financial assets in the following categories (cont'd):-

(b) Fair value through other comprehensive income

Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. The Group and the Company do not have debt investment measured at fair value through other comprehensive income.

Equity and other investments

This category comprises investment in equity and other investment that are not held for trading. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition. The Group's and the Company's equity investments are quoted and unquoted shares held for long term whereas other investments comprise of club memberships.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income to be measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Initial recognition and measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Subsequent measurement - gains and losses

Classifications of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

Current financial year (cont'd)

(iii) Subsequent measurement - gains and losses (cont'd)

(a) Amortised cost

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statements of profit or loss. Any gain or loss on derecognition is recognised in statements of profit or loss.

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

Debt investments

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statements of profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the statements of profit or loss.

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Equity and other investments

This category comprises investment in equity and other investments that are not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in the statements of profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to the statements of profit or loss.

(c) Fair value through profit or loss

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the statements of profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity and other investments measured at fair value through other comprehensive income, are subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

Current financial year (cont'd)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expires or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the statements of profit or loss.

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.

Previous financial year

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

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

(d) Financial assets (cont'd)

Previous financial year (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. The Group's and the Company's loans and receivables comprise of trade and other receivables and deposits paid, amount due from subsidiary companies, amount due from associate companies, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

Previous financial year (cont'd)

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.

(g) Associate companies and jointly controlled entity

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.

A jointly controlled entity is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the jointly controlled entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associate companies and jointly controlled entity (cont'd)

Investments in associate companies and a jointly controlled entity are accounted for in the statements of financial position using the equity method. Under the equity method, the investments in associate companies and the jointly controlled entity are initially recognised at cost. The carrying amount of the investments are adjusted to recognise changes in the Group's share of net assets of the associate companies and the jointly controlled entity since the acquisition date. Goodwill relating to the associate companies and the jointly controlled entity 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 and the jointly controlled entity. 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 the associate companies or the jointly controlled entity, 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 or the jointly controlled entity are eliminated to the extent of the Group's interest in the associate companies or jointly controlled entity. When the Group's share of losses exceeds its interest in the associate companies or the jointly controlled entity, 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 companies or the jointly controlled entity.

The most recent available financial statements of the associate companies and the jointly controlled entity 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 impairment loss on its investment in the associate companies or the jointly controlled entity. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate companies or the jointly controlled entity is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate companies or the jointly controlled entity and its carrying value. Any impairment loss is recognised in the statements of profit or loss.

When the Group's interest in an associate company or a jointly controlled entity 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 or the jointly controlled entity, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company or jointly controlled entity upon loss of significant influence or joint control 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 and the jointly controlled entity 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 2019
(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 or the jointly controlled entity is included in the carrying amount of the investment in associate companies or the jointly controlled entity.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets

(i) Impairment of financial assets

Current financial year

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's and the Company's trade and other receivables and deposits paid, amount due from subsidiary companies, amount due from associate companies, unquoted corporate bonds and cash and cash equivalents are subject to the impairment requirements of MFRS 9 Financial Instruments.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:-

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset while 12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company measure loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 months ECL. Loss allowances for trade receivables, is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in statements of profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occured.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

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

Current financial year (cont'd)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subjected to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

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:-

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

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

(j) Impairment of assets (cont'd)

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

Previous financial year

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 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

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

Previous financial year (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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

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

Previous financial year (cont'd)

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

For debt securities, if any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Property development costs (cont'd)

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.

(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 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 pledged to licensed banks and financial institutions from its cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

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

(n) Financial liabilities

Current financial year

As the accounting for financial liabilities remains largely the same under MFRS 9 Financial Instruments as compared to MFRS 139 Financial Instruments: Recognition and Measurement, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below:-

(i) Classification

The Group and the Company classify their financial liabilities in the following categories:-

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. The Group's financial liabilities measured at fair value through profit or loss is derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria. The Group and the Company have not elected to designate any financial liability carried at amortised cost as at fair value through profit or loss.

(b) Amortised cost

The Group's and the Company's other financial liabilities not categorised as fair value through profit or loss include trade payables, other payables, deposits received and accruals, hire purchase payables, loans and borrowings, preference shares and amount due to subsidiary companies.

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.

(ii) Initial recognition and measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial liabilities (cont'd)

Current financial year (cont'd)

(iii) Subsequent measurement - gains and losses

(a) Fair value through profit or loss

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise; or
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's and the Company's key management personnel.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains and losses, including any interest expense are recognised in the statements of profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the statements of profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statements of profit or loss. Any gains or losses on derecognition are also recognised in the statements of profit or loss.

(iv) Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of profit ot loss.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial liabilities (cont'd)

Previous financial year

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, deposits received and accruals, hire purchase payables, loans and borrowings, preference shares 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.

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

(o) Derivative financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 as a reduction in 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)(iii) to the financial statements.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Non-controlling interests (cont'd)

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.

(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.

Current financial year

Financial guarantee contracts are subsequently measured at the higher of:-

- the amount determined in accordance with the Expected Credit Loss model under MFRS 9 Financial Instruments; and
- the amount initially recognised, less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Financial guarantee contracts (cont'd)

Previous financial year

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.

(w) Revenue recognition

The Group and the Company apply the five-step model revenue recognition under MFRS 15 Revenue from Contracts with Customers with effect from 1 July 2018. The adoption of this Standard results in changes in the accounting policy for revenue recognition, but has no material financial impact when compared to MFRS 118 Revenue applied previously.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Revenue recognition (cont'd)

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:-

(i) Sale of goods and trading activities

Revenue from sale of goods and trading activities is recognised at a point in time which 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Revenue recognition (cont'd)

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers (cont'd):-

(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 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 over a period of time 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Foreign currencies (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 plans

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 30 June 2019
(Cont'd)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(dd) Goods and Services Tax ("GST") and Sales and Service Tax

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.

GST was replaced by the Sales and Service Tax starting 1 September 2018.

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 Malaysian Accounting Standards Board ("MASB"):-

(a) Adoption of new and revised Standards that are effective

At the beginning of the current financial year, the Group and the Company adopted new Standards, amendments to Standards, annual improvements to Standards and IC Interpretations issued by the MASB which are relevant to the Group and the Company for the financial year beginning on or after 1 July 2018.

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

MFRS 9 Financial Instruments

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

(i) Classification and measurement

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

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in fair value in other comprehensive income ("OCI") (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

The Group and the Company have elected to classify their equity and other investments previously classified as available for sale investments as financial assets at FVOCI. Fair value changes on equity and other investments at FVOCI are presented in OCI and are not subsequently transferred to the statements of profit or loss. Upon sale of equity and other instruments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
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5 MFRSs (CONT'D)

(a) Adoption of new and revised Standards that are effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

(i) Classification and measurement (cont'd)

The other financial assets held by the Group and the Company include:-

- equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9; and

- debts instruments currently classified as loans and receivables and held to maturity investments and are measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

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. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in statements of other comprehensive income, with the remainder recognised in statements of profit or loss, unless this creates an accounting mismatch. There is no change to the classification and measurement of the Group's and the Company's financial liabilities.

(ii) 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-months 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.

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

5 MFRSs (CONT'D)

(a) Adoption of new and revised Standards that are effective (cont'd)

MFRS 9 Financial Instruments (cont'd)

The Group and the Company applied MFRS 9 for the first time in the current financial year. The Standard is applied retrospectively. In accordance with the transitional provisions in MFRS 9, the comparative figures have not been restated. There is no impact to the opening balance of retained earnings as at 1 July 2018 on the adoption of MFRS 9 as the cumulative effects of initial application of MFRS 9 were not significant. The adoption of MFRS 9 affects mainly the Group's and the Company's classification of financial assets in the statements of financial position as follows:-

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

Company	As at 30 June 2018 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1 July 2018 RM'000
Non-current assets			
Available for sale investments	940	(940)	-
Financial assets at fair value through other comprehensive income	-	940	940

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

5 MFRSs (CONT'D)

(a) Adoption of new and revised Standards that are effective (cont'd)

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 Transactions Involving Advertising Services.

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. Under MFRS 15, revenue is recognised when control of the goods or services transfers to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods and services. Revenue is recognised over time or at a point in time depending on the Group's and the Company's evaluation of when the customer obtains control of the promised goods or services.

The Group and the Company have reviewed its performance obligation, customer contracts and evaluated the impact of MFRS 15 based on the amount and timing of revenue recognition.

The Group and the Company applied MFRS 15 for the first time in the current financial year. The adoption of MFRS 15 has no significant impact on the substance of the principles applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group and the Company remain generally unchanged. There is no impact to the opening balance of retained earnings as at 1 July 2018 on adoption of MFRS 15 as there are no changes in timing of the revenue recognition.

(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.

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

The initial applications of these relevant new Standards, amendments to Standards, 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:-

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. At the commencement of a lease, a lessee will recognise a liability to make lease payments (the lease liability) and an asset representing the right to use the underlying asset during the lease term (the rights-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the rights-of-use asset.

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 under MFRS 16 is substantially unchanged when compared to MFRS 117.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

5 MFRSs (CONT'D)

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

MFRS 16 Leases (cont'd)

The aim of MFRS 16 is to improve comparability between entities that borrow to purchase 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 have performed an impact assessment, of which the impact of the adoption of MFRS 16 is expected to be as follows:-

Impact on the statements of financial position as at 1 July 2019 (increase in total assets and total liabilities):-

	Group RM'000	Company RM'000
Rights-of-use assets	735	691
Net impact on total assets	735	691
Lease liabilities on rights-of-use assets	(735)	(691)
Net impact on total liabilities	(735)	(691)

There is no impact on the statements of profit or loss on that date.

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(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
2019						
Cost						
At beginning of financial year	32,883	398	196,728	7,865	9,570	247,444
Additions	-	-	37,185	33	635	37,853
Transfer from investment properties	15	-	-	-	-	15
Disposals	-	-	(39,245)	(3)	(126)	(39,374)
Written off	-	(191)	-	(91)	(625)	(907)
Exchange differences	503	7	4,247	46	74	4,877
At end of financial year	33,401	214	198,915	7,850	9,528	249,908
Accumulated depreciation						
At beginning of financial year	3,268	326	69,663	5,221	7,561	86,039
Charge for the financial year	550	68	25,848	777	725	27,968
Transfer from investment properties	5	-	-	-	-	5
Disposals	-	-	(25,460)	(2)	(105)	(25,567)
Written off	-	(191)	-	(49)	(572)	(812)
Exchange differences	39	6	1,139	26	44	1,254
At end of financial year	3,862	209	71,190	5,973	7,653	88,887
Net carrying amount as at 30 June 2019	29,539	5	127,725	1,877	1,875	161,021

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(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 buildings RM'000	Total RM'000
2019				
Cost				
At beginning of financial year	11,105	6,939	14,839	32,883
Transfer from investment properties	15	-	-	15
Exchange differences	258	245	-	503
At end of financial year	11,378	7,184	14,839	33,401
Accumulated depreciation				
At beginning of financial year	1,493	636	1,139	3,268
Charge for the financial year	219	166	165	550
Transfer from investment properties	5	-	-	5
Exchange differences	15	24	-	39
At end of financial year	1,732	826	1,304	3,862
Net carrying amount as at 30 June 2019	9,646	6,358	13,535	29,539

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(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
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 2019
(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 buildings 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
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(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
2019						
Cost						
At beginning of financial year	147	108	482	195	155	1,087
Additions	-	-	2	23	6	31
Written off	-	-	-	(51)	(1)	(52)
At end of financial year	147	108	484	167	160	1,066
Accumulated depreciation						
At beginning of financial year	147	108	447	104	145	951
Charge for the financial year	-	-	33	23	6	62
Written off	-	-	-	(51)	(1)	(52)
At end of financial year	147	108	480	76	150	961
Net carrying amount as at 30 June 2019	-	-	4	91	10	105
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

NOTES TO THE FINANCIAL STATEMENTS

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(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	
	2019	2018
	RM'000	RM'000
Freehold land and buildings	**2,651**	2,710
Short term leasehold land and buildings	**6,358**	6,303
Long term leasehold land and buildings	**13,535**	13,700
	22,544	22,713

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

	Group	
	2019	2018
	RM'000	RM'000
Motor vehicles	**118,505**	121,673

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**
2019						
At beginning of financial year	**14,300**	**86,632**	**40,083**	**19,289**	**38,000**	**198,304**
Additions	**-**	**-**	**156**	**304**	**-**	**460**
Disposals	**(14,300)**	**-**	**-**	**-**	**-**	**(14,300)**
Reclassification	**-**	**19,593**	**-**	**(19,593)**	**-**	**-**
Transfer to property, plant and equipment	**-**	**(10)**	**-**	**-**	**-**	**(10)**
Fair value (loss)/gain	**-**	**(1,988)**	**3,701**	**-**	**-**	**1,713**
Exchange differences	**-**	**1,491**	**-**	**-**	**-**	**1,491**
Net carrying amount as at 30 June 2019						
- At fair value	**-**	**105,718**	**43,940**	**-**	**38,000**	**187,658**

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(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
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

(a) The rental income and associated direct operating expenses of the investment properties are disclosed in Note 31, Note 32 and Note 35 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	
	2019	2018
	RM'000	RM'000
Freehold land and buildings under construction	**-**	13,339
Freehold land and buildings	**79,319**	66,737
Long term leasehold land and buildings	**43,852**	39,995
	123,171	120,071

(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).

NOTES TO THE FINANCIAL STATEMENTS

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(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

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

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Investment properties				
Freehold land and buildings	**-**	**105,718**	**-**	**105,718**
Long term leasehold land and buildings	**-**	**43,940**	**-**	**43,940**
Land held for development	**-**	**38,000**	**-**	**38,000**
	-	**187,658**	**-**	**187,658**
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

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.

(d) The title deed to certain freehold and leasehold land and buildings have yet to be issued by the relevant land authority.

(e) Borrowing costs capitalised during the year was RM54,000 (2018: RM340,000). The effective interest rates of the specific borrowing was 4.27% to 4.52% (2018: 4.52% to 6.82%).

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

7 INVESTMENT PROPERTIES (CONT'D)

(f) During the financial year, the freehold land was disposed for a sale consideration of RM14,871,800. The sale consideration was partly settled by cash of RM491,840 and the remaining RM14,379,960 via apartment units which is included in sundry receivable as disclosed in Note 18 to the financial statements.

(g) In the preceding 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 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE FOR SALE INVESTMENTS

Following the Group's and the Company's adoption of MFRS 9 on 1 July 2018, the Group and the Company have made an irrevocable election to classify RM45,022,000 and RM940,000 of the Group's and the Company's equity and other investments respectively, previously classified as available for sale investments to financial assets at fair value through other comprehensive income. The Group and the Company consider this classification to be more relevant as these instruments are strategic investments of the Group and the Company which are not held for trading purposes.

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Unquoted investments outside Malaysia, at fair value (2018: at cost)	**20,523**	21,926	**-**	-
Unquoted investments in Malaysia, at fair value (2018: at cost)	**228**	5,228	**-**	-
Quoted securities in Malaysia, at fair value	**-**	18,900	**-**	-
Other investments in Malaysia, at fair value (2018: at cost)	**750**	751	**345**	345
Other investments outside Malaysia, at fair value (2018: at cost)	**1,470**	1,697	**595**	622
	22,971	48,502	**940**	967
Less:-				
Accumulated amortisation	**-**	(200)	**-**	-
Accumulated impairment loss	**-**	(3,280)	**-**	(27)
	22,971	45,022	**940**	940
Market value of quoted securities in Malaysia	**-**	18,900	**-**	-

The fair value of quoted securities is determined by reference to the closing bid price at the reporting date.

The fair value of unquoted investments is determined based on the valuation techniques supported by available inputs comprising precedent transaction of similar financial instruments.

The fair value of other investments is determined based on the fair value obtained from the club memberships' websites whereby the quotes obtained reflected transactions in similar instruments.

During the financial year, the Group reclassified its quoted securities which is carried at fair value through other comprehensive income to investment in associate companies as a result of increase in ownership interest in the investment. The fair value upon derecognition was RM18,900,000.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE FOR SALE INVESTMENTS (CONT'D)

Previous financial year

Impairment on available for sale investments

In the preceding financial year, the Group assessed whether there is objective evidence that an impairment loss has been incurred on the available for sale investments that do 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 investments 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 investments and their realisable values. The Group uses both observable and unobservable inputs to estimate the realisable values. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the realisable values are less than their carrying amount.

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**3,280**	3,453	**27**	27
Exchange differences	**-**	(173)	**-**	-
Reclassification to unquoted and other investments*	**(3,280)**	-	**(27)**	-
At end of financial year	**-**	3,280	**-**	27

* Following the adoption of MFRS 9 on 1 July 2018, the Group's and the Company's unquoted investments and other investments that was previously measured at cost are measured at fair value in the current financial year.

9 FINANCIAL ASSETS AT AMORTISED COST/HELD TO MATURITY INVESTMENTS

Following the Group's and the Company's adoption of MFRS 9 on 1 July 2018, the Group has classified RM5,352,000 of its investment in unquoted corporate bonds previously classified as held to maturity investments to financial assets at amortised cost.

The Group's investment in unquoted corporate bonds are held within a business model whose objective is to hold the assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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9 FINANCIAL ASSETS AT AMORTISED COST/HELD TO MATURITY INVESTMENTS (CONT'D)

	Group	
	2019	2018
	RM'000	RM'000
Non-current (maturity later than 1 year)		
Unquoted corporate bonds outside Malaysia, at cost	**2,306**	3,052
Unquoted corporate bond in Malaysia, at cost	**787**	787
Add/(Less):-		
Accretion of discount	**(1)**	(10)
Amortisation of premium	**4**	5
Accumulated impairment loss	**-**	(20)
Net carrying amount at end of financial year	**3,096**	3,814
Current (maturity within 1 year)		
Unquoted corporate bonds outside Malaysia, at cost	**1,512**	1,343
Add/(Less):-		
Exchange differences	**-**	195
Accretion of discounts	**(2)**	-
Net carrying amount at end of financial year	**1,510**	1,538
	4,606	5,352

The Group's investments in unquoted corporate bonds amounting to RM4,606,000 (2018: RM5,352,000) have been pledged to certain licensed financial institutions for credit facilities granted to the Group.

The effective interest rate per annum for financial assets at amortised cost (2018: held to maturity investments) are 4.38% to 6.63% (2018: 4.38% to 6.63%).

Current financial year

Impairment on financial assets at amortised cost

Following the Group's adoption of MFRS 9 on 1 July 2018, the Group assesses whether there is 12-months impairment loss on financial assets at amortised cost based on a forward-looking expected credit loss model on its initial recognition. At each reporting date, the Group assesses whether a lifetime expected credit loss is applied if the credit risk on the financial assets at amortised cost has increased significantly since its intial recognition. The amount of impairment loss is measured as the difference between the asset's carrying value and the recoverable amount which is based on the reference value obtained from licensed financial institutions at the reporting date. During the financial year, the Group has identified writeback of impairment loss of RM20,000 on unquoted corporate bonds and had recognised the writeback of impairment loss in the statements of profit or loss.

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9 FINANCIAL ASSETS AT AMORTISED COST/HELD TO MATURITY INVESTMENTS (CONT'D)

Previous financial year

Impairment on held to maturity investments

In the preceding financial year, the Group assessed 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. In the preceding financial year, the Group had identified impairment loss of RM20,000 on unquoted corporate bonds and had recognised the impairment loss in the statements of profit or loss.

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

	Group	
	2019	2018*
	RM'000	RM'000
At beginning of financial year	**20**	-
Charge for the financial year	**-**	20
Writeback during the financial year	**(20)**	-
At end of financial year	**-**	20

* Loss allowance disclosed in the comparative year is based on MFRS 139 incurred loss model.

10 SUBSIDIARY COMPANIES

		Company	
		2019	2018
		RM'000	RM'000
(a)	Unquoted shares, at cost	**196,985**	196,985
	Equity loan (Note 10(c))	**285,146**	283,806
	Redeemable convertible preference shares (Note 10(d))	**360,510**	357,060
	Less: Accumulated impairment loss	**(32,907)**	(32,856)
		809,734	804,995

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

	Company	
	2019	2018
	RM'000	RM'000
At beginning of financial year	**32,856**	32,856
Charge for the financial year	**51**	-
At end of financial year	**32,907**	32,856

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10 SUBSIDIARY COMPANIES (CONT'D)

(a) (cont'd):-

The Company assesses whether there is any indicator of impairment during the financial year. In doing this, management had considered the current environment and financial performance of its subsidiary companies as impairment indicators. An impairment loss on investment in a subsidiary company amounting to RM51,000 (2018: RMNil) has been recognised during the financial year.

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	
	2019	2018
	RM'000	RM'000
Non-current asset		
Amount due from subsidiary companies	**8,708**	-
Current asset		
Amount due from subsidiary companies	**196,349**	200,082
Less: Allowance for impairment	**(324)**	(302)
	196,025	199,780
Total	**204,733**	199,780

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, unsecured and are repayable on demand.

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

	Company	
	2019	2018*
	RM'000	RM'000
At beginning of financial year	**302**	274
Charge for the financial year	**22**	28
At end of financial year	**324**	302

* Loss allowance disclosed in the comparative year is based on MFRS 139 incurred loss model.

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10 SUBSIDIARY COMPANIES (CONT'D)

(b) Amount due from/(to) subsidiary companies (cont'd)

The carrying amount of amount due from subsidiary companies is as follows:-

	Company	
	2019	2018
	RM'000	RM'000
Amount due from subsidiary companies, at gross	**207,474**	-
Less: Fair value adjustment calculated based on cash flows discounted using weighted average effective interest rate	**(2,417)**	-
Amount due from subsidiary companies, at amortised cost	**205,057**	-
Represented by:-		
Amount due from subsidiary companies		
- non-current	**8,708**	-
- current	**196,349**	-
	205,057	-

(c) Equity loan

During the financial year, an amount of RM1,540,000 due from a subsidiary company (2018: RM13,008,000 due from certain subsidiary companies) was 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 RM200,000 due from a subsidiary company (2018: RM18,529,000 due from certain subsidiary companies) was repaid.

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

During the financial year:-

(i) An amount of RM4,550,000 due from three subsidiary companies were capitalised by way of investment in RCPS upon the allotment of 4,550,000 units of RCPS by the three subsidiary companies to the Company at an issue price of RM1.00 each; and

(ii) 1,100,000 RCPS were redeemed by a subsidiary company at the redemption price of RM1.00 per RCPS out of the capital of the subsidiary company for total cash of RM1,100,000.

In the preceding 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.

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11 ASSOCIATE COMPANIES

		Group		Company	
		2019	2018	**2019**	2018
		RM'000	RM'000	**RM'000**	RM'000
(a)	Quoted shares in Malaysia, at cost	**216,822**	164,559	**-**	-
	Unquoted shares in Malaysia, at cost	**11,584**	7,560	**262**	262
	Unquoted shares outside Malaysia, at cost	**34,343**	27,158	**-**	-
	Group's share of post acquisition:-				
	- profits less losses	**96,250**	94,764	**-**	-
	- reserves	**84,525**	67,748	**-**	-
		443,524	361,789	**262**	262
	Less:-				
	Accumulated impairment loss				
	- unquoted shares	**(6,103)**	(4,161)	**(248)**	(245)
		437,421	357,628	**14**	17
	Represented by:-				
	Share of net assets	**323,080**	277,652		
	Goodwill on acquisition	**114,341**	79,976		
		437,421	357,628		
	Market value of quoted shares in Malaysia	**998,535**	1,376,569		

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**4,161**	242	**245**	242
Charge for the financial year	**1,942**	3,919	**3**	3
At end of financial year	**6,103**	4,161	**248**	245

The Group and the Company assess whether there is any indicator of impairment during the financial year. In doing this, management of the Group and of the Company had considered the current environment and financial performance of the associate companies as impairment indicators. An impairment loss on investment in associate companies of the Group and of the Company amounting to RM1,942,000 (2018: RM3,919,000) and RM3,000 (2018: RM3,000) respectively have been recognised during the financial year.

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.

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11 **ASSOCIATE COMPANIES (CONT'D)**

(a) (cont'd)

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 preceding financial year ended 30 June 2018, the Group's equity interest in Inari had been diluted to below 20%. 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.

(c) Contingent liabilities

	Group	
	2019	2018
	RM'000	RM'000
Share of associate companies' contingent liabilities incurred jointly with other investors:-		
- Corporate guarantees given to licensed banks and financial institutions for banking facilities granted to the associate group of companies and to a supplier of goods	**104,817**	96,862

(d) Quoted shares in an associate company with market value of RM434,082,000 (2018: RM579,240,000) have been pledged to licensed banks and financial institutions for credit facilities granted to the Company and certain subsidiary companies.

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11 ASSOCIATE COMPANIES (CONT'D)

(e) 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	Diversified Gateway Solutions Berhad Group RM'000	Other associate companies RM'000	Total RM'000
Financial positions as at 30 June 2019							
Assets and liabilities							
Non-current assets	493,910	295,961	41,759	95,975	20,523	37,662	985,790
Current assets	846,425	853,708	63,873	315,219	81,656	35,570	2,196,451
Non-current liabilities	(21,425)	(245,736)	(13,986)	(7,746)	(8,159)	(9,442)	(306,494)
Current liabilities	(200,492)	(530,075)	(58,071)	(348,685)	(38,833)	(22,528)	(1,198,684)
Net assets	1,118,418	373,858	33,575	54,763	55,187	41,262	1,677,063
Carrying amount of proportion of the Group's ownership	211,073	45,519	14,473	24,294	14,061	13,660	323,080
Financial performance for financial year ended 30 June 2019							
Results							
Revenue	1,152,860	245,557	141,656	4,359	75,475	31,253	1,651,160
Attributable to owners of the investee:-							
Profit/(Loss) for the financial year	191,723	23,837	(915)	5,089	3,639	10,650	234,023
Other comprehensive income/(loss)	7,402	(269)	-	744	(169)	295	8,003
Total comprehensive income/(loss)	199,125	23,568	(915)	5,833	3,470	10,945	242,026
Group's share of:-							
Profit/(Loss) for the financial year	36,183	2,902	(397)	2,036	928	2,433	44,085
Other comprehensive income/(loss)	1,409	(33)	-	298	(43)	725	2,356
Total comprehensive income/(loss)	37,592	2,869	(397)	2,334	885	3,158	46,441
Dividend received	36,599	-	-	-	-	54	36,653

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11 ASSOCIATE COMPANIES (CONT'D)

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

	Inari Amertron Berhad Group	Ho Hup Construction Company Berhad Group	Melium Holdings Sdn. Bhd. Group	Winfields Development Sdn. Bhd. Group	Other associate companies	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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

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11 ASSOCIATE COMPANIES (CONT'D)

(f) Total capital commitments reported by the associate companies as at the reporting date are as follow:-

	Group	
	2019	2018
	RM'000	RM'000
Authorised and contracted for:-		
- Property, plant and equipment	**14,404**	46,219
- Construction of building	**4,973**	68,970

12 JOINTLY CONTROLLED ENTITY

	Group	
	2019	2018
	RM'000	RM'000
(a) Unquoted shares in Malaysia, at cost	**150**	-
Group's share of post acquisition losses	**(183)**	-
	(33)	-

The Group's equity interest in the jointly controlled entity, its principal activities and country of incorporation are shown in Note 51 to the financial statements.

(b) The summarised financial information in respect of the jointly controlled entity are as follows:-

	2019	2018
	RM'000	RM'000
Financial position		
Assets and liabilities		
Non-current asset	**22**	-
Current assets	**105**	-
Current liabilities	**(193)**	-
Net liabilities	**(66)**	-
Carrying amount of proportion of the Group's ownership	**(33)**	-
Financial performance		
Results		
Revenue	**337**	-
Loss for the financial period	**(366)**	-
Group's share of:-		
Loss for the financial period	**(183)**	-
Dividend received	**-**	-

(c) The jointly controlled entity did not have any contingent liabilities and capital commitment as at 30 June 2019.

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13 INTANGIBLE ASSETS

	Group	
	2019	2018
	RM'000	RM'000
Stock broking dealer's license:-		
Cost		
At beginning and end of financial year	**45,500**	45,500
Less:-		
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% (2018: 5%) in perpetuity approved by the management of the stock broking subsidiary company. The discount rate applied to the cash flow projections is 5% (2018: 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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14 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At beginning of financial year	**(4,561)**	(4,099)	**(780)**	(932)
Recognised in statements of profit or loss (Note 38)	**(3,019)**	(555)	**159**	152
Exchange differences	**(68)**	93	**-**	-
At end of financial year	**(7,648)**	(4,561)	**(621)**	(780)
Presented as follows:-				
Deferred tax assets	**3,207**	2,834	**-**	-
Deferred tax liabilities	**(10,855)**	(7,395)	**(621)**	(780)
	(7,648)	(4,561)	**(621)**	(780)

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					
2019					
At beginning of financial year	**29**	**1,605**	**376**	**824**	**2,834**
Recognised in statements of profit or loss	**(22)**	**654**	**-**	**(315)**	**317**
Exchange differences	**-**	**56**	**-**	**-**	**56**
At end of financial year	**7**	**2,315**	**376**	**509**	**3,207**
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

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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14 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				
2019				
At beginning of financial year	**2,966**	**3,671**	**758**	**7,395**
Recognised in statements of profit or loss	**2,657**	**838**	**(159)**	**3,336**
Exchange differences	**-**	**124**	**-**	**124**
At end of financial year	**5,623**	**4,633**	**599**	**10,855**
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
Company				
2019				
At beginning of financial year	**-**	**22**	**758**	**780**
Recognised in statements of profit or loss	**-**	**-**	**(159)**	**(159)**
At end of financial year	**-**	**22**	**599**	**621**
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

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14 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	
	2019	2018
	RM'000	RM'000
Temporary differences between depreciation and capital allowances	**274**	(159)
Unutilised tax losses	**(62,560)**	(66,960)
Unabsorbed capital allowances	**(8,518)**	(8,907)
	(70,804)	(76,026)

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.

15 PROPERTY DEVELOPMENT COSTS

	Group	
	2019	2018
	RM'000	RM'000
Development costs:-		
At beginning of financial year	**10,497**	10,233
Addition during the financial year	**194**	264
At end of financial year	**10,691**	10,497

16 INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Unsold units of apartments and retail lots	**6,667**	7,116
Wines and others	**5,289**	5,292
	11,956	12,408

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17 TRADE RECEIVABLES

	Group	
	2019	2018
	RM'000	RM'000
Trade receivables	**458,411**	389,994
Less: Allowance for impairment	**(15,315)**	(13,513)
	443,096	376,481

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	
	2019	2018
	RM'000	RM'000
Neither past due nor impaired	**386,097**	319,970
1 to 30 days past due not impaired	**1,390**	3,295
31 to 60 days past due not impaired	**1,428**	2,505
61 to 90 days past due not impaired	**1,747**	1,993
91 to 120 days past due not impaired	**893**	1,640
More than 121 days past due not impaired	**51,541**	47,078
	56,999	56,511
Impaired	**15,315**	13,513
	458,411	389,994

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. These trade receivables amounting to RM366,296,000 (2018: RM297,785,000) are secured in nature.

Trade receivables that are past due but not impaired amounting to RM50,347,000 (2018: RM55,694,000) are secured in nature. The remaining balance of trade receivables of RM6,652,000 (2018: RM817,000) 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 RM15,315,000 (2018: RM13,513,000) 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.

Information on credit risk of trade receivables is disclosed in Note 53(b)(ii) to the financial statements.

Included in trade receivables is an amount due from an associate company of RM109,871,000 (2018: RM78,852,000) arising from advances provided to the associated company by the licensed money lending subsidiary company of the Group in the ordinary course of its business.

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17 TRADE RECEIVABLES (CONT'D)

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

	Group	
	2019	2018*
	RM'000	RM'000
At beginning of financial year	**13,513**	14,827
Charge for the financial year	**1,886**	225
Written off during the financial year	**-**	(1,334)
Writeback during the financial year	**(90)**	(136)
Exchange differences	**6**	(69)
At end of financial year	**15,315**	13,513

* Loss allowance disclosed in the comparative year is based on MFRS 139 incurred loss model.

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Non-current asset				
Sundry receivables	**7,345**	-	**-**	-
Current assets				
Sundry receivables	**39,007**	31,286	**5**	3
Deposits paid	**4,684**	4,258	**147**	727
Prepayments	**3,112**	2,473	**58**	57
Goods and services tax recoverable	**282**	324	**-**	-
	47,085	38,341	**210**	787
Less: Allowance for impairment	**(61)**	-	**-**	-
	47,024	38,341	**210**	787
	54,369	38,341	**210**	787

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.

Included in the Group's and the Company's sundry receivables are amount due from a jointly controlled entity of RM83,000 and RM2,000 respectively. The amount due from a jointly controlled entity are unsecured, interest bearing (except for certain advances which is interest free) and is repayable on demand.

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18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The carrying amount of non-current sundry receivables is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
Sundry receivables, at gross	**7,985**	-
Less: Fair value adjustment calculated based on cash flows discounted using weighted average effective interest rate	**(640)**	-
Sundry receivables, at amortised cost	**7,345**	-

The reconciliation of movements to fair value adjustment for the non-current sundry receivables is as follows:-

	Group	
	2019	2018
	RM'000	RM'000
At beginning of financial year	**-**	-
Unwinding interest on sundry receivables carried at amortised cost during the financial year	**1,629**	-
Loss on sundry receivables carried at amortised cost during the financial year	**(2,269)**	-
At end of financial year	**(640)**	-

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

	Group	
	2019	2018*
	RM'000	RM'000
At beginning of financial year	**-**	1,001
Charge for the financial year	**61**	-
Written off during the financial year	**-**	(959)
Exchange differences	**-**	(42)
At end of financial year	**61**	-

* Loss allowance disclosed in the comparative year is based on MFRS 139 incurred loss model.

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2019	2018
	RM'000	RM'000
Quoted securities, at market value		
- in Malaysia	**52,371**	57,744
- outside Malaysia	**181,862**	178,818
	234,233	236,562

The Group's financial assets at fair value through profit or loss amounting to RM189,130,000 (2018: RM185,982,000) are pledged to certain licensed banks and financial institutions for banking facilities granted to the Group.

20 DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks and financial institutions consist of the following:-				
- fixed deposits	**333,050**	327,850	**1,226**	1,193
- short term deposits	**221,502**	244,853	**16,543**	11,374
	554,552	572,703	**17,769**	12,567

Deposits placed with licensed banks and financial institutions amounting to RM238,271,000 (2018: RM228,902,000) 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 RM1,226,000 (2018: RM1,193,000) of the Company is pledged as security for credit facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM67,029,000 (2018: RM81,667,000) 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 rates for deposits with licensed banks and financial institutions of the Group and of the Company range from 0.01% to 4.15% (2018: 0.005% to 4.04%) and 2.55% to 2.80% (2018: 2.55% to 2.80%) per annum respectively.

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21 CASH AND BANK BALANCES

Included in the cash and bank balances of the Group are:-

(a) an amount of RM497,000 (2018: RM486,000) 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 RM19,652,000 (2018: RM25,112,000) 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 RM136,435,000 (2018: RM80,121,000) 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.

22 SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2019	2018	**2019**	2018
	Unit'000	Unit'000	**RM'000**	RM'000
Issued and fully paid up:-				
Ordinary shares				
At beginning and end of financial year	**693,334**	693,334	**741,085**	741,085

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.

23 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2019	2018	**2019**	2018
	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 28 November 2018, 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.

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24 RESERVES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:-				
- Available for sale investments fair value reserve	**-**	6,075	**-**	-
- Exchange translation reserve	**33,721**	25,933	**-**	-
- Warrants reserve	**4,622**	4,622	**4,622**	4,622
- Other reserves	**81,848**	67,428	**-**	-
	120,191	104,058	**4,622**	4,622

Fair value through other comprehensive income reserve/available for sale investments fair value reserve

Current financial year

Following the adoption of MFRS 9 Financial Instruments on 1 July 2018, the Group has made an irrevocable election to classify its equity investments previously classified as available for sale investments to financial assets at fair value through other comprehensive income. Arising from the election, the carrying amount in available for sale investments fair value reserve was reclassify to fair value through other comprehensive income reserve.

Previous financial year

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 carrying amount in warrants reserve represents the allocated fair value of 265,202,536 free warrants issued by the Company in February 2015 pursuant to the rights issue of 132,601,268 redeemable preference shares ("RPS") at an issue price of RM1.00 each in the Company on the basis of two (2) free warrants for every one (1) RPS subscribed.

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.

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24 RESERVES (CONT'D)

Warrants reserve (cont'd)

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

(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.

25 LOANS AND BORROWINGS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Short term loans and borrowings - secured				
Bank overdrafts	**3,082**	3,862	**-**	-
Term loans	**162,718**	155,604	**-**	-
Revolving credit facilities	**96,000**	82,300	**86,000**	72,300
Margin financing facility	**19,853**	1,985	**-**	-
	281,653	243,751	**86,000**	72,300
Long term loans and borrowings - secured				
Term loans	**20,280**	20,909	**-**	-
	301,933	264,660	**86,000**	72,300

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25 LOANS AND BORROWINGS (CONT'D)

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Amount repayable:-				
On demand or within 1 year	**281,653**	243,751	**86,000**	72,300
More than 1 year but not later than 2 years	**1,196**	1,133	**-**	-
More than 2 years but not later than 5 years	**3,490**	3,383	**-**	-
More than 5 years	**15,594**	16,393	**-**	-
	301,933	264,660	**86,000**	72,300

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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25 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	
	2019	2018	**2019**	2018
Bank overdrafts	**8.14%-11.25%**	8.20%- 9.54%	**-**	-
Term loans	**0.40%-8.00%**	0.40%-8.00%	**-**	-
Revolving credit facilities	**5.19%-6.13%**	4.96%-6.14%	**5.19%-5.95%**	4.96%-5.95%
Margin financing facility	**6.67%-6.92%**	6.69%	**-**	-

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

	At beginning of financial year RM'000	Net addition/ (repayment) RM'000	Others RM'000	Exchange differences RM'000	At end of financial year RM'000
Group					
2019					
Term loans	**176,513**	**423**	**-**	**6,062**	**182,998**
Revolving credit facilities	**82,300**	**13,700**	**-**	**-**	**96,000**
Margin financing facility	**1,985**	**17,868**	**-**	**-**	**19,853**
	260,798	**31,991**	**-**	**6,062**	**298,851**
2018					
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					
2019					
Revolving credit facilities	**72,300**	**13,700**	**-**	**-**	**86,000**
2018					
Revolving credit facilities	73,700	(1,400)	-	-	72,300

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26 HIRE PURCHASE PAYABLES

	Group	
	2019	2018
	RM'000	RM'000
Gross amount payable:-		
Within 1 year	**31,513**	33,850
More than 1 year but not later than 5 years	**51,676**	57,561
More than 5 years	**5,842**	380
	89,031	91,791
Less: Interest in suspense	**(6,311)**	(5,807)
	82,720	85,984
Present value of hire purchase payables:-		
Within 1 year	**28,789**	30,932
More than 1 year but not later than 5 years	**48,263**	54,677
More than 5 years	**5,668**	375
	53,931	55,052
	82,720	85,984

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 RM23,353,000 (2018: RM27,343,000);
(iii) Corporate guarantee by a subsidiary company amounting to RM491,000 (2018: RM597,000); and
(iv) Personal guarantee extended by directors of certain subsidiary companies.

The effective interest rates per annum for hire purchase payables were as follows:-

	Group	
	2019	2018
Hire purchase payables	**2.33%-7.68%**	2.35%-7.68%

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26 HIRE PURCHASE PAYABLES (CONT'D)

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

	At beginning of financial year	Repayment	Others	Exchange differences	At end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2019					
Hire purchase payables	**85,984**	**(35,691)**	**30,422**	**2,005**	**82,720**
2018					
Hire purchase payables	108,043	(39,619)	20,869	(3,309)	85,984
Company					
2018					
Hire purchase payables	17	(17)	-	-	-

27 PREFERENCE SHARES

	Group and Company	
	2019	2018
	RM'000	RM'000
Redeemable preference shares ("RPS") issued by the Company		
- Non-current liabilities	**-**	129,444
- Current liabilities	**130,106**	-
	130,106	129,444

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27 PREFERENCE SHARES (CONT'D)

	Group and Company			
	Number of RPS		Amount	
	2019	2018	**2019**	2018
	Unit'000	Unit'000	**RM'000**	RM'000
RPS				
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
Cummulative RPS dividends recognised in the statements of profit or loss:-				
At beginning of financial year			**20,639**	14,702
During the financial year			**5,966**	5,937
At end of financial year			**26,605**	20,639
Cummulative RPS dividends paid/payable:-				
At beginning of financial year			**(17,714)**	(12,410)
During the financial year			**(5,304)**	(5,304)
At end of financial year			**(23,018)**	(17,714)
RPS - liability component at end of financial year			**130,106**	129,444

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 24 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.

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27 PREFERENCE SHARES (CONT'D)

RPS (cont'd)

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

(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.

(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.

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

Group and Company

	At beginning of financial year RM'000	Others RM'000	At end of financial year RM'000
2019			
Preference shares	**129,444**	**662**	**130,106**
2018			
Preference shares	130,422	(978)	129,444

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28 DERIVATIVE FINANCIAL LIABILITIES

Details of derivative financial liabilities are set out below:-

	Group			
	Contract/ Notional Value		Negative Fair Value	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Currency forward contract and options				
- Less than 1 year	**2,045**	937	**639**	7,438
Other equity related contracts				
- Less than 1 year	**(4,087)**	46,300	**417**	4,592
	(2,042)	47,237	**1,056**	12,030

These contracts are not designated as cash flows or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

29 TRADE PAYABLES

Margin creditors, clients' trust monies and dealer's representatives' security deposits amounting to RM203,464,000 (2018: RM161,788,000) 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.

30 OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

Other payables, deposits received and accruals consist of the followings:-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Accrued expenses	**8,860**	8,180	**446**	482
Deposits received	**13,639**	9,737	**-**	-
Accrued interest expenses	**2,755**	2,772	**2,722**	2,747
Other payables	**13,245**	8,484	**-**	8
Goods and services tax payables	**508**	-	**-**	-
Sales and services tax payables	**745**	-	**-**	-
	39,752	29,173	**3,168**	3,237

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31 REVENUE

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Financial services and credit & leasing:-				
- Sale of financial assets at fair value through profit or loss	**3,506**	10,303	**-**	-
- Interest income	**36,679**	30,597	**-**	-
- Brokerage commissions	**11,204**	14,047	**-**	-
- Secretarial, share registration and management services	**115**	150	**-**	-
- Corporate finance advisory fee income	**8,359**	10,173	**-**	-
	59,863	65,270	**-**	-
Investment holding and trading:-				
- Sale of financial assets at fair value through profit or loss and other financial instruments	**59,458**	186,653	**-**	-
- Interest income	**-**	991	**-**	-
- Secretarial fee	**37**	61	**-**	-
- Management fee income	**60**	35	**477**	483
- Rental income from letting of properties	**2,855**	2,779	**-**	-
- Dividend income	**1,180**	1,262	**22,870**	16,670
- Others	**102**	821	**-**	-
	63,692	192,602	**23,347**	17,153
Technology and IT-related manufacturing, trading and services:-				
- Sale of financial assets at fair value through profit or loss	**-**	1,277	**-**	-
- Sale of goods and services	**24,710**	17,529	**-**	-
- Rental income from letting of properties	**93**	94	**-**	-
	24,803	18,900	**-**	-
Retail trading and car rental:-				
- Income from car rental and related services	**61,438**	59,080	**-**	-
- Interest income	**212**	212	**-**	-
- Sale of goods and services	**364**	4,739	**-**	-
	62,014	64,031	**-**	-

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31 REVENUE (CONT'D)

Significant categories of revenue recognised during the financial year are as follows (cont'd):-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Property investment and development:-				
- Sale of goods and services	**156**	133	**-**	-
- Sale of properties inventories	**740**	-	**-**	-
- Management fee income	**48**	36	**-**	-
- Rental income from letting of properties	**698**	560	**-**	-
	1,642	729	**-**	-
	212,014	341,532	**23,347**	17,153
Timing of revenue recognition:-				
- at a point in time	**138,571**	268,846	**23,347**	17,153
- over time	**73,443**	72,686	**-**	-

32 COST OF SALES

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cost of inventories recognised in cost of sales	**26,226**	20,405	**-**	-
Depreciation of property, plant and equipment	**25,650**	28,296	**-**	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	**8**	8	**-**	-
Allowance for diminution in value of inventories	**14**	-	**-**	-
Writeback of allowance for diminution in value of inventories	**-**	(62)	**-**	-
Rental of motor vehicles	**4,324**	742	**-**	-

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33 OTHER INCOME

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Accretion of discounts on financial assets at amortised cost	**7**	-	**-**	-
Accretion of discounts on held to maturity investments	**-**	7	**-**	-
Allowance for doubtful debts no longer required	**90**	136	**-**	-
Bad debts recovered	**205**	-	**-**	-
Fair value gain on derivative financial instruments	**10,987**	-	**-**	-
Fair value gain on investment properties	**1,713**	2,404	**-**	-
Gain on capital repayment from an associate company	**-**	29	**-**	29
Gain on disposal of an investment property	**572**	-	**-**	-
Gain on disposal of a subsidiary company	**6**	-	**-**	-
Gain on disposal of property, plant and equipment	**2,233**	211	**-**	-
Gain on disposal of shares in an associate company	**24,780**	49,273	**-**	-
Gross dividends from financial assets at fair value through profit or loss:-				
- quoted in Malaysia	**1,617**	2,750	**-**	-
- quoted outside Malaysia	**5,148**	6,797	**-**	-
Gross dividends from available for sale investments:-				
- quoted in Malaysia	**-**	290	**-**	-
Gain on disposal of available for sale investments	**-**	8,972	**-**	-
Interest income from:-				
- deposits and cash balances with licensed banks and financial institutions	**15,086**	14,450	**721**	362
- associate companies	**471**	417	**-**	-
- jointly controlled entity	**1**	-	**-**	-
- subsidiary companies	**-**	-	**9,108**	8,657
- loans and receivables	**-**	1,099	**-**	-
- held to maturity investments	**-**	285	**-**	-
- trade and other receivables	**2,489**	-	**-**	-
- unwinding interest on other receivables carried at amortised cost	**1,629**	-	**-**	-
- financial assets at amortised cost	**250**	-	**-**	-
- others	**47**	39	**-**	-
Rental income	**272**	209	**-**	-
Unrealised foreign exchange gain	**-**	-	**-**	2,130
Writeback of impairment on financial assets at amortised cost	**20**	-	**-**	-

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34 ADMINISTRATION EXPENSES

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:-				
Grant Thornton Malaysia				
Statutory audit fees				
- current financial year	**296**	288	**40**	39
- underprovision in preceding financial year	**6**	10	**1**	3
Other external auditors				
Statutory audit fees				
- current financial year	**184**	173	**-**	-
- underprovision in preceding financial year	**27**	2	**-**	-
Depreciation of property, plant and equipment	**565**	666	**62**	68
Rental of premises	**992**	1,157	**408**	430
Hire of equipment	**6**	6	**-**	-

35 OTHER OPERATING EXPENSES

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Allowance for doubtful debts	**1,947**	225	**22**	28
Amortisation of premium on financial assets at amortised cost	**1**	-	**-**	-
Amortisation of premium on held to maturity investments	**-**	2	**-**	-
Bad debts written off	**335**	430	**104**	-
Depreciation of property, plant and equipment	**1,753**	1,778	**-**	-
Direct operating expenses arising from investment properties:-				
- rental generating properties	**1,084**	1,001	**-**	-
- non-rental generating properties	**270**	70	**-**	-
Fair value loss on derivative financial instruments	**-**	4,470	**-**	-
Hire of equipment	**396**	378	**-**	-
Impairment on held to maturity investments	**-**	20	**-**	-
Inventories written off	**4**	-	**-**	-
Lease rental	**554**	627	**-**	-
Loss on amount due from subsidiary companies carried at amortised cost	**-**	-	**2,417**	-

NOTES TO THE FINANCIAL STATEMENTS
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35 OTHER OPERATING EXPENSES (CONT'D)

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Loss on fair value changes of financial assets at fair value through profit or loss	**8,998**	22,527	**-**	-
Loss on other receivables carried at amortised cost	**2,269**	-	**-**	-
Property, plant and equipment written off	**95**	374	**-**	-
Provision for impairment loss on investment in associate companies	**1,942**	3,919	**3**	3
Provision for impairment loss on investment in a subsidiary company	**-**	-	**51**	-
Realised foreign exchange loss	**1,732**	3,429	**-**	120
Rental of motor vehicles	**103**	113	**-**	-
Rental of premises	**514**	574	**-**	-
Unrealised foreign exchange loss	**5,698**	18,071	**492**	-

36 FINANCE COSTS

Finance costs comprise of the following interest expenses:-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Interest expenses on:-				
- term loans	**7,471**	7,344	**-**	-
- bank overdrafts	**160**	300	**-**	-
- revolving credit facilities	**5,215**	4,778	**4,603**	4,182
- hire purchase payables	**3,524**	4,361	**-**	1
- dividends on RPS	**5,966**	5,937	**5,966**	5,937
- dividends on RCPS	**-**	35	**-**	-
- margin financing facility	**884**	35	**-**	-
- charged by a subsidiary company	**-**	-	**884**	28
	23,220	22,790	**11,453**	10,148

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37 EXCEPTIONAL ITEM

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Effects of dilution of equity interests in associate companies	**3,509**	8,134	**-**	-

38 TAX EXPENSE

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Income tax:-				
Provision for current financial year				
- Malaysian income tax	**7,730**	9,809	**681**	762
- Overseas income tax	**246**	214	**-**	-
Overprovision in previous financial year				
- Malaysian income tax	**(257)**	(95)	**(3)**	-
- Overseas income tax	**(9)**	(15)	**-**	-
Real Property Gains Tax	**480**	-	**-**	-
Deferred tax (Note 14):-				
Transfer from/(to) deferred taxation	**296**	490	**(159)**	(152)
Underprovision in previous financial year	**66**	25	**-**	-
Deferred Real Property Gains Tax	**2,657**	40	**-**	-
	11,209	10,468	**519**	610

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38 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	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Profit before tax	**93,328**	100,873	**12,378**	11,687
Income tax at the Malaysian statutory tax rate of 24% (2018: 24%)	**22,399**	24,210	**2,971**	2,805
Tax effects in respect of:-				
Non-allowable expenses	**7,263**	9,854	**3,143**	2,393
Income not subject to tax	**(20,639)**	(22,759)	**(5,592)**	(4,588)
Deferred Real Property Gains Tax on fair value adjustment of investment properties	**2,657**	40	**-**	-
Effect of different tax rates in other countries	**57**	(379)	**-**	-
Real Property Gains Tax on an investment property	**480**	-	**-**	-
Overseas tax paid on dividend income	**445**	487	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(1,327)**	(998)	**-**	-
Deferred taxation not recognised in the financial statements	**74**	98	**-**	-
Tax expenses for current financial year	**11,409**	10,553	**522**	610
Overprovision for tax expense in previous financial year	**(266)**	(110)	**(3)**	-
Underprovision for deferred taxation in previous financial year	**66**	25	**-**	-
Total tax expense for the financial year	**11,209**	10,468	**519**	610
Unutilised tax losses carried forward subject to agreement of the tax authorities	**62,607**	67,005	**-**	-
Unabsorbed capital allowances carried forward subject to agreement of the tax authorities	**21,689**	17,838	**-**	-

39 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 RM81,831,000 (2018: RM90,539,000) to the weighted average number of ordinary shares in issue during the financial year of 663,007,000 ordinary shares (2018: 663,007,000 ordinary shares), after taking into consideration the movement of ordinary shares bought back by the Company.

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39 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

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

40 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	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	**4,741**	5,095	**280**	240
Defined contribution plan	**752**	558	**44**	46
Benefits-in-kind	**51**	63	**23**	35
	5,544	5,716	**347**	321
Directors of subsidiary companies				
Salaries and other emoluments	**4,848**	3,869	**-**	-
Defined contribution plan	**491**	410	**-**	-
Fees	**30**	39	**-**	-
Benefits-in-kind	**30**	18	**-**	-
	5,399	4,336	**-**	-
Total Executive Directors' remuneration	**10,943**	10,052	**347**	321
Non-Executive Directors:-				
Directors of the Company				
Salaries and other emoluments	**480***	415*	**-**	-
Defined contribution plan	**42**	37	**-**	-
Fees	**96**	96	**96**	96
Benefits-in-kind	**4**	5	**4**	5
	622	553	**100**	101
Director of subsidiary companies				
Salaries and other emoluments	**49**	96	**-**	-
Total Non-Executive Directors' remuneration	**671**	649	**100**	101
Total Directors' remuneration	**11,614**	10,701	**447**	422

* 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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41 STAFF COSTS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Salaries, bonus, allowances and fees	**33,472**	32,349	**3,710**	3,706
Defined contribution plan	**4,146**	3,779	**422**	425
Social security cost	**142**	151	**21**	21
Other staff related expenses	**271**	168	**-**	-
	38,031	36,447	**4,153**	4,152

Included in staff costs of the Group and of the Company are executive and non-executive Directors' remuneration amounting to RM11,529,000 (2018: RM10,615,000) and RM420,000 (2018: RM382,000) respectively as disclosed in Note 40 to the financial statements.

42 DIVIDENDS

	Company	
	2019	2018
	RM'000	RM'000
Interim single-tier dividend of 2 sen per ordinary share paid on 10 January 2019 in respect of financial year ended 30 June 2019	**13,260**	-
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
	13,260	6,630

43 DISPOSAL OF A SUBSIDIARY COMPANY AND ACQUISITION OF ASSOCIATE COMPANIES AND A JOINTLY CONTROLLED ENTITY

(a) Disposal of a subsidiary company and acquisition of an associate company and a jointly controlled entity during the financial year are as follows:-

(i) Vigcashlimited LLC ("Vigcash")

On 25 July 2018, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary of the Company had disposed 12,000 ordinary shares, representing the entire shareholding in 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 was dormant and the net asset value of the Company was USD31 on the date of disposal.

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

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43 DISPOSAL OF A SUBSIDIARY COMPANY AND ACQUISITION OF ASSOCIATE COMPANIES AND A JOINTLY CONTROLLED ENTITY (CONT'D)

(a) Disposal of a subsidiary company and acquisition of an associate company and a jointly controlled entity during the financial year are as follows (cont'd):-

(i) Vigcashlimited LLC ("Vigcash") (cont'd)

The detail of net asset disposed and cash flow as at the date of disposal of Vigcash are as follows:-

	Group 2019 RM
Net asset disposed:-	
Bank balance	**126**
Group's share of net asset disposed	**126**
Gain on disposal of a subsidiary company	**5,964**
Proceeds from the Disposal	**6,090**
Less: Cash and cash equivalents disposed	**(126)**
Net cash inflow on disposal of equity interest in a subsidiary company	**5,964**

(ii) Diversified Gateway Solutions Berhad ("DGSB")

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

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.

(iii) Quadrant Biz Solutions Sdn. Bhd. ("QBS")

On 21 November 2018, Insas Corporate Services Sdn. Bhd. ("ICSSB"), a wholly-owned subsidiary of the Company, had entered into a shareholders' agreement with Omesti Holdings Berhad and QBS to acquire/subscribe for 150,000 ordinary shares, representing 50% of the enlarged share capital in QBS for a total cash consideration of RM150,000. Arising thereon, QBS became a jointly controlled entity of the Group.

QBS is a private limited liability company incorporated in Malaysia on 13 September 2018 and its principal activities are provision of corporate secretarial, share registration and management services.

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43 DISPOSAL OF A SUBSIDIARY COMPANY AND ACQUISITION OF ASSOCIATE COMPANIES AND A JOINTLY CONTROLLED ENTITY (CONT'D)

(b) Acquisition of associate companies in the preceding 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 restaurant.

(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.

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 certain subsidiary companies and an associate company as at 30 June 2019	**144,926**	**85,790**	**144,382**	**85,246**
Guarantees to secure banking and credit facilities granted to certain subsidiary companies as at 30 June 2018	186,136	110,322	185,538	109,726

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44 CONTINGENT LIABILITIES (CONT'D)

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	
	2019	2018
	RM'000	RM'000
Authorised and contracted for:-		
- Acquisition of investment properties	**-**	249
- Acquisition of property, plant and equipment	**1,999**	2,668
- Investment commitments in relation to financial assets at fair value through other comprehensive income/available for sale investments	**11,130**	13,037
	13,129	15,954

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		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Not later than 1 year	**719**	805	**408**	408
Later than 1 year but not more than 5 years	**345**	865	**340**	748
	1,064	1,670	**748**	1,156

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46 LEASE COMMITMENTS (CONT'D)

(b) Operating lease commitments - as lessor

The Group has entered into property leases for 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	
	2019	2018
	RM'000	RM'000
Not later than 1 year	**2,936**	2,514
Later than 1 year but not more than 5 years	**802**	1,329
	3,738	3,843

(c) Finance lease commitments

The future minimum lease payments under finance leases are disclosed in Note 26 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
2019							
Revenue							
External revenue	59,863	63,692	24,803	62,014	1,642	-	212,014
Inter-segment revenue	781	24,392	27,845	15,796	628	(69,442)	-
Total segment revenue	60,644	88,084	52,648	77,810	2,270	(69,442)	212,014
Results							
Interest income	4,116	18,618	10,516	24	1,690	(14,991)	19,973
Finance costs	(12,566)	(19,591)	(70)	(5,679)	(829)	15,515	(23,220)
Depreciation and amortisation	(992)	(358)	(410)	(26,153)	(56)	-	(27,969)
Share of profits less losses of associate companies	-	2,036	39,518	(409)	2,940	-	44,085
Share of losses of a jointly controlled entity	(183)	-	-	-	-	-	(183)
Tax expense	(5,815)	(3,523)	(1,043)	(288)	(540)	-	(11,209)
Other non-cash expenses (i)	793	(17,467)	(5,387)	(481)	(2,269)	-	(24,811)
Segment profit/ (loss)	19,350	(2,053)	61,876	1,314	1,632	-	82,119
Assets							
Investments in associate companies	-	24,297	341,113	15,305	56,706	-	437,421
Additions to non-current assets (ii)	845	3,352	41,356	36,700	4,025	-	86,278
Segment assets	564,410	849,992	554,760	188,364	181,433	-	2,338,959
Liabilities							
Segment liabilities	38,578	425,062	4,243	119,571	4,311	-	591,765

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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
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)

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:-

	2019 RM'000	2018 RM'000
Allowance for dimunution in value of inventories	**14**	-
Allowance for doubtful debts	**1,947**	225
Bad debts written off	**335**	430
Effects of dilution of equity interests in associate companies	**3,509**	8,134
Fair value loss on derivative financial instruments	**-**	4,470
Impairment on held to maturity investments	**-**	20
Inventories written off	**4**	-
Loss on fair value changes of financial assets at fair value through profit or loss	**8,998**	22,527
Loss on other receivables carried at amortised cost	**2,269**	-
Property, plant and equipment written off	**95**	374
Provision for impairment loss on investment in associate companies	**1,942**	3,919
Unrealised foreign exchange loss	**5,698**	18,071
	24,811	58,170

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

	2019 RM'000	2018 RM'000
Property, plant and equipment	**37,853**	24,235
Investment properties	**460**	18,846
Available for sale investments	**-**	13,020
Financial assets at amortised cost	**767**	-
Financial assets at fair value through other comprehensive income	**1,849**	-
Associate companies	**45,199**	52,739
Jointly controlled entity	**150**	-
	86,278	108,840

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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
2019		
Malaysia	**107,121**	**640,214**
Singapore	**104,893**	**184,696**
United Kingdom	**-**	**19,855**
Other countries	**-**	**761**
	212,014	**845,526**
2018		
Malaysia	150,577	605,582
Singapore	190,955	166,369
United Kingdom	-	18,005
Other countries	-	2,264
	341,532	792,220

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

	2019 RM'000	2018 RM'000
Property, plant and equipment	**161,021**	161,405
Investment properties	**187,658**	198,304
Financial assets at fair value through other comprehensive income	**22,971**	-
Available for sale investments	**-**	45,022
Financial assets at amortised cost	**3,096**	-
Held to maturity investments	**-**	3,814
Associate companies	**437,421**	357,628
Jointly controlled entity	**(33)**	-
Other receivables	**7,345**	-
Intangible assets	**26,047**	26,047
	845,526	792,220

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47 SEGMENTAL INFORMATION (CONT'D)

(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.

48 RELATED PARTY DISCLOSURES

(a) Outstanding balances arising from related party transactions

The outstanding balances arising from related companies transactions as at the reporting date were disclosed in Note 10(b), Note 11(b), Note 17 and Note 18 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	
	2019	2018
	RM'000	RM'000
Companies related to directors of the Company and directors of certain subsidiary companies:-		
- refurbishment and maintenance works income	**156**	132
- rental income	**-**	10
- secretarial service fee income	**9**	13
- rental of motor vehicles income	**445**	605
- management fees and advisory fee income	**49**	36
- disposal proceeds from sale of freehold land	**14,872**	-
- rental of motor vehicles expense	**252**	236
Associate companies of the Group:-		
- rental income	**203**	143
- packing services income	**1,089**	782
- secretarial, share registration and other related services fee income	**105**	145
- professional fee income	**34**	30
- network services income	**3**	6
- sale of goods	**121**	5
- sale of property, plant and equipment	**12**	-
- interest income	**10,709**	10,229
- management fees income	**60**	35
- administration fee expense	**36**	18
- bad debts written off	**3**	-
Jointly controlled entity of the Group:-		
- rental income	**57**	-
- interest income	**1**	-
- maintenance charges income and sale of hardware and software	**18**	-
- sale of property, plant and equipment	**6**	-
- secretarial, share registration and other related services fee expense	**99**	-
Rental of motor vehicles charged to a Director of a subsidiary company	**16**	19

NOTES TO THE FINANCIAL STATEMENTS
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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	
	2019	2018
	RM'000	RM'000
Subsidiary companies:-		
- management fee income	**477**	483
- dividend income	**22,870**	16,670
- interest income	**9,108**	8,657
- secretarial, share registration and other related services fee expense	**60**	86
- website maintenance and support fee expense	**2**	2
- email and network maintenance fees paid and purchase of computer hardware and software	**58**	87
- interest expense	**884**	28
- bad debts written off	**104**	-
Associate companies:-		
- capital repayment received	**-**	29
- website maintenance and support fee expense	**3**	-
Jointly controlled entity:-		
- secretarial, share registration and other related services fee expense	**31**	-

(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	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Salaries, bonus, allowances and fees	**10,221**	9,849	**280**	240
Defined contribution plan	**1,300**	1,000	**44**	46
Social security cost	**8**	10	**-**	-
Benefits-in-kind	**81**	81	**23**	35
	11,610	10,940	**347**	321

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

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors' remuneration (Note 40)	**10,943**	10,052	**347**	321

NOTES TO THE FINANCIAL STATEMENTS
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48 RELATED PARTY DISCLOSURES (CONT'D)

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

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 2019	2018	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
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

NOTES TO THE FINANCIAL STATEMENTS
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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
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 Nominee (Asing) Sdn. Bhd.	**100**	100	Nominee agent and registration services	Malaysia
M & A Nominee (Tempatan) Sdn. Bhd.	**100**	100	Nominee agent and registration services	Malaysia
M & A 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	Stock broking (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

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
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
Parkfair Development Sdn. Bhd.	**90**	90	Investment holding	Malaysia
PRAC GreenTech Sdn. Bhd.	**67**	67	Long term leasing of electric vehicles	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 service	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
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 and letting out of properties	Malaysia

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49 LIST OF SUBSIDIARY COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
Vigcashlimited LLC	-	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

* Companies not audited by Grant Thornton Malaysia

50 LIST OF ASSOCIATE COMPANIES

Name of companies	% Effective equity interest 2019	2018	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	Property 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 (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 (ceased operations)	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
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 (ceased operations)	Malaysia
Inari Amertron Berhad	**18.9**	19.1	Investment holding and provision of management services	Malaysia
Inari Technology Sdn. Bhd.	**18.9**	19.1	Manufacturing of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services	Malaysia
Inari International Limited	**18.9**	19.1	Investment holding	Cayman Islands
Amertron Inc. (Global) Limited	**18.9**	19.1	Investment holding	Cayman Islands
Amertron Incorporated@	**18.9**	19.1	Manufacture of all kinds of electronics optical fiber cable devices	Philippines
Amertron Technology (Kunshan) Co. Ltd.@	**18.9**	19.1	Manufacture of light emitting diode, researching and reselling all kinds of optoelectronic devices	The People's Republic of China
Inari South Keytech Sdn. Bhd.	**18.9**	19.1	Designing, developing and manufacturing of fiber optic product	Malaysia
Inari Global (HK) Limited	**18.9**	19.1	Dormant	British Virgin Islands
Ceedtec Sdn. Bhd.	**9.6**	9.7	Dormant	Malaysia
Ceedtec Technology Sdn. Bhd.	**9.6**	9.7	Dormant	Malaysia
Simfoni Bistari Sdn. Bhd.	**18.9**	19.1	Investment holding and property investment	Malaysia
Inari Semiconductor Labs Sdn. Bhd.	**18.9**	19.1	Manufacturing of semiconductor related products	Malaysia
Hektar Teknologi Sdn. Bhd.	**18.9**	19.1	Property investment	Malaysia
Inari Integrated Systems Sdn. Bhd.	**18.9**	19.1	Manufacturing of advanced communication chips and die preparation	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
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50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
Inari Optical Technology Sdn. Bhd.	**18.9**	19.1	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
Winfields Development Sdn. Bhd.	**40**	40	Investment holding and rental of properties	Malaysia
Winfields Development Pte. Ltd.*	**40**	40	Investment holding in properties and trading of securities and other financial instruments	Singapore
Montprimo Sdn. Bhd.*	**45**	45	Investment holding and real property and housing development	Malaysia
Bandar Kinrara Properties Sdn. Bhd.*	**-**	45	Property development	Malaysia
Regular Project Management Sdn. Bhd.*	**-**	45	Project management, consultancy and advisory services	Malaysia
Score Project Management Sdn. Bhd.*	**-**	45	Project management, consultancy and advisory services	Malaysia
True Acres Sdn. Bhd.	**40.1**	40.1	Investment holding	Malaysia
Numoni Pte. Ltd.*	**49.6**	42.6	Investment holding, manufacture, develop and sale of transaction self-service kiosk that provide prepaid airtime and micro financing transaction	Singapore
Numoni Singapore Pte. Ltd.*	**49.6**	42.6	Sale of prepaid airtime from self-service kiosk	Singapore
Numoni Philippines, Inc*	**49.6**	42.6	Provide services, facilities and technologies to enable commercial transactions	Philippines
Numoni Technology Pte. Ltd.*	**49.6**	42.6	Regional sale of self-service kiosk and payment solution	Singapore
PT Numoni Indonesia*	**49.6**	42.6	Dormant	Indonesia
Numoni Malaysia Sdn. Bhd.	**49.6**	42.6	Mobile telecommunication services	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

50 LIST OF ASSOCIATE COMPANIES (CONT'D)

Name of companies	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
PT Numoni Nusantara Indonesia*	**49.6**	42.6	Dormant	Indonesia
Numoni (HK) Limited*	**31.9**	27.4	Sale of prepaid airtime from self-service kiosk	Hong Kong
Numoni DFS Sdn. Bhd.*	**47.7**	40.5	Integrated mobile remittance service provider	Malaysia
PT MM Indonesia*	**-**	23.4	Provide remittance services (Dormant)	Indonesia
PEP Innovation Pte. Ltd.*	**30**	30	Assembly and testing of semiconductors products	Singapore
O&S Pacific Co. Ltd.*	**30**	30	Trading in frozen seafood	Malaysia
Symphony Interactive Sdn. Bhd.*	**35**	35	Investment holding and property investment	Malaysia
Inshoku Ten Sdn. Bhd.	**20**	20	Operating food and beverages restaurant	Malaysia
Pyxis CF Pte. Ltd. *	**24**	30	Design, manufacture, repair, assembly and testing of semiconductor equipment	Singapore
Diversified Gateway Solutions Berhad	**25.5**	-	Investment holding	Malaysia

* Companies not audited by Grant Thornton Malaysia.
@ Companies audited by other member firms of Grant Thornton International Limited.

51 LIST OF JOINTLY CONTROLLED ENTITY

Name of company	% Effective equity interest 2019	2018	Principal activities	Country of incorporation
Quadrant Biz Solutions Sdn. Bhd.	**50**	-	Provision of corporate secretarial, share registration and management services	Malaysia

52 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The disposal of a subsidiary company and the acquisition of an associate company and a jointly controlled entity during the financial year and the acquisition of associate companies during the preceding financial year are disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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53 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of the financial instruments as at 30 June 2019 categorised as follows:-

(i) Amortised cost ("AC")
(ii) Fair value through other comprehensive income ("FVTOCI")
- Equity instrument and other investments designated upon initial recognition ("EIDUIR")
(iii) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	FVTOCI -EIDUIR RM'000	Mandatorily at FVTPL RM'000
2019				
Group				
Financial assets				
Financial assets at fair value through other comprehensive income	22,971	-	22,971	-
Financial assets at amortised cost	4,606	4,606	-	-
Trade receivables	443,096	443,096	-	-
Amount due from associate companies	89,571	89,571	-	-
Other receivables and deposits paid	50,975	50,975	-	-
Financial assets at fair value through profit or loss	234,233	-	-	234,233
Deposits with licensed banks and financial institutions	554,552	554,552	-	-
Cash and bank balances	95,148	95,148	-	-
	1,495,152	1,237,948	22,971	234,233

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial liabilities			
Derivative financial liabilities	1,056	-	1,056
Trade and other payables, deposits received and accruals	62,500	62,500	-
Loans and borrowings	301,933	301,933	-
Hire purchase payables	82,720	82,720	-
Preference shares	130,106	130,106	-
	578,315	577,259	1,056

NOTES TO THE FINANCIAL STATEMENTS

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53 FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

The table below provides an analysis of the financial instruments as at 30 June 2019 categorised as follows (cont'd):-

	Carrying amount RM'000	AC RM'000	FVTOCI -EIDUIR RM'000
2019 (cont'd)			
Company			
Financial assets			
Financial assets at fair value through other comprehensive income	940	-	940
Amount due from subsidiary companies	204,733	204,733	-
Amount due from associate companies	390	390	-
Other receivables and deposits paid	152	152	-
Deposits with licensed banks and financial institutions	17,769	17,769	-
Cash and bank balances	5,027	5,027	-
	229,011	228,071	940

	Carrying amount RM'000	AC RM'000
Financial liabilities		
Amount due to subsidiary companies	67,360	67,360
Other payables and accruals	3,168	3,168
Loans and borrowings	86,000	86,000
Preference shares	130,106	130,106
	286,634	286,634

The table below provides an analysis of the financial instruments as at 30 June 2018 categorised as follows:-

(i) Loans and receivables ("L&R")
(ii) Fair value through profit or loss ("FVTPL")
(iii) Available for sale financial assets ("AFS")
(iv) Held to maturity investments ("HTM")
(v) Financial liabilities measured at amortised cost ("FL")

NOTES TO THE FINANCIAL STATEMENTS

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53 FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

The table below provides an analysis of the financial instruments as at 30 June 2018 categorised as follows (cont'd):-

	Carrying amount RM'000	L&R RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000
2018					
Group					
Financial assets					
Available for sale investments	45,022	-	45,022	-	-
Held to maturity investments	5,352	-	-	5,352	-
Trade receivables	376,481	376,481	-	-	-
Amount due from associate companies	72,912	72,912	-	-	-
Other receivables and deposits paid	35,544	35,544	-	-	-
Financial assets at fair value through profit or loss	236,562	-	-	-	236,562
Deposits with licensed banks and financial institutions	572,703	572,703	-	-	-
Cash and bank balances	103,763	103,763	-	-	-
	1,448,339	1,161,403	45,022	5,352	236,562

	Carrying amount RM'000	FL RM'000	FVTPL RM'000
Financial liabilities			
Derivative financial liabilities	12,030	-	12,030
Trade and other payables, deposits received and accruals	64,723	64,723	-
Loans and borrowings	264,660	264,660	-
Hire purchase payables	85,984	85,984	-
Preference shares	129,444	129,444	-
	556,841	544,811	12,030

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

(a) Categories of financial instruments (cont'd)

The table below provides an analysis of the financial instruments as at 30 June 2018 categorised as follows (cont'd):-

	Carrying amount RM'000	L&R RM'000	AFS RM'000
2018 (cont'd)			
Company			
Financial assets			
Available for sale investments	940	-	940
Amount due from subsidiary companies	199,780	199,780	-
Amount due from associate companies	383	383	-
Other receivables and deposits paid	730	730	-
Deposits with licensed banks and financial institutions	12,567	12,567	-
Cash and bank balances	5,691	5,691	-
	220,091	219,151	940

	Carrying amount RM'000	FL RM'000
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	129,444	129,444
	271,386	271,386

(b) 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 its 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.

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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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, financial assets at amortised cost (2018: Held to maturity investments), trade and other receivables, deposits 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:-

	Floating rates instruments	Fixed rates instruments	Total	Effective interest rates during the year
	RM'000	RM'000	RM'000	% per annum
2019				
Group				
Financial assets				
Trade receivables	-	358,476	358,476	6.00% - 18.00%
Amount due from associate companies	-	9,578	9,578	2.00% - 8.00%
Other receivables	-	209	209	2.79% - 8.00%
Financial assets at amortised cost	-	4,606	4,606	4.38% - 6.63%
Deposits with licensed banks and financial institutions	-	554,552	554,552	0.01% - 4.15%
Financial liabilities				
Loans and borrowings	301,933	-	301,933	0.40% - 11.25%
Hire purchase payables	-	82,720	82,720	2.33% - 7.68%
Preference shares	-	130,106	130,106	4.00%
Company				
Financial assets				
Amount due from subsidiary companies	-	199,328	199,328	2.85% - 8.00%
Deposits with licensed bank and financial institution	-	17,769	17,769	2.55% - 2.80%
Financial liabilities				
Loans and borrowings	86,000	-	86,000	5.19% - 5.95%
Preference shares	-	130,106	130,106	4.00%

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

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

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 (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):-

	Floating rates instruments RM'000	Fixed rates instruments RM'000	Total RM'000	Effective interest rates during the year % per annum
2018				
Group				
Financial assets				
Trade receivables	-	279,088	279,088	6.00% - 12.00%
Amount due from associate companies	-	9,449	9,449	2.00% - 24.00%
Other receivables	-	76	76	2.85%
Held to maturity investments	-	5,352	5,352	4.38% - 6.63%
Deposits 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	-	192,999	192,999	2.85% - 24.00%
Deposits with licensed bank and financial institution	-	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%

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

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

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 (cont'd):-

(i) Interest rate risk (cont'd)

The Group's and the Company's exposure to interest rate risk for a 1% (2018: 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	
2019	
Variable rates	
- increase by 1%	**(3,019)**
- decrease by 1%	**3,019**
2018	
Variable rates	
- increase by 1%	(2,647)
- decrease by 1%	2,647
Company	
2019	
Variable rates	
- increase by 1%	**(860)**
- decrease by 1%	**860**
2018	
Variable rates	
- increase by 1%	(723)
- decrease by 1%	723

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 has significant concentration of trade receivables owing on 3 (2018: 2) debtors which comprise approximately 53% (2018: 36%) of the trade receivables balance as at the reporting date. There is no major concentration of credit risk as these trade receivables are adequately secured with collateral.

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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

(ii) Credit risk (cont'd)

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. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's risk management objectives, policies and processes for managing the risk are disclosed in Note 3(b) to the financial statements.

Recognition and measurement of impairment loss - Trade receivables

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions to recover long overdue balances. For trade and loan receivables' credit term that are past due but not impaired, the Group's debt recovery process is the Group will initiate a structured debt recovery process which is monitored 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 applies the simplified approach under MFRS 9 to measure expected credit loss, which uses a lifetime expected credit loss allowance for all trade receivables. The Group evaluates the expected credit loss on a case-by-case basis.

The Group assesses the expected loss rates based on historical payment profiles of the trade receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments. No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group's normal trade credit terms to trade receivables ranges from 30 to 90 days (2018: 30 to 90 days) except for a subsidiary company whose credit terms is 2 market days (2018: 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 (2018: 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. Information in respect of the provision for impairment losses, ageing analysis for trade receivables and trade receivable secured by collaterals are disclosed in Note 17 to the financial statements.

At each reporting date, the Group also assesses whether any of the trade receivables are credit impaired. The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Trade receivables that are written off are still subjected to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

(ii) Credit risk (cont'd)

Recognition and measurement of impairment loss - Trade receivables (cont'd)

There are no significant changes to impairment of trade receivables under the expected credit loss model as compared to the preceding financial year. In the preceding financial year, the Group assessed impairment of trade receivables based on the incurred loss model wherein receivables were assessed to determine whether there was objective evidence that an impairment loss on the trade receivables had been incurred and allowance for impairment was recognised accordingly when the loss-event occured.

Recognition and measurement of impairment loss - Debt instruments at amortised cost other than trade receivables

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company use three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Receivables that have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected credit loss
Underperforming	Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Based on the above, loss allowance is derived as follows:-

(i) the likelihood that the debtor would not be able to repay during the contractual period;

(ii) the percentage of contractual cash flows that will not be collected if default happens; and

(iii) the outstanding amount that is exposed to default risk.

As at the reporting date, the management are of the opinion that all necessary impairment that is required have been accounted for.

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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

(ii) Credit risk (cont'd)

Financial guarantees

The Company provides unsecured financial guarantees to banks and financial institutions in respect of banking facilities granted to certain subsidiary companies and an associate company and monitored the results of repayments by the subsidiary companies and the associate company closely. As at the reporting date, there was no indication that any subsidiary companies and the associate company will default on payment of the banking facilities.

(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, Euro Dollar, Sterling Pound, Australian Dollar and the Hong Kong Dollar.

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (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:-

	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
2019								
Group								
Financial assets at fair value through other comprehensive income	-	2,138	-	19,855	-	-	-	21,993
Financial assets at amortised cost	1,568	-	-	-	3,038	-	-	4,606
Trade receivables	395	3,133	4	-	-	538	-	4,070
Amount due from associate companies	1,287	1,591	-	-	-	-	-	2,878
Other receivables, deposits and prepayments	8	4,057	-	2	106	52	-	4,225
Financial assets at fair value through profit or loss	16,168	115,620	4,454	2,618	8,330	30,747	3,925	181,862
Deposits with licensed banks and financial institutions	1,523	11,788	-	49,471	167,694	11,197	-	241,673
Cash and bank balances	14,557	16,580	6,464	7,160	3,341	7,306	328	55,736
Loans and borrowings	(58,030)	(81,989)	(21,466)	(3,986)	(7,047)	-	-	(172,518)
Derivative financial liabilities	(117)	-	(433)	(37)	(185)	(284)	-	(1,056)
Trade payables	(2)	(3,472)	-	-	-	-	-	(3,474)
Hire purchase payables	-	(57,957)	-	-	-	-	-	(57,957)
Other payables, deposits received and accruals	(11)	(15,099)	(1)	(11)	(1)	(86)	-	(15,209)
Net financial (liabilities)/assets	(22,654)	(3,610)	(10,978)	75,072	175,276	49,470	4,253	266,829
Company								
Financial assets at fair value through other comprehensive income	-	-	-	595	-	-	-	595
Cash and bank balances	-	-	-	-	99	-	-	99
Amount due from subsidiary companies	-	9	-	-	-	-	-	9
Amount due to subsidiary companies	-	(31)	-	-	-	(58,457)	-	(58,488)
Net financial (liabilities)/assets	-	(22)	-	595	99	(58,457)	-	(57,785)

NOTES TO THE FINANCIAL STATEMENTS

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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

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

The net unhedged financial assets and liabilities of companies within the Group and the Company that are not denominated in their respective functional currencies are as follows (cont'd):-

	US Dollar	Singapore Dollar	Euro Dollar	Sterling Pound	Australian Dollar	Hong Kong Dollar	Other currencies	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018								
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, deposits received 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)

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

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

A 5% (2018: 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 profit for the financial year by the amounts shown below with all other variables held constant:-

		Group's profit for the financial year RM'000	Company's profit for the financial year RM'000
2019			
US Dollar/RM	- strengthening	**(1,133)**	**-**
	- weakening	**1,133**	**-**
Singapore Dollar/RM	- strengthening	**(181)**	**(1)**
	- weakening	**181**	**1**
Euro Dollar/RM	- strengthening	**(549)**	**-**
	- weakening	**549**	**-**
Sterling Pound/RM	- strengthening	**3,754**	**30**
	- weakening	**(3,754)**	**(30)**
Australian Dollar/RM	- strengthening	**8,764**	**5**
	- weakening	**(8,764)**	**(5)**
Hong Kong Dollar/RM	- strengthening	**2,474**	**(2,923)**
	- weakening	**(2,474)**	**2,923**
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

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
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53 FINANCIAL INSTRUMENTS (CONT'D)

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

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 (cont'd):-

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company are unable to meet its 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, deposits received 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 equivalents 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 (2018: 30 to 90 days) except for a subsidiary company whose credit terms is 2 market days (2018: 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:-

	Less than 1 year	2 to 5 years	After 5 years	Total
	RM'000	RM'000	RM'000	RM'000
2019				
Group				
Financial liabilities				
Derivative financial liabilities	**1,056**	**-**	**-**	**1,056**
Trade and other payables, deposits received and accruals	**62,500**	**-**	**-**	**62,500**
Loans and borrowings	**282,489**	**7,477**	**16,548**	**306,514**
Hire purchase payables	**31,513**	**51,676**	**5,842**	**89,031**
Preference shares	**136,103**	**-**	**-**	**136,103**
Company				
Financial liabilities				
Amount due to subsidiary companies	**67,360**	**-**	**-**	**67,360**
Other payables and accruals	**3,168**	**-**	**-**	**3,168**
Loans and borrowings	**86,000**	**-**	**-**	**86,000**
Preference shares	**136,103**	**-**	**-**	**136,103**

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

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

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 (cont'd):-

(iv) Liquidity risk (cont'd)

The table below summarised the maturity profile of the Group's and of the Company's financial liabilities based on contractual undiscounted repayment obligations (cont'd):-

	Less than 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
2018				
Group				
Financial liabilities				
Derivative financial liabilities	12,030	-	-	12,030
Trade and other payables, deposits received 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

(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 financial assets at fair value through other comprehensive income (2018: available for sale investments) and financial assets/ liabilities at fair value through profit or loss.

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

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

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 (cont'd):-

(v) Market risk (cont'd)

	Group	
	2019	2018
	RM'000	RM'000
Available for sale investments		
- quoted securities in Malaysia	**-**	18,900
Financial assets at fair value through profit or loss		
- quoted securities in Malaysia	**52,371**	57,744
- quoted securities outside Malaysia	**181,862**	178,818
	234,233	236,562
Derivative financial liabilities	**1,056**	12,030

If prices of quoted securities and derivative financial liabilities change by 5% (2018: 5%) with other variables held constant, the effects of the change on the Group's profit for the financial year and other comprehensive income ("OCI") will be as follows:-

	Profit for the financial year	**OCI for the financial year**
	RM'000	**RM'000**
Group		
2019		
Financial assets at fair value through profit or loss and derivative financial liabilities		
- increase by 5%	**11,659**	**-**
- decrease by 5%	**(11,659)**	**-**
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)	-

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.

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

(c) 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.

(ii) Financial instruments not carried at fair value

Following the adoption of MFRS 9 on 1 July 2018, the Group's and the Company's unquoted investments and other investments that was previously measured at cost are measured at fair value in the current financial year.

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 in the preceding year are as follows:-

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value 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	*

* Fair value information has not been disclosed and the financial assets are carried at cost less impairment as 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 and of the Company that are carried at fair value are as follows:-

- Financial assets at fair value through other comprehensive income - unquoted investments and other investments (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30 June 2019
(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (cont'd)

The following methods and assumptions summarised below are used to determine the fair values of each class of financial instruments:-

Current financial year

(i) Quoted securities

The fair values of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Unquoted investments and other investments

The fair values of the unquoted investments are determined based on valuation techniques supported by available inputs such as precedent transaction for similar financial instruments.

The fair values of other investments are determined based on the fair values obtained from the club memberships' websites whereby the quotes obtained reflected transactions in similar instruments.

(iii) Derivative financial instruments

The fair values of outstanding derivative transactions are obtained from major financial institutions.

(iv) 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.

(v) Other fixed interest rates financial assets and liabilities

The fair values of these financial assets and liabilities are estimated by discounting the future cash flows at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

Previous financial year

(i) Quoted securities

The fair values of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Derivative financial instruments

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 discounting the future cash flows at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy of financial instruments

The following table provides an analysis of the 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).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Group				
Financial assets at fair value through other comprehensive income				
- other investments	**-**	**2,220**	**-**	**2,220**
- unquoted investments	**-**	**-**	**20,751**	**20,751**
Financial assets at fair value through profit or loss				
- quoted securities	**234,233**	**-**	**-**	**234,233**
	234,233	**2,220**	**20,751**	**257,204**
Derivative financial liabilities	**-**	**1,056**	**-**	**1,056**
Company				
Financial assets at fair value through other comprehensive income				
- other investments	**-**	**940**	**-**	**940**
2018				
Group				
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

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53 FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy of financial instruments (cont'd)

The following table provides an analysis of the 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).

The following table shows the reconciliation of Level 3 fair values:-

	Group		Company	
	2019	2018*	**2019**	2018*
	RM'000	RM'000	**RM'000**	RM'000
Unquoted investments				
Transfer into Level 3 at beginning of financial year	**23,902**	-	**-**	-
Addition during the financial year	**1,849**	-	**-**	-
Redemption during the financial year	**(5,000)**	-	**-**	-
At end of financial year	**20,751**	-	**-**	-

* The unquoted investments were carried at cost less impairment because their fair value cannot be reliably measured.

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfer between Level 1, 2 and 3 during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
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(Cont'd)

53 FINANCIAL INSTRUMENTS (CONT'D)

(e) Measurement of fair values of financial instruments

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:-

Types of financial instrument carried at fair value	Level	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial liabilities	2	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.	Not applicable	Not applicable
Other investments	2	Market comparison technique. The fair values are obtained from the club memberships' websites whereby the quotes obtained reflected transactions in similar instruments.	Not applicable	Not applicable
Unquoted investments	3	Market comparision technique. The fair values are based on market multiples derived from recent quotes of similar financial instruments.	Adjusted market multiple	The estimated fair values would increase/decrease if the adjusted market multiple were higher/ lower.

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.

NOTES TO THE FINANCIAL STATEMENTS
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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 2019 and 30 June 2018 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	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Total interest bearing borrowings	**514,759**	480,088	**216,106**	201,744
Total equity attributable to owners of the Company	**1,739,358**	1,648,580	**751,848**	753,249
Gearing ratio	**0.30**	0.29	**0.29**	0.27

56 COMPARATIVE FIGURES

The following comparative figures have been restated to reclassify dividend receivables from an associate company from amount due from associate companies to other receivables, deposits and prepayments:-

	Group	
	As previously reported	**As restated**
	RM'000	**RM'000**
Statements of financial position		
Amount due from associate companies	80,300	72,912
Other receivables, deposits and prepayments	30,953	38,341
Statements of cash flows		
Changes in working capital:-		
- Receivables	23,762	23,476
- Associate companies	8,799	9,085

LIST OF PROPERTIES

- held by Insas Berhad Group as at 30 June 2019

Location/Address	Description/ Existing use	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	10,484 sq feet (Land area)	Freehold	21	18-Jan-1995	30-Jun-2019	12,243
6, Jalan 31/70A, Desa Sri Hartamas 50480 Kuala Lumpur	4 storey shophouse leased out	1,765 sq feet (Land area)	Freehold	22	31-Oct-2001	28-Jun-2019	4,000
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	54,277 sq feet	Leasehold (unexpired lease period of 83 years)	17	17-Jun-2002	28-Jun-2019	57,387
21, Plaza Crystalville 1 Jalan 23/70A, Desa Sri Hartamas 50480 Kuala Lumpur	3 storey shop office leased out	4,620 sq feet	Freehold	18	3-Jan-2000	28-Jun-2019	3,800
R-3A-1, D'Aman Ria Apartment, Jalan PJU 1A/41 Ara Jaya, 47301 Petaling Jaya, Selangor	Apartment for lease	1,133 sq feet	Freehold	16	22-Jun-2007	28-Jun-2019	530
8A, Orange Grove Road #11-03, D'Grove Villas Singapore	Apartment for lease	2,701 sq feet	Freehold	26	14-Feb-1996	28-Jun-2019	14,387
5, Draycott Drive #15-02, The Arc at Draycott Singapore	Apartment for lease	1,270 sq feet	Freehold	11	27-Nov-2008	28-Jun-2019	9,489
21 Claymore Road #07-02, The Tate Residences Singapore	Apartment for lease	1,894 sq feet	Freehold	9	24-Feb-2010	28-Jun-2019	12,336
H S (D) 11371, No. P T 14461 Bukit Tinggi Resort Mukim and District of Bentong Pahang	Vacant land for development	130 acres	Freehold	Not applicable	24-Oct-1995	21-Jun-2019	38,000
Ampang Putra Residensi Jalan Ampang Putra 6, 68000 Ampang, Selangor	18 units of apartments & 3 units of retail lots held for sale and for lease	21,644 sq feet	Leasehold (unexpired lease period of 86 years)	9	7-May-2010 3-Sep-2010	-	5,251
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 lots held for sale	4,200 sq feet	Leasehold	8	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	4,387 sq feet	Freehold	8	17-Mar-2011	28-Jun-2019	2,311
53, Ubi Avenue 1, #03-47, Paya Ubi Industrial Park Singapore 408934	1 unit office premise	3,121 sq feet	Leasehold (unexpired lease period of 38 years)	22	28-May-2012	-	2,968

LIST OF PROPERTIES

- held by Insas Berhad Group as at 30 June 2019 (Cont'd)

Location/Address	Description/ Existing use	Area	Tenure	Approximate age of building (years)	Date of acquisition	Date of valuation	Net book value RM'000
51, Ubi Avenue , #03-30, Paya Ubi Industrial Park Singapore 408934	1 unit office premise	3,520 sq feet	Leasehold (unexpired lease period of 38 years)	22	4-Jul-2016	-	3,390
No. 70	3 units of 2 1/2 storey semi-detached houses for lease and for sale	4,908 sq feet	Freehold	4	1-Jun-2012	28-Jun-2019	2,700
No. 38		3,466 sq feet	Freehold	4	11-Mar-2013	28-Jun-2019	2,300
No. 25 Jalan PH 1/6, Taman Puchong Hartamas, 47100 Puchong, Selangor		3,885 sq feet (Land area)	Freehold	4	11-Mar-2013	28-Jun-2019	2,400
38, Jalan Pemimpin #07-08 M38 Singapore 577178	1 unit factory/ showroom premise for lease	2,906 sq feet	Freehold	4	17-Jul-2014	28-Jun-2019	6,428
38, Jalan Pemimpin #07-09 M38 Singapore 577178	1 unit factory/ showroom for own use as operational premise	2,820 sq feet	Freehold	4	25-Jun-2014	-	6,996
A-21-02,	2 units of apartments for lease	1,529 sq feet	Freehold	2	24-Jul-2012	28-Jun-2019	740
A-22-02, Duet Residence, Jalan Kinrara 6, Bandar Kinrara, 47180 Puchong, Selangor.		1,529 sq feet	Freehold	2	24-Jul-2012	28-Jun-2019	740
Unit No. C10 and C11 Aurora Place	2 units of 5 storey shop offices for lease and for sale	17,657 sq feet	Freehold	1	28-Dec-2012	28-Jun-2019	13,940
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 Bandar Bukit Jalil, 57000 Kuala Lumpur	7 units of SOVO for lease and for sale	6,967 sq feet	Freehold	1	31-Mar-2014	-	4,794
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, Duet Residence, Jalan Kinrara 6, Bandar Kinrara, 47180 Puchong, Selangor.	22 units of apartments for lease and for sale	42,422 sq feet	Freehold	2	22-Nov-2017	28-Jun-2019	15,230

ANALYSIS OF SHAREHOLDINGS

As at 27 September 2019

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	2,255	8.76	80,556	0.01
100 - 1,000	1,761	6.85	740,132	0.11
1,001 - 10,000	17,083	66.40	60,053,934	9.06
10,001 - 100,000	4,115	16.00	111,530,776	16.82
100,001 - 33,150,317	510	1.98	399,506,131	60.26
33,150,318 and above	2	0.01	91,094,813	13.74
	25,726	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.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	8,473,100	1.28
11.	Kim Poh Holdings Sdn Bhd	6,364,800	0.96

ANALYSIS OF SHAREHOLDINGS

As at 27 September 2019
(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	6,267,502	0.95
13.	Dato' Sri Thong Kok Khee	5,184,678	0.78
14.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	4,757,500	0.72
15.	M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	4,739,543	0.71
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	4,649,718	0.70
17.	United Teochew (Malaysia) Bhd	4,379,800	0.66
18.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	3,987,881	0.60
19.	Khoo Loon See	3,915,300	0.59
20.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Fong Loong Tuck (CEB)	3,850,700	0.58
21.	CIMB Group Nominees (Asing) Sdn Bhd - Exempt An For DBS Bank Ltd (SFS)	3,715,760	0.56
22.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Geok Lian	3,530,800	0.53
23.	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Bank of Singapore Limited (Foreign)	2,993,500	0.45
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Swee Kiat & Sons Sdn Bhd (8109706)	2,893,400	0.44
25.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Hock Leong (E-PDG/SAN)	2,661,000	0.40
26.	Teo Tin Lun	2,615,000	0.39
27.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ong Yoong Nyock	2,540,000	0.38
28.	Citigroup Nominees (Asing) Sdn Bhd - Macquarie Bank Limited (London Branch)	2,432,300	0.37
29.	Low Chu Mooi	2,307,000	0.35
30.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Credit Suisse (SG BR-TST-Asing)	2,190,620	0.33
		326,371,272	49.23

ANALYSIS OF SHAREHOLDINGS
As at 27 September 2019
(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 2019

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	123	3.30	4,434	0.01
100 - 1,000	755	20.24	455,858	0.17
1,001 - 10,000	1,879	50.38	6,821,844	2.57
10,001 - 100,000	732	19.62	26,296,706	9.91
100,001 - 13,260,126	238	6.38	168,081,170	63.38
13,260,127 and above	3	0.08	63,542,524	23.96
	3,730	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.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Gim Leong	5,904,500	2.23
9.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Soon Tuan Sin	5,108,100	1.93
10.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yong Kwee Lian	5,100,000	1.92
11.	Wee Jui Jong	4,800,000	1.81

ANALYSIS OF WARRANTS HOLDINGS

As at 27 September 2019
(Cont'd)

THIRTY LARGEST WARRANTS HOLDERS (CONT'D)

	Name	No. of warrants	%
12.	Lim Siew Ling	4,632,400	1.75
13.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Fong Loong Tuck (CEB)	4,400,000	1.66
14.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Morgan Stanley & Co. International Plc (IPB Client Acct)	3,454,100	1.30
15.	Chua Teik Suan	3,390,000	1.28
16.	Chng Kim Chye	3,058,500	1.15
17.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Mooi Fong	2,921,300	1.10
18.	Teoh Chea Wooi	2,050,400	0.77
19.	Chong Kay Lin	1,904,500	0.72
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.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Soon Tuan Sin	1,793,000	0.68
24.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Ah Chuan	1,745,800	0.66
25.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Mooi Fong	1,556,500	0.59
26.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Cheah Chee Siong (PB-0J0022)	1,416,900	0.53
27.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Kam Hong	1,403,500	0.53
28.	Thangaveloo A/L Parasuraman	1,400,000	0.53
29.	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Wong Kam Hong	1,346,000	0.51
30.	Wong Nga Yang	1,316,900	0.50
		163,491,494	61.65

ANALYSIS OF REDEEMABLE PREFERENCE SHAREHOLDINGS

As at 27 September 2019

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	111	3.14	3,849	0.01
100 - 1,000	1,479	41.78	807,485	0.61
1,001 - 10,000	1,596	45.09	4,936,702	3.72
10,001 - 100,000	277	7.82	8,754,534	6.60
100,001 - 6,630,063	72	2.03	68,252,436	51.47
6,630,064 and above	5	0.14	49,846,262	37.59
	3,540	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	8.10
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	5,325,000	4.02
10.	M&A Investments International Limited	5,017,800	3.78
11.	M & A Nominee (Asing) Sdn Bhd - M&A Investments International Ltd	4,376,000	3.30
12.	Gan Peoy Hong	2,563,200	1.93

ANALYSIS OF REDEEMABLE PREFERENCE SHAREHOLDINGS

As at 27 September 2019
(Cont'd)

THIRTY LARGEST RPS HOLDERS (CONT'D)

	Name	No. of RPS	%
13.	Lucky Star Pte. Ltd.	2,492,500	1.88
14.	Goh Siew Cheng	2,473,000	1.87
15.	Khoo Boon Chong	2,330,000	1.76
16.	Ho Chu Chai	2,226,100	1.68
17.	Ong Swee Keng	2,200,000	1.66
18.	Dato' Sri Thong Kok Khee	2,100,000	1.58
19.	Kim Poh Holdings Sdn Bhd	1,272,960	0.96
20.	M & A Nominee (Tempatan) Sdn Bhd - Titan Express Sdn Bhd	947,908	0.71
21.	Pang Choo Hiong	921,400	0.69
22.	Ching Weng Cheong	900,000	0.68
23.	Phuah Bee Lan	900,000	0.68
24.	Teo Lay Choo	888,900	0.67
25.	Winfields Development Sdn Bhd	802,800	0.61
26.	Teo Lay Hong	700,000	0.53
27.	Loo Voon Hong	657,900	0.50
28.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Peng Chong (M)	548,100	0.41
29.	Maybank Nominees (Tempatan) Sdn Bhd - Soo Choo Ing @ Soo Eng Chuan	521,000	0.39
30.	Maybank Nominees (Tempatan) Sdn Bhd - For Immobillaire Holdings Pte Ltd	500,000	0.38
		107,763,215	81.27

STATEMENT OF DIRECTORS' INTEREST

In **INSAS BERHAD** and Its Related Corporations as at 27 September 2019

DIRECTORS' INTEREST IN ORDINARY SHARES

	Ordinary Shares			
	Direct Interest		Deemed Interest	
Insas Berhad	**Number**	**%**	**Number**	**%**
1. Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP	121,992	0.02	-	-
2. Dato' Wong Gian Kui	212,160	0.03	136,000	0.02
3. Dato' Dr. Tan Seng Chuan	-	-	-	-
4. Ms. Soon Li Yen	-	-	-	-
5. 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[(1)]	8.00
Subsidiary Company – Dellmax Worldwide Sdn Bhd				
1. Dato' Wong Gian Kui	-	-	35,000[(2)]	35.00

Notes:

(1) Deemed interested by virtue of his spouse's interest.

(2) Deemed interested by virtue of his interest in True Acres Sdn Bhd and his spouse's interest.

DIRECTORS' INTEREST IN WARRANTS

	Warrants 2015/2020			
	Direct Interest		Deemed Interest	
Insas Berhad	**Number**	**%**	**Number**	**%**
1. Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
2. Dato' Wong Gian Kui	84,864	0.03	-	-
3. Dato' Dr. Tan Seng Chuan	-	-	-	-
4. Ms. Soon Li Yen	-	-	-	-
5. Mr. Oh Seong Lye	-	-	-	-

STATEMENT OF DIRECTORS' INTEREST

In **INSAS BERHAD** and Its Related Corporations as at 27 September 2019
(Cont'd)

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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
2. Dato' Wong Gian Kui	42,432	0.03	-	-
3. Dato' Dr. Tan Seng Chuan	-	-	-	-
4. Ms. Soon Li Yen	-	-	-	-
5. Mr. Oh Seong Lye	-	-	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 57th Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Thursday, 28 November 2019** at **11.00 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 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 2019. **Ordinary Resolution 1**

    2.2 Directors' benefits of up to RM19,000 for the period from 29 November 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**

3. To re-elect the following Directors retiring pursuant to Article 96 of the Company's Articles of Association: -

    3.1 Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP **Ordinary Resolution 3**

    3.2 Dato' Wong Gian Kui **Ordinary Resolution 4**

4. To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications:

5. **Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act 2016** **Ordinary 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 to be 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** **Ordinary 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 an 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**, subject to the passing of Ordinary Resolution 3 above, approval be and is hereby given to Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum 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." **Ordinary Resolution 8**

(ii) **"THAT**, 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." **Ordinary Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

8. **Proposed Adoption of new Constitution of the Company** **Special Resolution 1**

"THAT, approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix 1 in the Notice of 57th Annual General Meeting be approved and adopted as the Constitution of the Company AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. To transact any other business of the Company of which due notice shall have been given.

By Order of The Board

Chow Yuet Kuen (MAICSA 7010284)
Lau Fong Siew (MAICSA 7045893)
Chartered Secretaries

Kuala Lumpur
31 October 2019

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 2019 amounting to RM96,000 (2018 : RM96,000).

3. Ordinary Resolution 2 – Directors' benefits

The benefits payable to the Non-Executive Directors comprise of car, fuel and meeting allowances for attending the Board, Board Committees and general meetings of the Company for the period from 29 November 2019 until the next Annual General Meeting in 2020. The meeting allowances 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 and allot shares pursuant to Section 75 and 76 of the Companies Act 2016

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 and 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 the shareholders at the last Annual General Meeting held on 28 November 2018. 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 57th 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 profits 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 2020. For information on the Proposed Renewal of Share Buy-Back Authority, please refer to the Statement in Relation to the Proposed Renewal of the Authority for the Company to Purchase its Own Shares on pages 214 to 220 of the Annual Report 2019.

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

6. Ordinary Resolutions 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 Tengku Hajjah Aishah Binti Al-Marhum 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 an optimal period of time to 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 the shareholders.

Shareholders' approval for the proposed Ordinary 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.

7. Special Resolution 1 – Adoption of new Constitution of the Company

The proposed Special Resolution 1, if passed, will align the Company's Constitution with the new provisions of the Companies Act 2016, the amendments made to the Main Market Listing Requirements and will enhance administrative efficiency.

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. 47-5, 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 15 November 2019 shall be entitled to attend and vote at the 57th 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 57th 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 28 November 2018. As at the date of this Notice, no new shares were issued under this general mandate which will lapse at the conclusion of the 57th 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 2019, 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 57th Annual General Meeting ("AGM") of the Company which will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 28 November 2019 at 11.00. a.m.

2. PROPOSED SHARE BUY-BACK

At the 56th AGM of the Company held on 28 November 2018, 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 57th 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 2019 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 2019, 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 95,853,616 Shares inclusive of 30,327,291 treasury shares as at 27 September 2019, 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 2019, the retained profits of the Company is RM20,640,000. 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 flows 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, AND POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable the Company to utilise its financial resources to purchase its own Shares from the market. The Company may, through this scheme, be able to reduce the liquidity of the Shares in the market which generally will have a positive impact on the market price of the Shares.

The Directors may at its discretion retain the purchased Shares as treasury shares, or for resale on the Bursa Securities with the intention of realising a potential gain, or to distribute the treasury shares to the shareholders of the Company as dividends to serve as a reward to the shareholders. The Directors could also opt for the purchased Shares to be cancelled, or retain part thereof as treasury shares and cancelling the balance, and to treat the Shares in any manner as prescribed by the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, the requirements of Bursa Securities and any other relevant authorities.

The Proposed Share Buy-Back will nevertheless reduce the financial resources of the Group and may result in the Group foregoing other investment opportunities that may emerge in the future.

The Board will be mindful of the interest of the Company and its shareholders in implementing the Proposed Share Buy-Back.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are based on the following assumptions:-

Minimum Scenario

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

Maximum Scenario

Assuming the Proposed Share Buy-Back is undertaken in full and all the 265,202,536 outstanding Warrants are exercised into Shares.

5.1 Share Capital

In the event that the maximum number of Shares are purchased and cancelled, the proforma effect on the issued shares of the Company is illustrated as follows:-

	No. of Shares	
	Minimum Scenario	**Maximum Scenario**
Issued shares as at 27 September 2019	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)	(95,853,616)
Resultant issued shares	624,000,270	862,682,553

[1] *Inclusive of the 30,327,291 Shares already purchased and retained as treasury shares as at 27 September 2019.*

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 2019 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 2019	**Minimum scenario**	**Maximum scenario**
66.99%	64.92%	62.84%

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 the Register of Directors' shareholding respectively as at 27 September 2019 are as follows: -

Minimum Scenario

	As at 27 September 2019[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 2019[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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, *DK(II), SIMP*	121,992	0.02	-	-	121,992	0.02	-	-
Dato' Wong Gian Kui [5]	212,160	0.03	136,000	0.02	212,160	0.03	136,000	0.02
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 2019.

(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 2019 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.

(5) Deemed interest by virtue of his spouse's interest.

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 2019(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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, *DK(II), SIMP*	121,992	0.02	-	-	121,992	0.01	-	-
Dato' Wong Gian Kui (6)	212,160	0.03	136,000	0.02	297,024	0.03	136,000	0.01
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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, *DK(II), SIMP*	121,992	0.01	-	-
Dato' Wong Gian Kui (6)	297,024	0.03	136,000	0.02
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 2019.

(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 862,682,553 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 95,853,616 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.

(6) Deemed interest by virtue of his spouse's interest.

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 2016 (“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 2019 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 57th 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 2019 and Note 23 to the audited financial statements for further information on the purchases made by the Company of its own Shares.

INSAS BERHAD
(Company No. 4081-M)

FORM OF PROXY
57TH 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 57th Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on **Thursday, 28 November 2019 at 11.00 a.m.** or at any adjournment thereof in the manner indicated below:

*(*strike out whichever is not applicable)*

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' benefits		
3.	To re-elect Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP as Director		
4.	To re-elect Dato' Wong Gian Kui 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 Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP as Independent Non-Executive Director		
9.	To retain Mr. Oh Seong Lye as Independent Non-Executive Director		
10.	To approve the adoption of new Constitution of the Company		

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 ______________ 2019

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

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

Notes:-

Proxy

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proxy shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iii) A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

(iv) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of a duly authorised officer or attorney.

(v) The original signed instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 47-5, 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 15 November 2019 shall be entitled to attend and vote at the 57th 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. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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