

**14. PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON**

*(Prepared for inclusion in the Prospectus)*



**Horwath** AF No 1018  
**Kuala Lumpur Office**  
Chartered Accountants

17 June 2005

The Board of Directors  
INS Bioscience Berhad  
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Dear Sirs

**INS BIOSCIENCE BERHAD ("INSB")  
PROFORMA CONSOLIDATED BALANCE SHEETS**

We have reviewed the Proforma Consolidated Balance Sheets of INSB and its subsidiaries ("INSB Group" or "the Group") as at 31 December 2004 together with the accompanying notes thereto which have been prepared for illustrative purposes only, for which the directors are solely responsible, as set out in the accompanying statements (initialed by us for the purpose of identification only) prepared in connection with the following transactions for inclusion in the Prospectus of INSB to be dated 28 June 2005:-

- (a) acquisitions of the entire issued and paid up share capital of INS Enterprise Sdn. Bhd. and The Origin Foods Sdn. Bhd. for a total purchase consideration of RM21,500,000 satisfied by the issuance of 21,500,000 new ordinary shares of RM1.00 each in INSB at an issue price of RM1.00 per share ("Acquisitions"). The Acquisitions were completed on 5 April 2005;
- (b) split of 21,500,002 ordinary shares of RM1.00 each in INSB to 215,000,020 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 12 April 2005;
- (c) public issue of 71,680,000 new ordinary shares of RM0.10 each at an issue price of RM0.35 per share ("Public Issue") which will be allocated in the following manner:-
  - (i) 5,000,000 new ordinary shares of RM0.10 each available for application by the Malaysian public;
  - (ii) 51,680,000 new ordinary shares of RM0.10 each by way of private placement; and
  - (iii) 15,000,000 new ordinary shares of RM0.10 each available for application by eligible directors, employees and persons who have contributed to the success of the INSB Group; and
- (d) the listing of and quotation for the entire enlarged issued and paid-up share capital of INSB comprising 286,680,020 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004  
TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING  
ACCOUNTANTS' LETTER THEREON (CONTINUED)**



In our opinion,

- (i) the Proforma Consolidated Balance Sheets, which are prepared for illustrative purposes only, have been properly compiled on the bases set out in the accompanying notes to the Proforma Consolidated Balance Sheets;
- (ii) the bases are consistent with the accounting policies normally adopted by the Group; and
- (iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

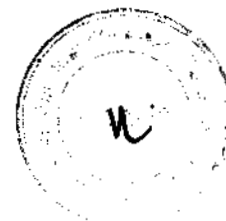
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**Horwath**  
Firm No : AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

**Onn Kien Hoe**  
Approval No : 1772/11/06(J/PH)  
Partner

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONTINUED)**



**INS BIOSCIENCE BERHAD ("INSB") AND ITS SUBSIDIARIES ("INSB GROUP")  
PROFORMA CONSOLIDATED BALANCE SHEETS**

	As at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
<b>Non-current assets</b>				
Property, plant and equipment	-	4,024	4,024	22,024
Other investment	-	45	45	45
Development costs	-	183	183	183
Goodwill on consolidation	-	1,921	1,921	1,921
	-	6,173	6,173	24,173
<b>Current assets</b>				
Inventories	-	3,550	3,550	3,550
Trade receivables	-	10,743	10,743	10,743
Other receivables, deposits and prepayments	611	3,286	3,286	3,286
Fixed deposits with licensed banks	-	2,084	2,084	2,084
Cash and bank balances	4	1,596	1,596	6,684
	615	21,259	21,259	26,347
<b>Current liabilities</b>				
Trade payables	-	941	941	941
Other payables and accruals	662	2,610	2,610	2,610
Provision for taxation	-	872	872	872
Hire purchase payables	-	268	268	268
Bank overdrafts	-	446	446	446
	662	5,137	5,137	5,137
<b>Net current (liabilities)/assets</b>	(47)	16,122	16,122	21,210
	(47)	22,295	22,295	45,383
<b>(Represented)/Financed by:-</b>				
Share capital	#	21,500	21,500	28,668
Share premium	-	-	-	15,920
Accumulated losses	(47)	(47)	(47)	(47)
<b>Shareholders' equity</b>	(47)	21,453	21,453	44,541
<b>Non-current liabilities</b>				
Hire purchase payables	-	567	567	567
Deferred taxation	-	275	275	275
	(47)	22,295	22,295	45,383
No. of ordinary shares of RM1.00 each ('000)	##	21,500	-	-
No. of ordinary shares of RM0.10 each ('000)	-	-	215,000	286,680
(Net tangible liabilities)/Net tangible assets per ordinary share (RM)	(23,500.00)	0.90	0.09	0.15

# - Represents RM2.00

## - Represents 2 ordinary shares of RM1.00 each

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONTINUED)**

**INSB GROUP  
PROFORMA CONSOLIDATED BALANCE SHEETS**



**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

**1. Basis of Preparation**

The Proforma Consolidated Balance Sheets of INSB Group have been prepared based on the audited balance sheets of INSB and its subsidiaries ("INSB Group") as at 31 December 2004, solely for illustrative purposes, to show the effects of the Acquisitions, Share Split and Public Issue and the utilisation of proceeds from the Public Issue as though they were effected as of that date. The Proforma Consolidated Balance Sheets should be read in conjunction with the accompanying notes hereto:-

**1.1 Proforma I**

Proforma I incorporates the acquisitions by INSB of the following companies:-

- (a) the entire issued and paid up share capital of INS Enterprise Sdn. Bhd. ("INSE") comprising 5,449,100 ordinary shares of RM1 each for a purchase consideration of RM13,793,900 satisfied by the issuance of 13,793,900 new ordinary shares of RM1 each in INSB at an issue price of RM1 per share; and
- (b) the entire issued and paid up share capital of The Origin Foods Sdn. Bhd. ("TOF") comprising 272,500 ordinary shares of RM1 each for a purchase consideration of RM7,706,100 satisfied by the issuance of 7,706,100 new ordinary shares of RM1 each in INSB at an issue price of RM1 per share.

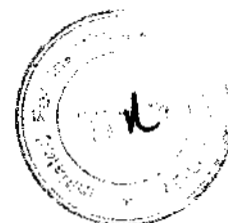
The above are collectively referred to as "Acquisitions" hereinafter. Upon completion of the Acquisitions, INSB, INSE and TOF are referred to as "INSB Group".

The total purchase consideration of RM21,500,000 for the Acquisitions was arrived at based principally on the aggregate audited consolidated Net Tangible Assets ("NTA") of the acquiree companies as at 31 December 2003, adjusted for the effects of the issues of new shares in the acquiree companies subsequent to the financial year ended 31 December 2003. The details of the issues of shares by the acquiree companies are as follows:-

- (i) INSE increased its issued and paid-up share capital from 4,495,500 to 5,449,100 by the allotment of 953,600 new ordinary shares of RM1.00 each at an issue price of approximately RM3.36 per ordinary share for cash consideration for working capital purposes; and
- (ii) TOF increased its issued and paid-up share capital from 224,780 to 272,500 by the allotment of 47,720 new ordinary shares of RM1.00 each at an issue price of approximately RM37.72 per ordinary share for cash consideration for working capital purposes.

The Acquisitions were completed on 5 April 2005.

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONTINUED)**



**INSB GROUP  
PROFORMA CONSOLIDATED BALANCE SHEETS**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**1. Basis of Preparation (Cont'd)**

**1.2 Proforma II**

Proforma II incorporates the effects of Proforma I and the Share Split involving the sub-division of the par value of the ordinary shares in INSB from RM1.00 per share to RM0.10 per share. The Share Split was completed on 12 April 2005.

Upon completion of the Acquisitions and the Share Split, the issued and paid-up share capital in INSB consists of 215,000,020 ordinary shares of RM0.10 each.

**1.3 Proforma III**

Proforma III incorporates the effects of Proforma II, the Public Issue of 71,680,000 new ordinary shares of RM0.10 each in INSB at an issue price of RM0.35 per share and the utilisation of the gross proceeds arising from the Public Issue of RM25,088,000 as follows:-

<b>Purpose</b>	<b>RM</b>
Set up of research and development centre and manufacturing plant	18,000,000 ^
Development costs	4,000,000 *
Working capital	1,088,000
Estimated listing expenses	2,000,000
	25,088,000

*Notes:-*

^ - capitalised as property, plant and equipment under Proforma III.

\* - included in cash and bank balances under current assets, pending utilisation, under Proforma III.

The estimated listing expenses of RM2,000,000 have been set-off against the share premium account.

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONTINUED)**



**INSB GROUP  
PROFORMA CONSOLIDATED BALANCE SHEETS**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**2. Share Capital**

The movements in the issued and paid-up share capital of INSB are as follows: -

<i>Issued and Fully Paid-up Share Capital</i>	<i>Par Value</i>	<i>Number of Ordinary Shares</i>	<i>Amount of Share Capital RM</i>
As at 31 December 2004	1.00	2	2
Acquisitions	1.00	21,500,000	21,500,000
As per Proforma I	1.00	21,500,002	21,500,002
Share Split		193,500,018	-
Proforma II	0.10	215,000,020	21,500,002
Public Issue	0.10	71,680,000	7,168,000
As per Proforma III	0.10	286,680,020	28,668,002

**3. Share Premium Account**

The estimated listing expenses of RM2 million have been debited against the share premium account under Proforma III. The movements in the share premium account are as follows:-

	<b>RM'000</b>
As at 31 December 2004/Proforma I and II	-
Premium arising from the Public Issue	17,920
Estimated listing expenses	(2,000)
As per Proforma III	15,920

**14. PROFORMA CONSOLIDATED BALANCE SHEETS OF INSB AS AT 31 DECEMBER 2004  
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ACCOUNTANTS' LETTER THEREON (CONTINUED)**



**INSB GROUP  
PROFORMA CONSOLIDATED BALANCE SHEETS**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**

**4. Goodwill On Consolidation**

The goodwill on consolidation arising from the acquisitions by INSB of INSE and TOF represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired at 31 December 2004, adjusted for the unrealised profits arising from intragroup transactions. The calculation of the goodwill on consolidation is as follows:-

	<b>RM'000</b>
Fair value of purchase consideration	21,500
Fair value of net assets acquired	(19,579)
Goodwill on consolidation	<u>1,921</u>

**15. REPORTING ACCOUNTANTS' LETTER ON TRADE RECEIVABLES**

*(Prepared for inclusion in the Prospectus)*



**Horwath** AF No 1018  
**Kuala Lumpur Office**  
Chartered Accountants

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17 June 2005

The Board of Directors  
INS Bioscience Berhad  
20<sup>th</sup> Floor East Wing  
Plaza Permata (IGB Plaza)  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur

Dear Sirs

**INS BIOSCIENCE BERHAD ("INSB")  
TRADE RECEIVABLES**

We have reviewed the recoverability of the trade receivables of INSB and its subsidiaries ("INSB Group" or "the Group") as at 31 December 2004 set out in the accompanying statements (initialed by us for the purpose of identification only). Pursuant to the letter dated 24 February 2005 issued by the Securities Commission, this letter is prepared in connection with the Flotation Exercise of INSB (details of which are set out in our letter on the Proforma Consolidated Balance Sheets of INSB Group dated 17 June 2005) for inclusion in the Prospectus of INSB to be dated 28 June 2005:-

Our review of the trade receivables as at 31 December 2004 was performed on a test basis, based on evidence relevant to the amounts and disclosures in the accompanying statements. The scope of our review included the following procedures:-

- (i) verify collections subsequent to 31 December 2004 up to the date of 10 June 2005 to the relevant supporting documents; and
- (ii) enquire management of the current credit standings of customers with balances exceeding their credit terms.

We believe our review provides a reasonable basis for our opinion with regard to the trade receivables as at 31 December 2004.

In the course of our review, we have relied on information and representation provided by the management to support the basis of allowance for doubtful debts. While information may be available to support the basis of which allowance for doubtful debts is based, the recoverability of debts in the future may be dependent on future events and therefore uncertain.



15. **REPORTING ACCOUNTANTS' LETTER ON TRADE RECEIVABLES (CONTINUED)**



Based on our review of the procedures stated in the above paragraphs, in our opinion, nothing has come to our attention which:-

- (i) requires allowance to be made for debts owing more than 90 days but less than 180 days; and
- (ii) causes us to believe that the allowance for doubtful debts of RM291,206, as set out in the financial statements for the financial year ended 31 December 2004 were not adequate for debts owing more than 180 days.

We understand that this letter has been requested by the Securities Commission's approval of the Group's Flotation Exercise and will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be a stylized name.

**Horwath**  
Firm No : AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

**Onn Kien Hoe**  
Approval No : 1772/11/06(J/PH)  
Partner

## 15. REPORTING ACCOUNTANTS' LETTER ON TRADE RECEIVABLES (CONTINUED)


**INS BIOSCIENCE BERHAD ("INSB") AND ITS SUBSIDIARIES ("INSB GROUP")  
 TRADE RECEIVABLES AS AT 31 DECEMBER 2004**

	Credit terms (Days)	Debts <= 90 days RM	Debts >=90 and <=180 days RM	Debts >= 180 days RM	Gross trade receivables RM	Allowance for doubtful debts RM	Accrued commission RM	Net trade receivables RM	Percentage composition %	Subsequent collections up to 10.6.2005 RM	Note
INS-Vest Company Limited	180	589,840	407,257	1,726,640	2,723,737	-	-	2,723,737	27	2,151,139	1
Marketing Entrepreneur Global Access Inc.	180	2,114,400	-	-	2,114,400	-	-	2,114,400	21	-	2
INS-Vest (S) Pte. Ltd.	180	389,204	37,489	1,205,519	1,632,212	-	-	1,632,212	16	1,305,675	1
INS Enterprise (Hong Kong) Limited	180	173,036	36,106	665,239	875,381	-	-	875,381	9	741,430	1
INS Trading (Pty) Ltd.	180	490,193	194,604	6,277	691,074	-	-	691,074	7	200,881	2
PT. Intar Natur Sinergi	180	244,636	195,893	117,380	557,909	-	-	557,909	5	356,479	1
Amount owing by local distributors (consist of 183 local distributors with an outstanding balance of less than RM5,000 individually)	180	-	-	733,312	733,312	238,112	495,200	-	-	-	3
Amounts owing by stockists (consist of 13 stockists with an outstanding balance of between RM1,000 to RM65,000 individually)	60 to 90	211,709	41,970	216,329	470,008	53,094	-	416,914	4	282,875	2
Bio-INS Phils. Corp.	180	399,565	-	-	399,565	-	-	399,565	4	399,565	
Infrity Creations	180	-	-	243,254	243,254	-	-	243,254	2	243,254	1
MBF Credit card (consists of 33 transactions with an amount of between RM200 to RM17,000 per transaction)	90	111,430	-	-	111,430	-	-	111,430	1	89,040	4
INS Northern Enterprise	60	110,566	-	-	110,566	-	-	110,566	1	110,566	
Others (consist of 26 trade receivables with an outstanding balance of less than RM100,000 individually)	60 to 180	61,700	139,764	170,004	371,468	-	-	371,468	3	325,716	
		<b>4,896,279</b>	<b>1,053,083</b>	<b>5,084,654</b>	<b>11,034,316</b>	<b>291,206</b>	<b>495,200</b>	<b>10,247,910</b>	<b>100</b>	<b>6,206,620</b>	

% composition of trade receivables  
 % of subsequent collections over net trade receivables

48 10 50 (3) (5) 100

61

- The Group has entered into various repayment schemes with each of these customers in 2003 and/or 2004. However, the repayment schemes have been terminated as these customers had fully settled their debts owing more than 90 days as at 31 December 2004, as of 10 June 2005.
- The outstanding balances after taking into consideration the subsequent collections, as applicable, are still within the credit terms granted.
- No allowance for doubtful debt is required as the net balance owing by distributors of RM495,200 is supported by commission due to distributors which are being withheld by the Group of RM495,200. This amount will be settled via contra against the commission due to distributors as the Group has the right to set-off if the distributors fail to settle outstanding balance. Commission due to distributors of RM495,200 has been accrued in the financial statements as of 31 December 2004.
- This amount represents amount receivable from a credit card centre, MBF. The credit card centre normally clears the balance within 90 days.

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****16.1 Share Capital**

1. No Share will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
2. There is no founder, management or deferred shares in the Company.
3. A Director is not required to hold any qualification share in the Company.
4. There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.
5. Save as disclosed in Section 6 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of the Company and subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise within the two (2) years preceding from the date hereof.
6. Save for the Issue Shares reserved for eligible Directors and employees of INSB Group as disclosed in Section 3.4 of this Prospectus, no Director or employee of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiary companies.
7. Save for the Issue Shares reserved for eligible Directors and employees of INSB Group as disclosed in Section 3.4 of this Prospectus, there is currently no other scheme for or involving the Directors and employees in the share capital of the Company or its subsidiary companies.
8. No person has been granted or is entitled to be granted an option to purchase or subscribe for any shares, stocks or debentures of the Company or the Group.

**16.2 Articles of Association**

1. The provisions of the Articles of Association of the Company in respect of the arrangements for the transfer of Shares of the Company and the restrictions on their free transferability are as follows:-
  26. The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities. Transfer  
Transferor's  
Right
  27. Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Twelve (12) clear market days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) market days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors. Suspension  
registration
  28. The Central Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. Refusal to  
register  
transfer

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

29. Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person. Renunciation

2. The provisions of the Articles of Association dealing with the remuneration of the Directors are as follows:-

94. The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:- Directors' remuneration

(a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

(d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

95. (1) The Directors shall be paid all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors. Re-imbursment of expenses

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

3. The provisions of the Company's Articles of Association dealing with the borrowing powers of the Directors are as follows:-
- |      |   |                                 |
|------|---|---------------------------------|
| 99.  | The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the Act and the Listing Requirements. | Directors' borrowing power      |
| 100. | The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.  | Restriction on borrowing powers |
4. The provisions of the Articles of Association dealing with changes in capital and variations of class rights are as follows:-
- |    |   |   |
|----|---|---|
| 3. | Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.  | Power to issue shares with special rights     |
| 4. | Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:- | Allotment of shares                           |
|    | (a) no shares shall be issued at a discount except in compliance with the provisions of section 59 of the Act;  |   |
|    | (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same; and   |   |
|    | (c) every issue of shares or options to employees shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees; and   |   |
|    | (d) Except in the case of a rights issue to shareholders, a Director of the Company and persons connected with the Director shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Company have approved the specific allotment to be made to the Director or persons connected with him and the Director and such connected persons (if applicable) have abstained from voting on the relevant resolutions.   | Allotments to Directors and connected persons |

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- |     |  |   |
|-----|--|---|
| (e) | Without limiting the generality of Section 132D of the Act, the Company shall not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Company has issued during the previous twelve (12) months, exceeds 10% of the nominal value of the issued ordinary shares at the commencement of the said period of twelve (12) months except where the shares or securities are issued with the prior approval of ordinary shareholders of the precise terms and conditions of the issue.  | Section 132D<br>of the Act              |
| (f) | In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.   |   |
| 5.  | (1) The holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.  | Rights of<br>preference<br>shareholders |
|     | (2) Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time. If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months. | Repayment of<br>preference<br>capital   |
| 6.  | Notwithstanding Article 7 hereof, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.   | Repayment of<br>preference<br>capital   |

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- |     |  |   |
|-----|--|---|
| 7.  | If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than three-fourths of the issued shares of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy, one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of section 152 of the Act shall with such adaptations as are necessary, apply. | Modifications of class rights                 |
| 8.  | The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects <i>pari passu</i> therewith.  | Ranking of class rights                       |
| 9.  | The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.  | Commission on subscription of shares          |
| 10. | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in section 69 of the Act and may charge the same to capital as part of the cost of the plant construction of the works or buildings or the provision.   | Interest on share capital during construction |
| 11. | Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or (except only as by these Articles or by law otherwise provided) any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.  | Trusts not to be recognised                   |

**16.3 Directors and Substantial Shareholders**

1. The names, addresses and occupations of the Directors are set out in Section 1 of this Prospectus.
2. No Director, Key Management is or has been involved in any of the following events, whether in or outside Malaysia:-

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director or key personnel;
- (ii) such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. For the FYE 31 December 2004, a total sum of RM342,000 was paid to the Directors of the INSB Group as remuneration for their services in all capacities to the Company and its subsidiary companies.
4. There are no existing service agreements between the Company or any other company within the Group and its Directors and Key Management.
5. Based on the Register of Directors and Register of Directors' Shareholdings of INSB as at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, the direct and indirect interests of the Directors in the issued and paid-up capital of the Company before and after the Public Issue are as follows:-

Name of Director	Before Public Issue				After Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Yeat Sew Chuong	9,468,100	4.40	149,157,700 <sup>1</sup>	69.38	9,968,100 <sup>2</sup>	3.48	149,157,700 <sup>1</sup>	52.03
Dato' Abdul Majit bin Ahmad Khan	-	-	-	-	500,000 <sup>2</sup>	0.17	-	-
Wong Seng Tong	1,032,390	0.48	-	-	1,532,390 <sup>2</sup>	0.53	-	-
Wong Kin Nam	-	-	-	-	500,000 <sup>2</sup>	0.17	-	-
Dato' Tan Seng Leong	10,000,000	4.65	-	-	10,000,000 <sup>2</sup>	3.49	-	-
Professor Dr. Mohd Azmi Bin Mohd. Lila	-	-	-	-	200,000 <sup>2</sup>	0.07	-	-
Khoo Keat	1,498,510	0.70	-	-	1,798,510 <sup>2</sup>	0.63	-	-
Koong Lin Loong	-	-	-	-	200,000 <sup>2</sup>	0.07	-	-
Tan Sri Dato' Seri Law Hieng Ding	-	-	-	-	200,000 <sup>2</sup>	0.07	-	-
Dato' Liow Tiong Lai	-	-	-	-	200,000 <sup>2</sup>	0.07	-	-

Notes:-

1. Deemed interested by virtue of his direct shareholding in INSH pursuant to Section 6A of the Act.
2. Assuming full subscription of their respective entitlements pursuant pink form allocation.

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**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

6. Based on the Register of Substantial Shareholders of INSB as at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, the direct and indirect interests of the Substantial Shareholders in the issued and paid-up capital of the Company before and after the Public Issue are as follows:-

Name of Shareholder	Before Public Issue				After Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
INSH	149,157,700	69.38	-	-	149,157,700	52.03	-	-
Datuk Yeat Sew								
Chuong	9,468,100	4.40	149,157,700 <sup>1</sup>	69.38	9,968,100 <sup>3</sup>	3.48	149,157,700 <sup>1</sup>	52.03
OSKTV	37,634,400	17.50	-	-	37,634,400	13.13	-	-
OSKVI	-	-	37,634,400 <sup>2</sup>	17.50	-	-	37,634,400 <sup>2</sup>	13.13

*Notes:-*

1. Deemed interested by virtue of his direct shareholding in INSH pursuant to Section 6A of the Act.
2. Deemed interested by virtue of its shareholding in OSKTV pursuant to Section 6A of the Act (disclosure of indirect interests by virtue of shares held in a downstream company is restricted only to the immediate upstream company).
3. Assuming full subscription of their respective entitlements pursuant pink form allocation.

7. Save as disclosed in Section 6.5 and 6.6 of this Prospectus, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiary companies.
8. Save as disclosed in Section 9.9 of this Prospectus, none of the Directors, promoter, substantial shareholder and Key Management of the Company has any family relationship with one another or with any of the substantial shareholders of the Company.
9. Save for as disclosed in Sections 6.6 and 16.8 of this Prospectus, none of the Directors or substantial shareholders has any interest, direct or indirect, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Prospectus, been acquired by or disposed off by or leased to the Company or its subsidiary, or are proposed to be acquired or disposed off by, or leased to the Company or its subsidiary.
10. Save as disclosed in Sections 6.6 and 16.8 of this Prospectus, none of the Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus, which is significant in relation to the business of the Group taken as a whole.

**16.4 General**

1. No property has been acquired or is proposed to be acquired, and no preliminary expenses are to be repaid, by the Company or its subsidiary companies in contemplation of the Public Issue.
2. The nature of the Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Act are disclosed in Sections 6 and 9 of this Prospectus.
3. The time of the opening of the application is set out under Section 17.1 of this Prospectus.
4. The amount payable in full on application is RM0.35 per Share.
5. No person has an option or is entitled to be given an option to subscribe for any Shares of the Company or its subsidiary companies.

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

6. Save as disclosed in Section 6 of this Prospectus, no capital of the Company or its subsidiary companies has been issued or is proposed to be issued as partly or fully paid-up otherwise than in cash within the two (2) years preceding the date of this Prospectus.
7. The Group has not established any place of business outside Malaysia.
8. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out under Section 17 of this Prospectus.
9. Save as disclosed in this Prospectus, there are no persons who, directly and indirectly, jointly or severally, exercise control over the corporation and particulars of the proportion of the voting capital held.

**16.5 Expenses and Commission**

1. Save as disclosed in Section 3.6 of this Prospectus, there has been no commission, discount, brokerage or other special term granted or paid by INSB or its subsidiary companies within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares or debentures of the Company or its subsidiary companies for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of INSB or its subsidiary companies and no Director or proposed Director or Promoter or expert is entitled to receive any such payment.
2. Expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market amounting to approximately RM2.0 million, will be borne by the Company.
3. Save for Datuk Yeat Sew Chuong, Wong Seng Tong and Wong Kin Nam, who are employees of the Company and have been paid a salary for their services, no amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any Director, Promoter or substantial shareholder.

**16.6 Material Contracts**

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiary companies within the two (2) years preceding the date of this Prospectus:-

- (a) An Appointment Letter dated 24 November 2004 was offered to and accepted by Dato' Abdul Majit bin Ahmad Khan by INSE to appoint him as INSE's Executive Chairman for a period of 2 years;
- (b) An Appointment Letter dated 1 January 2004 was offered to and accepted by Professor Dr. Yunbo Luo by TOF to appoint him as TOF's consultant on the International Advisory Board ('ITAB') of the Group for a period of 2 years. Under the appointment, Professor Dr. Yunbo Luo responsibilities includes conducting R&D and providing technical advice and assistance on areas of bioscience as may be identified by the Company and/or ITAB;
- (c) An Appointment Letter dated 1 January 2004 was offered to and accepted by Professor Dr. Parnich Tinnimit by TOF to appoint him as TOF's consultant on the ITAB of the Group for a period of 2 years. Under the appointment, Professor Dr. Parnich Tinnimit responsibilities includes conducting R&D and providing technical advice and assistance on areas of bioscience as may be identified by the Company and/or ITAB;

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- (d) An Appointment Letter dated 1 January 2004 was offered to and accepted by Professor Dr. Mohd Azmi Bin Mohd Lila by TOF to appoint him as TOF's consultant on the ITAB of the Group for a period of 2 years. Under the appointment, Professor Dr. Mohd Azmi Bin Mohd Lila responsibilities includes conducting R&D and providing technical advice and assistance on areas of bioscience as may be identified by the Company and/or ITAB;
- (e) An Appointment Letter dated 1 January 2004 was offered to and accepted by Professor Dr. Mohamed Isa Abdul Majid by TOF to appoint him as TOF's consultant on the ITAB of the Group for a period of 2 years. Under the appointment, Professor Dr. Mohamed Isa bin Abdul Majid responsibilities includes conducting R&D and providing technical advice and assistance on areas of bioscience as may be identified by the Company and/or ITAB;
- (f) An Assignment of Patent dated 28 February 2004 was executed whereby Datuk Yeat Sew Chuong assigned his patent under patent application No. PI 20033935 (Method for Processing Oil Palm Dietary Fibre) to TOF in consideration of RM1.00;
- (g) A Subscription Agreement dated 8 December 2003 was entered into between INSB, OSKTV and INSH for OSKTV to subscribe for a total of 17.5% of the enlarged issued and paid-up share capital of INSB for a consideration of RM5,000,000.00. The Subscription Agreement was however terminated following the entry into the Subscription and Undertaking Agreement dated 6 February 2004 referred to below;
- (h) A Subscription and Undertaking Agreement dated 6 February 2004 was entered into between INSH, INSE, TOF and OSKTV for OSKTV to subscribe for new ordinary shares in INSE and TOF amounting to a total of 17.5% of the issued and paid-up capital of INSE and TOF respectively for a consideration of RM5,000,000.00 which will ultimately lead to a stake of 17.5% of the enlarged issued and paid-up share capital of INSB after the successful restructuring of the INS Group subject to the terms of the Subscription and Undertaking Agreement;
- (i) A Shareholder's Agreement dated 6 February 2004 was entered into between INSH, OSKTV and TOF whereby INSH and OSKTV shall, among others, govern the conduct of business of TOF and appoint their representatives to the board of directors of TOF;
- (j) A Shareholder's Agreement dated 6 February 2004 was entered into between INSH, OSKTV and INSE whereby INSH and OSKTV shall, among others, govern the conduct of business of INSE and appoint their representatives to the board of directors of INSE;
- (k) A conditional Share Sale Agreement dated 16 April 2004 was entered into between INSB and INSE Vendors for INSB to purchase the entire issued and paid-up capital of INSE comprising 5,449,100 ordinary shares of RM1.00 each of INSE for a purchase consideration of RM13,793,900;
- (l) A conditional Share Sale Agreement dated 16 April 2004 was entered into between INSB and TOF Vendors for INSB to purchase the entire issued and paid-up capital of TOF comprising 272,500 ordinary shares of RM1.00 each of TOF for a purchase consideration of RM7,706,100; and
- (m) An Underwriting Agreement dated 28 April 2005 was entered into between INSB and OSK whereby the Underwriter agree to underwrite 5,000,000 of the Public Issue Shares and any INSB Shares not subscribed for by the eligible Directors and employees, and persons who have contributed to the success of the INSB Group. The underwriting commission are payable by the Company at the rate of 2% of the issue price of RM0.35 for each Public Issue Share being underwritten.

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)****16.7 Material Agreements**

Save as disclosed in Section 6.6 above and as disclosed below, there are no agreements which are or may be material (being agreements entered into in the ordinary course of business) which have been entered into by the Company or its subsidiary companies which are subsisting at the date of this Prospectus:-

- (a) An Agreement dated 16 March 2004 was entered into between Zhen-Ao and INSH (collectively 'the Grantors') and TOF ('Licensee') whereby the Grantors grant to TOF the rights to manufacture the INS-Zhen-Ao product ('the Product') and to market and sell the Product in Malaysia and the ASEAN countries for an indefinite period;
- (b) A Novation Agreement dated 15 March 2004 was entered into between INSH, CAU and TOF whereby INSH novates certain of its R&D responsibilities under a Memorandum of Understanding dated 16 September 2003 between CAU and INSH to TOF. The R&D results pursuant to the R&D responsibilities would then be shared equally between CAU and TOF;
- (c) An Agreement dated 25 March 2004 was entered into between Shandong Qing Zhou FuQiang TuoShui SuChai Co. Ltd. ('the Supplier') and TOF whereby TOF appoints the Supplier to cultivate, manufacture and process wheatgrass into ground wheatgrass and wheatgrass root powder using the technical knowledge provided by TOF for a period of 12 months from the date of the Agreement with an option of renewal for a further 12 months by mutual agreement by TOF and the Supplier. This agreement was renewed in a letter dated 22 April 2005;
- (d) An Agreement dated 25 March 2004 was entered into between Dacon Natural Product Co., Ltd. ('the Supplier') and TOF whereby TOF appoints the Supplier to cultivate, manufacture and process wheatgrass into ground wheatgrass and wheatgrass root powder using the technical knowledge provided by TOF for a period of 12 months from the date of the Agreement with an option of renewal for a further 12 months by mutual agreement by TOF and the Supplier. This agreement was renewed in a letter dated 22 April 2005;
- (e) A Distribution Agreement dated 24 February 2004 was entered into between INS-Vest Co., Ltd ('Distributor') and INSE whereby INSE appoints the Distributor as its distributor commencing from 1 January 2004 for the resale of the products as contained in the Distribution Agreement in the territory of Thailand subject to the terms and conditions of the Distribution Agreement for a period of 3 years from the date of the Distribution Agreement;
- (f) A Distribution Agreement dated 28 February 2004 was entered into between INS-Vest (S) Pte Ltd ('Distributor') and INSE whereby INSE appoints the Distributor as its distributor commencing from 1 January 2004 for the resale of the products as contained in the Distribution Agreement in the territory of Singapore subject to the terms and conditions of the Distribution Agreement for a period of 3 years from the date of the Distribution Agreement;
- (g) A Distribution Agreement dated 25 February 2004 was entered into between INS Enterprise (Hong Kong) Ltd ('Distributor') and INSE whereby INSE appoints the distributor as its distributor commencing from 1 January 2004 for the resale of the products as contained in the Distribution Agreement in the territory of Hong Kong subject to the terms and conditions of the Distribution Agreement for a period of 3 years from the date of the Distribution Agreement;
- (h) A Letter of Offer dated 5 November 1997 from Malayan Banking Berhad ('MBB') was granted to INSE for banking facilities comprising an overdraft, letter of credit, trust receipt, banker's acceptance and foreign exchange contract of not exceeding RM900,000.00;

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- (i) A Letter of Offer dated 31 January 2000 from MBB was granted to INSE for banking facilities comprising a letter of credit, trust receipts and banker's acceptance of not exceeding RM700,000.00;
- (j) A Loan Agreement dated 2 July 2001 pursuant to a Letter of Offer dated 16 April 2001 from MBB was entered into between MBB and TOF whereby MBB grants to TOF banking facilities comprising overdraft, letter of credit, trust receipts and banker's acceptance of not exceeding RM400,000.00;
- (k) Tenancy agreement dated 15 December 2000 entered between Carling Engineering (M) Sdn. Bhd. ("the Landlord") and TOF ("the Tenant") and renewed via a letter dated 5 March 2004 ('Renewal Letter') for the tenancy of No. 43, Jalan Tambur 33/19, Shah Alam Technology Park, 40400 Shah Alam, Selangor, the manufacturing facility for TOF for a period of 2 years commencing 1 January 2004 at a monthly rental of RM6,000. Pursuant to the Renewal Letter, the monthly rental will be increased to RM6,500.00 per month beginning 1 March 2004;
- (l) A Letter of Offer dated 16 December 2004 from ASEAM Credit Sdn Bhd was granted to TOF for hire-purchase facility of RM1,359,350.00 for a 60 months instalment period;
- (m) A Letter of Offer dated 16 December 2004 from ASEAM Credit Sdn Bhd was granted to TOF for hire-purchase facility of RM530,172.00 for a 60 months instalment period;
- (n) A Letter of Offer dated 19 July 2004 from AmBank Berhad was granted to INSE for facilities under Islamic banking concept comprising overdraft, letter of credit, trust receipts, shipping guarantee and banker's acceptance of not exceeding RM1,000,000;
- (o) An R&D Agreement dated 19 July 2004 was entered into between TOF and CAU whereby CAU will conduct R&D activities to extract active ingredients that cures diabetes and for other health purposes; R&D of nutritional products for a balanced diet for children's intellectual development; and R&D of health food that counter insomnia and diseases for the elderly. TOF will fund each of the R&D programme to an aggregate total amount of RMB3 million which shall be in relation to the costs and expenses incurred in the setting up of the R&D centre, animal testing laboratory under the R&D centre and the carrying out of the three (3) R&D activities set out above. The R&D result pursuant to the R&D responsibilities would then be shared between TOF and CAU;

Further to the above mentioned R&D Agreement, three (3) separate R&D Agreements all dated 29 December 2004 were entered into to set out in detail the terms and conditions in carrying out the respective R&D activities.

- (p) A Memorandum of Understanding dated 7 March 2005 was entered into between TOF and UPM whereby the parties agreed to jointly conduct R&D in the area of food science including functional food; improvement in food processing technologies and to tap into the biodiversity source of Malaysia;
- (q) Tenancy Agreement dated 28 April 2005 entered between INSH ("the Landlord") and INSE ("the Tenant") for the tenancy of No. 58, 60, 62 & 64, Jalan Puteri 2/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan, the office and administrative facility for INSE for a period of 3 years commencing 1 March 2005 at a monthly rental of RM31,200;
- (r) Tenancy Agreement dated 2 February 2005 entered between Dawn Breeze Sdn Bhd ("the Landlord") and TOF ("the Tenant") for the tenancy of No.1, Jalan PBP 11, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor, the manufacturing facility for TOF for a period of 3 years commencing 2 February 2005 at a monthly rental of RM32,000;

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

- (s) A Supply Agreement dated 6 December 2004 was entered into between TOF (“the Supplier”) and Marketing Entrepreneur Global Access Inc. (“the Buyer”) whereby the Supplier will sell goods manufactured by the Supplier (“the Goods”) on an OEM basis and goods from other third parties (“Other Goods”) according to the purchase order issued from time to time by the Buyer. The Buyer shall promote and distribute the Goods and Other Goods to North and South America and other various States in the USA. The payment terms are 180 days credit for the initial order of approximately USD500,000 thereafter the payment terms shall be 90 days credit;
- (t) A Supply Agreement dated 30 December 2004 was entered into between TOF (“the Supplier”) and INS Trading (PTY) Ltd. (“the Buyer”) whereby the Supplier will supply and sell its goods (“the Goods”) and goods manufactured by the Supplier on an OEM basis (“Other Goods”) according to the Purchase Order issued from time to time by the Buyer. The Buyer shall promote and distribute the Goods and Other Goods to the Republic of South Africa. The payment terms are 180 days credit;
- (u) A Merchant Agreement dated 14 March 2005 was entered into between MBF Cards (Malaysia) Sdn Bhd (“MBFC”) and INSE (“the Merchant”) whereby MBFC provides the facility of instalment payment through Easy Payment Plan (“EPP”) to holders of MBFC MasterCard/Visa CardMembers. The EPP instalments term is for 6 and 12 months respectively;
- (v) A Distribution Agreement dated 30 December 2004 was entered into between PT. Inter Natur Sinergi (“Distributor”) and INSE whereby INSE appoints the distributor as its distributor commencing from 1 January 2005 for the resale of the products as contained in the Distribution Agreement in the territory of Indonesia subject to the terms and conditions of the Distribution Agreement for a period of 3 years from the date of the Distribution Agreement;
- (w) A Hire Purchase Agreement dated 27 December 2001 was entered into between INSE and Hong Leong Finance Berhad for the hire-purchase of a Mercedes Benz E230A for a period of 84 months commencing from 27 December 2001 for a total amount of RM314,462.50; and
- (x) A Hire Purchase Agreement dated 5 April 2005 was entered into between INSE and Public Bank Berhad for the hire-purchase of a Mercedes Benz S280 for a period of 84 months commencing from 5 April 2005 for a total amount of RM376,817.51.

**16.8 Material Litigation**

As at 31 May 2005, being the last practicable date prior to the issuance of this Prospectus, neither INSB nor any of its subsidiary companies is engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors of the Company and its subsidiary companies have no knowledge of any proceeding pending or threatened against the Company and its subsidiary companies or of any fact likely to give rise to any proceeding that might materially affect the position and business of the Company and/or its subsidiary companies.

**16.9 Public Take-Overs**

During the last financial year and the current financial year, there has been:-

- (a) no public take-over offer by third parties in respect of the Company's shares; and
- (b) no public take-over offer by the Company in respect of other companies' shares.

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)****16.10 Consents**

The written consents of the Adviser, Independent Adviser, Sponsor, Underwriter, Placement Agent, Company Secretary, Solicitors, Principal Banker, Registrar and Issuing House to the inclusion in this Prospectus of their names in the manner and form in which such names appear, have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, letter on the proforma consolidated balance sheets and Reporting Accountants' Letter on Trade Receivables in the manner and form in which they are contained in this Prospectus, has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of its name and the Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and has not subsequently been withdrawn.

**16.11 Insurance Policies**

The INSB Group has the following material insurance policies:-

<b>Insurer</b>	<b>Insured</b>	<b>Sum insured/ Subject matter of coverage</b>	<b>Type/Period insured</b>
Takaful Malaysia	INSE	Sum insured: RM2,000,000  On building, furniture, fittings, office equipments, computer renovation, telecom system etc and stocks in trade located at No. 58, 60, 62 & 64, Jalan Puteri 2/2, Bandar Puteri, 47100, Puchong, Selangor Darul Ehsan	Fire Policy 4 May 2005- 3 May 2006
Takaful Malaysia	INSE	Sum insured: RM800,000  On furniture, fittings, office equipments, computers, stock in trade, renovation, telecom systems etc located at No. 58, 60, 62 & 64, Jalan Puteri 2/2, Bandar Puteri, 47100, Puchong, Selangor Darul Ehsan, No.52 Jalan Tabla 33/21, Shah Alam, Technology Park, 46000 Petaling Jaya, Selangor and No.43, Jalan Tambur 33/10, Shah Alam, Technology Park, 46000 Petaling Jaya, Selangor.	Burglary Policy 4 May 2005- 3 May 2006
Takaful Malaysia	INSE	Sum insured: RM5,000  Money belonging to the participant which is lost, destroyed or damage by any cause whilst in transit from the participant's premises to the bank vice versa within Malaysia.  Sum insured: RM10,000  On money belonging to INSE shall be lost, destroyed or damage by any cause whilst in transit from No. 58, 60, 62 & 64, Jalan Puteri 2/2, Bandar Puteri, 47100, Puchong, Selangor Darul Ehsan.	Money Policy 4 May 2005- 3 May 2006

**16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (CONTINUED)**

Takaful Malaysia	TOF	Sum insured: RM350,000  On loss or damage to stock in trade of furniture, office equipments, whilst in at No. 30, 32, 34, 36 & 38, Jalan Permai 4, 47100, Puchong, Selangor Darul Ehsan, No.52, Jalan Tabla 33/21, Shah Alam Technology Park, 46000 Petaling Jaya, Selangor Darul Ehsan and No.43, Jalan Tambur 33/19, Shah Alam Technology Park, 46000 Petaling Jaya, Selangor Darul Ehsan.	Burglary Policy 13 May 2005- 12 August 2005
Takaful Malaysia	TOF	Sum insured: RM1,500,000  On loss or damage to TOF's properties resulting from fire, lighting and domestic explosion at No. 30, 32, 34, 36 & 38, Jalan Permai 4, 47100, Puchong, Selangor Darul Ehsan, No.52, Jalan Tabla 33/21, Shah Alam Technology Park, 46000 Shah Alam, Selangor Darul Ehsan and No.43, Jalan Tambur 33/19, Shah Alam Technology Park, 46000 Petaling Jaya, Selangor Darul Ehsan.	Fire Policy 13 May 2005- 12 August 2005

**16.12 Documents for Inspection**

The following documents or copies thereof may be inspected at the registered office of the Company at 20<sup>th</sup> Floor, East Wing, Plaza Permata (IGB Plaza), Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, during normal office hours for a period of twelve (12) months from the date of this Prospectus:-

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Directors' Report set out in Section 12 of this Prospectus;
- (c) the Accountants' Report set out in Section 13 of this Prospectus;
- (d) the Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets set out in Section 14 and the Reporting Accountants' Letter on Trade Receivables set out in Section 15 of this Prospectus;
- (e) the material contracts, material agreements and insurance policies as referred to under Sections 16.6, 16.7 and 16.11 respectively of this Prospectus;
- (f) the audited financial statements of INSE for the past five (5) FYE 31 December 2004;
- (g) the audited financial statements of TOF for the financial period ended 31 December 2000 and past four (4) FYE 31 December 2004;
- (h) the Summary of the Industry Overview Report dated 5 May 2005 as included in Section 11 of this Prospectus and the full report of the Market Research Report dated 5 May 2005 prepared by Spire Research Sdn Bhd dated 5 May 2005; and
- (i) the letters of consent as referred to under Section 16.10 this Prospectus.

**16.13 Responsibility Statement**

1. This prospectus has been seen and approved by the Directors and Promoter of INSB and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.
2. OSK being the Adviser, Sponsor, Underwriter and Placement Agent, and Public Merchant Bank Berhad as the Independent Advisor, acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.