

Notes to the Quarterly Report – 31 March 2011

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 March 2010.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2010.

Save as disclosed below, all significant accounting policies and methods of computation were adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 March 2010.

The Group has adopted the following new and revised Financial Reporting Standards (“FRS”), amendments to FRSS and IC Interpretations which are relevant to the Group’s operations with effect from financial year starting from 1 April 2010:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011

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**A1. Basis of preparation (cont'd)**

<b>FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)</b>	<b>Effective date</b>
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
Annual Improvements to FRSs (2009)	1 January 2010

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is no material impact on the financial statements of the Group upon its initial application.

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**A1. Basis of preparation (cont'd)**

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard only impacts the form and content of the presentation of the Group's financial statements in the current financial year.

The revised FRS 123 (2009) removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions, the Group will apply this revised standard to borrowing costs related to qualifying assets for which the commencement date of capitalisation is on or after 1 January 2010. This change in accounting policy will not have any financial impact on the financial statements for the current financial year but may impact the accounting for future transactions or arrangements.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

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IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is no material impact on the financial statements of the Group upon its initial application.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from prepaid lease payments to property, plant and equipment and measured as such retrospectively.

The following new and revised Financial Reporting Standards (“FRS”), amendments to FRSs and IC Interpretations which are effective with the financial year started from 1 January 2010 but not relevant to the Group’s operations as follow:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010/ 1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

## **A2. Auditors’ report of preceding annual financial statements**

The auditors’ report on the financial statements for the financial year ended 31 March 2010 was not qualified.

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**A3. Seasonal or cyclical factors**

The Group's operations are not materially affected by seasonal or cyclical changes during the current financial quarter under review.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

Save for goodwill written off, property, plant and equipment written off and allowance for slow moving inventories, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

**A5. Material changes in estimates**

There were no changes in accounting estimates made that would materially affect the financial statements of the Group for the current financial quarter under review.

**A6. Debts and equity securities**

There was no issuance and repayment of debt and equity securities, shares buy back or share cancellation and resale of treasury shares for the current financial quarter under review.

**A7. Dividend paid**

The Company had on 26 July 2010 recommended a first and final single-tier dividend of 5.5% per ordinary share of RM0.10 each for the financial year ended 31 March 2010. The dividend amount was tax exempt with RM0.0055 per share. The declaration of the first and final dividend was approved by Company's shareholders at the Seventh Annual General Meeting of the Company. The dividend's entitlement date was 8 October 2010 and payment was made on 28 October 2010.

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**A8. Segment information**

Segmental reporting for the financial year ended 31 March 2011.

	<b>Manufacturing RM'000</b>	<b>Marketing and distribution of products RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>REVENUE</b>					
External sales	14,892	48,605	-	-	63,497
Inter-segment sales	7,749	631	-	(8,380)	-
	<u>22,641</u>	<u>49,236</u>	<u>-</u>	<u>(8,380)</u>	<u>63,497</u>
<b>RESULTS</b>					
Segment results	(6,992)	(5,255)	(1,880)	(3,534)	(17,661)
Finance costs	(174)	(207)	-	-	(381)
Interest income	14	78	49	-	141
Loss before taxation					(17,901)
Taxation					(17)
Loss after taxation					<u>(17,918)</u>

	<b>Manufacturing RM'000</b>	<b>Marketing and distribution of products RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
<b>OTHER INFORMATION</b>					
Segment assets	33,737	24,539	23,546	(25,798)	56,024
Unallocated corporate assets					399
<b>Consolidated total assets</b>					<u>56,423</u>
Segment liabilities	20,936	38,088	2,817	(25,798)	36,043
Unallocated corporate liabilities					371
<b>Consolidated total liabilities</b>					<u>36,414</u>
Capital expenditure	1,616	1,863	-	-	3,479
Depreciation	1,515	1,423	-	-	2,938
Amortisation	1	-	-	-	1
Non-cash income other than depreciation	(897)	(14)	-	-	(911)
Non-cash expenses other than depreciation	8,023	2,156	-	-	10,179

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**A9. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment for the current financial quarter under review.

**A10. Material events subsequent to the end of the quarter**

There was no material event subsequent to the end of the current financial quarter under review.

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current financial quarter under review.

**A12. Changes in contingent assets and contingent liabilities**

There were no material contingent assets as at the date of this report. Save as disclosed below, there are no material contingent liabilities as at the date of this report:-

	<b>The Group 31.3.2011 RM'000</b>	<b>The Company 31.3.2011 RM'000</b>
Corporate guarantees given to financial institutions for facilities granted to the subsidiaries, unsecured	-	3,385

**A13. Capital commitments**

	<b>As at 31.3.2011 RM'000</b>
Approved and contracted for:-	
-Computer equipment	216
-Contract sum for construction of R&D centre in College of Food Science & Nutritional Engineering, China Agriculture University, Beijing	701
-Club membership	27
	<u>944</u>

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**A14. Significant related party transactions**

There were no significant related party transactions for the financial year ended 31 March 2011 other than those disclosed as follows:-

	<b>RM'000</b>
* INS Holdings Berhad Office rental paid	368
**GD Development Sdn Bhd (Formerly known as Oasis Wealth Development Sdn Bhd) Office rental received	12
*** Nyonya Imperial Sdn Bhd Sales of INS Wheatgrass Canned Drinks	<u>5</u>

The directors are of the opinion that the above transactions have been entered into the ordinary course of business and have been established under terms that were mutually agreed between the parties, and the terms are not more favourable to the Related Parties than those generally available to third parties or the public and are not detrimental to the minority shareholders.

The outstanding balances as at 31 March 2011 for related party transactions with the related parties in which certain Directors have significant financial interests are as below:

	<b>RM'000</b>
Amount owing by a related party *** Nyonya Imperial Sdn Bhd	<u>9</u>

The normal trade credit terms granted by/ (to) the related parties range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

**Notes:-**

- \* A company in which Datuk Yeat Sew Chuong, Wong Seng Tong, and Khoo Keat are shareholders and directors.
- \*\* A company in which Datuk Yeat Sew Chuong and Datin Teh Hooi Tyug are shareholders and directors.
- \*\*\* A company in which Datuk Yeat Sew Chuong and Wong Seng Tong are common directors. They have ceased to be shareholders of the company with effect from 21 February 2011.

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**A15. Cash and cash equivalents**

	<b>As at 31.3.2011</b>
	<b>RM'000</b>
Fixed deposits with licensed banks	5,514
Cash and bank balances	4,222
Bank overdrafts	(4,077)
	<hr/>
	5,659
	<hr/>

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**

**B1. Review of performance**

The Group's total revenue for the quarter under review was RM11.981 million as compared to RM23.713 million in the corresponding period of the preceding year.

The drop in revenue for the current quarter was mainly due to lower revenue derived from the overseas market as compared to the corresponding period of the preceding year.

The Group's loss before tax for the current quarter was RM20.986 million as compared to profit before tax of RM2.485 million in the corresponding period of the preceding year. This was mainly due to the significant decrease in gross profit margin as a result from the drop in revenue and the significant increase in operating expenses. The increase in operating expenses was attributable to the increase in selling and distribution expenses and staff cost, allowance for slow moving inventories, property, plant and equipment written off, goodwill on consolidation written off, and additional allowance for doubtful debts. Furthermore, other income dropped significantly in this quarter as the Group has more writeback for doubtful debts recognized in the corresponding period of the preceding year which resulted in higher other income in the corresponding period of the preceding year.

**B2. Variation of results against preceding quarter**

	<b>Jan – Mar'11</b>	<b>Oct – Dec'10</b>
	<b>(4<sup>th</sup> Q)</b>	<b>(3<sup>rd</sup> Q)</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	11,981	16,805
(Loss)/profit before tax (“LBT”) / (“PBT”)	(20,986)	343
(Loss)/profit after tax (“LAT”) / (“PAT”)	(20,934)	496

For the current financial quarter ended 31 March 2011, the Group recorded a total revenue and LBT of RM11.981 million and RM20.986 million respectively, as compared to a total revenue and PBT of RM16.805 million and RM0.343 million respectively as recorded in the preceding financial quarter ended 31 December 2010.

The decrease of approximately RM4.824 million in Group revenue for the current quarter was mainly due to the decrease in revenue from the overseas market. LBT for the current quarter of RM20.986 million as compared to PBT for the preceding quarter of RM0.343 million was mainly due to the significant decrease in gross profit margin as a result from the drop in revenue, increase in selling and distribution expenses and staff cost, as well as other operating expenses incurred such as allowance for slow moving inventories, property, plant and equipment written off, goodwill on consolidation written off and additional allowance for doubtful debts.

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### **B3. Prospects**

In line with the Group's business expansion plans, the Group continues to focus on its plan to expand its franchise outlets, namely "Easy Mall", as a "herbs and health care" one-stop-shop solution for end consumers. To-date, there are sixteen (16) Easy Mall throughout Malaysia.

At the same time, the Group also continues to promote Easy Mall by attracting more end consumers to spend on its products by offering discounts and promotions on a monthly basis. The Company will continue to promote its strategic alliance partner ("SAP") program, which encourages SAPs to sell their products via Easy Mall and also via e-commerce through Easy Pha-max portal. Currently, there are more than fifty (50) SAPs who are participating in the said program.

The Group will continue to distribute Easy Pha-max brand name products and INS Wheatgrass Canned Drinks locally and also to the overseas market such as the People's Republic of China ("PRC"), Hong Kong, Taiwan, South Africa, Thailand, USA and Philippines.

The Group expects positive growth in revenue from the PRC market for its INS Wheatgrass Canned Drinks, which will be sold by its subsidiary company, Guangzhou YiXi Drinks Co., Ltd ("YiXi"), a company incorporated in the PRC.

In order to support the Group's development plans, the Group will continue to launch new products in the forthcoming quarter, which is expected to further contribute to the Group's total revenue in year 2012. The prospects of the Group are also dependent on the progress of the market penetration of the Group's products.

### **B4. Profit forecast and profit guarantee**

The Group did not announce or disclose any profit forecast or profit guarantee during the current financial quarter under review.

### **B5. Taxation**

	<b>3 months quarter ended 31.03.2011 RM'000</b>	<b>12 months (Cumulative) ended 31.3.2011 RM'000</b>
Current year taxation	<u>(52)</u>	<u>17</u>

The effective tax rate for current financial year presented above is lower than the statutory tax rate principally due to utilisation of unabsorbed losses and capital allowances brought forward.

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**B6. Disposal of unquoted investments and/or properties**

There were no disposals of unquoted investments and/or properties of the Group during the current financial quarter under review and financial year- to- date.

**B7. Quoted securities**

There were no acquisitions or disposals of quoted and marketable securities during the current financial quarter under review and financial year –to date.

**B8. Status of corporate proposals**

Save as disclosed below, there are no other corporate proposals announced but not completed as at 26 May 2011:

- (a) On 13 January 2010, OSK Investment Bank Berhad on behalf of the Board of Directors of INSBIO announced that the Company proposed to undertake a special Bumiputera issue of 41,000,000 new ordinary shares of RM0.10 each in INSBIO (“Special Issue Share”) to the Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry (“MITI”) (“Proposed Special Bumiputera Issue”).

The Proposed Special Bumiputera Issue is intended for the Company to comply with the Bumiputera Equity Condition by raising its Bumiputera equity to 12.5% of its enlarged issued and paid-up share capital and to raise additional funds to finance the working capital requirement of the INSBIO Group.

Securities Commission (“SC”) had, vide its letter dated 24 February 2010, approved the Proposed Special Bumiputera Issue subject to the condition that the Special Issue Shares shall be allocated by MITI. In the event where the Special Issue Shares are not fully subscribed by the Bumiputera investors or MITI is unable to allocate the Special Issue Shares within one (1) year, INSBIO will be deemed to have met the Bumiputera equity condition.

Subsequently, MITI had vide its letter dated 9 April 2010 noted the Proposed Special Bumiputera Issue without restrictions subject to the approval of the SC for the Proposed Special Bumiputera Issue.

Bursa Securities had granted its approval for INSBIO's application for the listing of and quotation of the Special Issue Share subject to the conditions as per INSBIO's announcement on 15 June 2010. To date, the Proposed Special Bumiputera Issue is still ongoing.

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**B8. Status of corporate proposals (cont'd)**

- (b) The Company's entire issued and paid up capital of 286,680,020 ordinary shares of RM0.10 each were listed and quoted on 26 July 2005 on the ACE Market of Bursa Securities. The proceeds from the Public Issue were received after the Company's listing.

As at 26 May 2011, the status of utilisation of the proceeds from the Public Issue is as follows:-

		Proceeds from IPO	Revision as approved by the Securities Commission (a)	Actual utilisation as at 26.05.2011 RM'000	Intended timeframe for utilization (b)	Balance unutilised RM'000	% unutilised
1	R&D Centre and Manufacturing Plant	18,000	12,000	12,000	25 July 2012	-	-
2	R&D Expenditure	4,000	4,000	2,167	25 July 2012	1,833	45.8%
3	Working Capital	1,088	5,088	5,088		-	-
4	Estimated Listing Expenses	2,000	2,000	2,000		-	-
5	Repayment of hire purchase facilities	-	2,000	2,000		-	-
		<u>25,088</u>	<u>25,088</u>	<u>23,255</u>		<u>1,833</u>	<u>7.3%</u>

Notes:-

- (a) On 16 January 2006, the Securities Commission had approved the reallocation of RM6 million from the unutilised proceeds for research and development ("R&D") centre and manufacturing plant to working capital (RM4 million) and repayment of hire purchase facilities (RM2 million) respectively.
- (b) On 23 July 2010, the Company announced the extension of intended timeframe for utilisation of IPO funds from 25 July 2010 to 25 July 2012 .

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**B9. Group's borrowings and debt securities**

Details of the Group's bank borrowings as at 31 March 2011 which are denominated in Ringgit Malaysia are as follows :-

	<b>As at 31.3.2011 RM'000</b>
Short term borrowings:	
Secured	
- Hire purchase payables	285
- Term loan	318
- Bill Payable	432
	<u>1,035</u>
Long term borrowings:	
Secured	
- Hire purchase payables	845
- Term loan	3,759
	<u>4,604</u>
Total borrowings	<u><u>5,639</u></u>

**B10. Off balance sheet financial instruments**

The Group does not have any off balance sheet financial instruments as at the date of this announcement.

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**B11. Material litigations**

There were no other material litigations since the last financial year ended 31 March 2010 except for the following:-

- (i) Legal proceedings commenced by Easy Pha-Max Marketing Sdn Bhd (“EPMSB”) against Yigaho Corporation Sdn Bhd (“Yigaho”)

A civil suit under Kuala Lumpur High Court Suit No. S3-23-1-2006 was filed by EPMSB against Yigaho on 4 January 2006 seeking, amongst others, damages for libel, aggravated and exemplary damages, interest and costs and an injunction restraining Yigaho from further publishing any publications containing statements or any similar words defamatory to EPMSB.

The Board of Directors of INSBIO wishes to announce that EPMSB was notified by its solicitors vide letter dated 1 September 2010, received on 2 September 2010 that the solicitors had on 27 August 2010 filed the Notice of Discontinuance of the aforesaid civil suit at the Kuala Lumpur High Court.

- (ii) Legal proceedings commenced by Lim Soon Hooi (“LSH”) against Easy Pha-Max Marketing Sdn Bhd (“EPMSB”) and The Origin Foods Sdn Bhd (“TOF”), wholly owned subsidiaries of INSBIO.

A civil suit under Kuala Lumpur High Court Suit No. S2-22-198-2006 was filed by LSH against EPMSB and TOF on 14 June 2006 to claim for payment RM277,960.00 for royalty payable to LSH as at 31 December 2004, interest on the sum of RM277,960.00 at a rate which the Court think fit and proper from 1 January 2005 until the date of judgment and interest on the sum of RM277,960.00 from the date of judgment until the date of full realisation.

The Plaintiff had withdrawn the suit during the Mediation Hearing held on 18 August 2010.

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**B11. Material litigations (Cont'd)**

- (iii) Legal proceedings commenced by Easy Pha-Max Marketing Sdn Bhd (“EPMSB”) against Lim Chiew Yin (“LCY”) and Yigaho Corporation Sdn Bhd (“Yigaho”)

EPMSB had on 15 June 2006 filed a Writ of Summons and Statement of Claim against LCY and Yigaho in the Kuala Lumpur High Court bearing Civil Suit No. S5-23-62-2006 for having published or caused to be published the defamatory statement against EPMSB on page 71 of the 10th Edition (September 2005 issue) of the Global Business Magazine, which at all material time was a popular business magazine widely read by the Malaysian direct sales circles, under the sub-title “Yigaho Group”.

EPMSB is seeking, amongst others, general damages, aggravated and exemplary damages, an injunction restraining LCY, Yigaho and/or their servants or agents or otherwise from repeating the above statement, or any part thereof, interest and cost and such other relief which the Court may deem fit and proper to grant.

EPMSB had on 19 August 2010 filed a Notice of Discontinuance of the suit against the Defendants.

- (iv) Legal proceedings commenced by Visiber Sdn Bhd (“Plaintiff”) against Bio K Energy Marketing Sdn Bhd (“First Defendant”) and EPMSB

EPMSB, a wholly-owned subsidiary of INSBIO had on 19 June 2009 been served with a Writ of Summons dated 25 May 2009, Amended Statement of Claim dated 4 June 2009, Summons in Chambers dated 10 June 2009 and Affidavit in Support affirmed on 9 June 2009 bearing Kuala Lumpur High Court Civil Suit No. D-22-972-2009 (“the Civil Suit”).

The Plaintiff claims to own the following Intellectual Property Rights (“IPR”) in its products: registered Industrial Designs, registered Trade Marks and Get Up. The First Defendant consigned its products to EPMSB to be sold via EPMSB’s physical shop and website. The Plaintiff alleges that these products infringed its IPR. As a result of this, EPMSB was named as a defendant in the Civil Suit wherein the Plaintiff’s claim is, inter alia, for the alleged infringement of the Plaintiff’s industrial designs and/or trademark. The Plaintiff seeks, inter alia, a declaration of infringement and passing off, injunctive relief, an inquiry as to damages and costs against First Defendant and EPMSB.

The solicitors of EPMSB had on 21 August 2009 successfully argued and opposed the Plaintiff’s application for an interim injunction against EPMSB. The Court allowed the Plaintiff’s Application only as against the First Defendant.

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**B11. Material litigations (Cont'd)**

- (iv) Legal proceedings commenced by Visiber Sdn Bhd (“Plaintiff”) against Bio K Energy Marketing Sdn Bhd (“First Defendant”) and EPMSB (cont'd)

The Court has fixed the matter for Pre-Trial Case Management again on 22 October 2010 due to the Plaintiff’s solicitors have not complied with the Court’s directions to prepare the Bundle of Pleadings, Bundle of Documents, Statements of Agreed Facts, List of Issues to be Tried and Summary of Case.

On 6 December 2010, the Plaintiff filed Notice of Discontinuance of the aforesaid civil suit against the EPMSB at the Kuala Lumpur High Court.

**B12. Dividends**

No dividend has been declared / recommended for the current financial quarter ended 31 March 2011.

**B13. Loss per share**

	<b>Individual Quarter Current Quarter Ended 31.3.2011</b>	<b>Cumulative Quarter Current Year-To-date 31.3.2011</b>
<b>(a) Basic loss per share attributable to equity holders of the parent</b>		
Net loss after tax attributable to equity holders of the parent (RM’000)	(20,706)	(17,487)
Weighted average number of ordinary shares (‘000) #	286,038	286,038
<b>Loss per share (sen)</b>	<u>(7.24)</u>	<u>(6.11)</u>
<i># Less treasury shares of 641,400</i>		
<b>(b) Fully diluted loss per share</b>	<u>N/A</u>	<u>N/A</u>

**B14. Authorisation For Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 May 2011.

By Order of the Board,  
 Ng Heng Hooi (MAICSA NO: 7048492)  
 Company Secretary  
 Kuala Lumpur  
 Date: 31 May 2011.