

INSAS BERHAD
Company No. 4081-M
(Incorporated in Malaysia)

UNAUDITED FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008.

NOTES TO THE UNAUDITED FINANCIAL REPORT.

A1. Basis of Preparation

This set of financial report is unaudited and has been prepared in compliance with the reporting requirements outlined in the Financial Reporting Standard ("FRS") 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad. This report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2008.

The accounting policies and methods of computation and presentation adopted by the Group in this quarterly report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2008.

A2. Declaration of Audit Qualification

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 30 June 2008.

A3. Seasonality and Cyclicity of Interim Operations

The performance of the Group was not significantly affected by seasonal and cyclical fluctuation.

A4. Exceptional / Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The following are the unusual items that occurred during the current financial quarter and financial period under review which affect the assets, liabilities, equity, net income or cash flows of the Group :-

Recognised in the Income Statements

	Individual Quarter ended 30-September-2008 RM'000	Quarter Quarter ended 30-September-2007 RM'000	Cumulative Period ended 30-September-2008 RM'000	Quarter Period ended 30-September-2007 RM'000
Gain on disposal of investment property	363	-	363	-
Gain on disposal of quoted securities	242	3,963	242	3,963
Allowance for diminution value of quoted securities	(8,126)	(1,583)	(8,126)	(1,583)
Unrealised exchange loss on translation of long term investment	(836)	(356)	(836)	(356)
Total	(8,357)	2,024	(8,357)	2,024

Recognised directly in Equity

	Individual Quarter ended 30-September-2008 RM'000	Quarter Quarter ended 30-September-2007 RM'000	Cumulative Period ended 30-September-2008 RM'000	Quarter Period ended 30-September-2007 RM'000
Gain on cancellation of ICULS	4,676	-	4,676	-
Total	4,676	-	4,676	-

A5. Material changes in Estimates

There is no material change in accounting estimates used in the preparation of the financial statements in the current financial quarter and current financial period as compared to the previous corresponding financial quarter and financial period.

A6. Debts and Equity Securities

(i) Share buyback

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting of the Company held on 12 December 2007, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial period ended 30 September 2008, the Company did not repurchase any of its issued share capital from the open market. Of the total 618,966,467 issued and fully paid ordinary shares, 22,394,300 shares are being held as treasury shares by the Company as at 30 September 2008.

(ii) 8% Irredeemable Convertible Unsecured Loan Stock 1999/2009 ("ICULS")

On 30 June 2008, the Company announced that the Company proposed to cancel a total of RM29,400,700 nominal amount of ICULS held by a wholly-owned subsidiary of the Company ("Proposed Cancellation").

The total outstanding ICULS before the Proposed Cancellation was RM103,767,866. The ICULS are convertible into new ordinary shares of the Company by surrendering RM1 nominal amount of ICULS for 1 new ordinary share of RM1 each credited as fully paid in the capital of the Company ("Conversion Price").

Pursuant to the Trust Deed dated 9 February 1999, any ICULS outstanding at the expiry date on 19 April 2009 shall be converted into fully paid ordinary shares of RM1 each of the Company at the Conversion Price.

The aforesaid Proposed Cancellation of the ICULS has been completed on 5 August 2008. The total number of outstanding ICULS after the cancellation is RM74,367,166 nominal amount of ICULS.

Other than the above, there were no issuance and repayment of equity and debts securities, share cancellations and resale of treasury shares for the financial period ended 30 September 2008.

A7. Dividends paid

No dividend has been paid for the current financial quarter and financial period to date.

A8. Segment Information

The segment analysis for the Group for the financial period ended 30 September 2008 is as follows:-

	Financial services and Credit & leasing	Property investment and development	Investment holding and trading	Retail trading and car rental	IT related trading and services	Elimination	Consolidated total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	4,261	14,257	2,901	2,349	35,891	-	59,659
Inter-segment revenue	1,307	1,061	1,615	145	1,846	(5,974)	-
Total segment revenue	5,568	15,318	4,516	2,494	37,737	(5,974)	59,659
Results							
Segment profit/(loss) from operations	192	2,142	(5,935)	181	2,269	(549)	(1,700)
Interest income							3,057
Finance costs							(616)
Exceptional items		363	(150)				213
Share of results of associate companies	-	-			-	-	659
Profit before taxation							1,613
Taxation							(888)
Profit for the financial period							725
Attributable to :							
Equity holders of the Company							(825)
Minority interests							1,550

A9. Valuation of Property, Plant and Equipment

The valuation of land and building held under property, plant and equipment has been brought forward without amendment from the annual financial statements of the Group for the financial year ended 30 June 2008.

A10. Material Subsequent Events

There were no material events subsequent to 30 September 2008 to the date of this report that have not been reflected in the financial statements for the current financial period.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial period, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations other than as disclosed below.

On 21 July 2008, the Company announced that Insas Technology Berhad, a wholly-owned subsidiary company, had on 21 July 2008 acquired two (2) ordinary shares representing 100% of the total issued and paid up share capital of Simfoni Bistari Sdn Bhd ("Simfoni"). Simfoni was incorporated on 18 February 2003 as a private limited company under the Companies Act, 1965. Simfoni is a dormant company and has not commenced operations since its incorporation.

A12. Contingent Assets or Liabilities

As at the date of this report, the Company has issued guarantees amounting to RM55,102,000 to financial institutions in respect of banking and credit facilities granted to its subsidiaries.

A13. Commitments

Contractual commitments not provided for in the financial statements as at 30 September 2008 are as follows :-

	RM'000
To acquire properties	2,109
To acquire property, plant and equipment	1,919
To acquire shares in a company	5,000
To acquire quoted shares to be held for trading	10,424
Committed land and development expenditure	300

A14. Related Party Transactions

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arm's length basis on normal commercial terms.

ADDITIONAL INFORMATION REQUIRED BY PART A OF APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of Performance

Current financial quarter against preceding year's corresponding financial quarter and financial period to date against preceding corresponding financial period

The Group reported revenue of RM59.7 million and pre-tax profit of RM1.6 million in the current financial quarter ended 30 September 2008 as compared to revenue of RM58.2 million and pre-tax profit of RM9.5 million reported in the preceding year's corresponding financial quarter.

The lower pre-tax profit is primarily attributable to the prevailing poor market conditions wherein the Group has provided unrealised mark-to-market losses on quoted securities of RM8.1 million in the current financial quarter.

B2. Comments on material changes in the revenue and profit before taxation for the financial quarter as compared with the immediate preceding financial quarter

The Group reported revenue of RM59.7 million and pre-tax profit of RM1.6 million in the current financial quarter as compared with revenue of RM72.4 million and pre-tax profit of RM0.6 million in the immediate preceding financial quarter.

The lower revenue in the current financial quarter was mainly due to lower revenue registered by the investment trading division on the back of the weak market sentiment in the current financial quarter.

The higher pre-tax profit of RM1.6 million in the current financial quarter was mainly attributable to the higher contribution from the property development division and associate companies.

B3. Prospects for the current financial year ending 30 June 2009

The Board of Directors is of the view that the Group's revenue and operating performance for the current financial year will be dependant on the performance of the Bursa Malaysia and the global market conditions.

B4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

This note is not applicable for the financial period under review as the Group had not entered into any scheme that requires it to present forecast results of guarantee any profits.

B5. Taxation

The taxation charge for the current financial quarter and for the financial period ended 30 September 2008 is as follows:-

	Individual Quarter ended 30-September-2008 RM'000	Quarter Quarter ended 30-September-2007 RM'000	Cumulative Period ended 30-September-2008 RM'000	Quarter Period ended 30-September-2007 RM'000
Taxation for the current financial quarter/period to date	888	526	888	526
Over provision in respect of prior financial quarter /period	-	(237)	-	(237)
	<hr/> 888	<hr/> 289	<hr/> 888	<hr/> 289

B5. Taxation (Con'd)

The reconciliation between the statutory tax rate and the effective tax rate on the pre-tax profit of the Group are as follows:-

	Individual Quarter ended 30-September-2008 RM'000	Quarter Quarter ended 30-September-2007 RM'000	Cumulative Period ended 30-September-2008 RM'000	Quarter Period ended 30-September-2007 RM'000
Profit before taxation	1,613	9,468	1,613	9,468
Income tax at Malaysian statutory tax rate	403	2,462	403	2,462
<u>Tax effect in respect of :</u>				
Allowable expenses				
- ICULS interest paid taken direct to equity	(374)	(544)	(374)	(544)
Non-allowable expenses	1,491	402	1,491	402
Income not subject to tax	(333)	(1,680)	(333)	(1,680)
Effect of income subject to tax rate of 20% for small and medium size enterprises	24	(210)	24	(210)
Effect of different tax rates in other countries	220	(311)	220	(311)
Overseas tax paid for dividend income	98	11	98	11
Tax savings from utilisation of capital allowances	(11)	(50)	(11)	(50)
Tax savings from utilisation of tax losses	(960)	(498)	(960)	(498)
Deferred tax not recognised in the financial statements	330	944	330	944
Tax expenses for the financial quarter/period to date	888	526	888	526
Over provision in respect of prior financial quarter /period	-	(237)	-	(237)
	888	289	888	289

B6. Profit/(Loss) on Sale of Unquoted Investments and Properties

The Group reported a gain of RM0.36 million (2007 : Nil) on the disposal of investment properties in the financial period ended 30 September 2008.

There were no disposal of unquoted investment for the current financial quarter and financial period ended 30 September 2008.

B7. Quoted Securities

The particulars of purchases and disposals of quoted securities incurred by the Group excluding those of the stock broking subsidiaries for the financial period ended 30 September 2008 are as follows :-

(a) Total purchases and proceeds from disposals and gain/(loss) arising thereon for the financial period ended 30 September 2008:-

	RM'000
Total purchases	6,332
Total proceeds from disposal	1,570
Gain on disposal	242

B7. Quoted Securities (Cont'd)

(b) Investment in quoted securities as at 30 September 2008 are as follows :-

	RM'000
Total investments at cost	101,614
Total investments at carrying value/book value (after allowance for diminution in value)	75,565
Total investments at market value	76,517

B8. Status of Corporate Proposal announced but not completed as at the date of this Report

There is no corporate proposal that has been announced but not completed as at the date of this Report.

B9. Group Borrowings and Debts Securities as at 30 September 2008.

Short Term Liabilities	In Foreign Currency '000	RM'000
Secured Borrowings – in Ringgit		12,326
- in Singapore dollars	26	63
 Long Term Liabilities		
Secured Borrowings – in Ringgit		2,304
		<hr/> 14,693 <hr/>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk at the date of this report.

B11. Material Litigation

There is no material progress/changes on pending material litigation since the last annual balance sheet date up to the date of this report. The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.

B12. Dividend

The Directors do not recommend the payment of any dividend for the financial period ended 30 September 2008.

B13. Earnings per share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per ordinary share for the current financial quarter and financial period have been calculated by dividing the net profit/(loss) attributable to equity holders of the Company for the financial quarter and period to date by the weighted average number of ordinary shares in issue during the financial quarter and period to date.

	Individual	Quarter	Cumulative	Quarter
	Quarter ended	Quarter ended	Period ended	Period ended
	30-September-2008	30-September-2007	30-September-2008	30-September-2007
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to equity holders of the Company for the financial quarter and period to date (RM'000)	(825)	8,621	(825)	8,621
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back during the financial period ('000)	596,572	598,313	596,572	598,313
Basic earnings/(loss) per share (Sen)	(0.14)	1.44	(0.14)	1.44

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per ordinary share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company for the financial quarter and period to date by the adjusted weighted average number of ordinary shares in issue during the financial quarter and period to date plus the weighted average number of ordinary shares which would be issued on the conversion of the 74,367,166 (30-September-2007 : 103,767,866) nominal amount of 8% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into ordinary shares. The ICULS are deemed converted into ordinary shares at the beginning of the financial period.

	Individual	Quarter	Cumulative	Quarter
	Quarter ended	Quarter ended	Period ended	Period ended
	30-September-2008	30-September-2007	30-September-2008	30-September-2007
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to equity holders of the Company for the financial quarter and period to date (RM'000)	(825)	8,621	(825)	8,621
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back during the financial period ('000)	596,572	598,313	596,572	598,313
Adjusted for assumed conversion of ICULS ('000)	74,367	103,768	74,367	103,768
Adjusted number of ordinary shares in issue and issuable ('000)	670,939	702,081	670,939	702,081
Diluted earnings/(loss) per share (Sen)	(0.12)	1.23	(0.12)	1.23