

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

UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2009.

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.

The financial results for the fourth quarter and financial year ended 30 June 2009 has been reviewed by the Company's auditors in accordance with International Standards on Review Engagements ("ISRE") 2410 – Review of the Interim Financial Information Performed by the Independent Auditor of the Entity.

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 year 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-June-2009 RM'000	Quarter Quarter ended 30-June-2008 RM'000	Cumulative Year ended 30-June-2009 RM'000	Quarter Year ended 30-June-2008 RM'000
Gain on disposal of associate companies	12	-	56,782	-
Gain on disposal of investment properties	1	332	2,539	780
Loss on disposal of quoted securities	(6,172)	(6,478)	(5,092)	(635)
(Allowance for)/writeback of diminution in value of quoted securities	21,309	(4,641)	(2,865)	(8,690)
Unrealised exchange gain/(loss) on translation of quoted securities held for long term	1,479	(298)	(1,961)	(2,603)
Total	16,629	(11,085)	49,403	(11,148)

A4. Exceptional / Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (Cont'd)

Recognised directly in Equity

	Individual	Quarter	Cumulative	Quarter
	Quarter ended	Quarter ended	Year ended	Year ended
	30-June-2009	30-June-2008	30-June-2009	30-June-2008
	RM'000	RM'000	RM'000	RM'000
Gain on cancellation of ICULS	-	-	4,676	-
Total	-	-	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 year as compared to the previous corresponding financial quarter and financial year.

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 15 December 2008, 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 year ended 30 June 2009, the Company repurchased 3,869,600 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.3049 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965. Of the total 618,966,467 issued and fully paid ordinary shares, 26,263,900 shares are being held as treasury shares by the Company as at 30 June 2009.

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

On 30 June 2008, the Company announced that it 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. 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. 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. The aforesaid Proposed Cancellation of the ICULS was completed on 5 August 2008. The total number of outstanding ICULS after the cancellation is RM74,367,166 nominal amount of ICULS.

A notice dated 16 March 2009 was sent to the ICULS holders to inform them the balance of RM74,367,166 nominal amount of ICULS shall expire on 19 April 2009 and the ICULS holders who have not converted all or any part of his or her ICULS as at the expiry date will render the ICULS to be automatically converted into new ordinary shares of RM1 each of the Company and the ICULS will be removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 April 2009.

On 13 April 2009, a total of RM1,250 nominal amount of ICULS which were converted into new ordinary shares of RM1 each of the Company by an ICULS holder, was granted listing and quotation on the Official List of Bursa Securities.

The remaining RM74,365,916 nominal amount of ICULS which were converted to new ordinary shares of RM1 each of the Company upon its expiry, was granted listing and quotation on the Official List of Bursa Securities on 4 May 2009.

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 year ended 30 June 2009.

A7. Dividends paid

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

A8. Segment Information

The segment analysis for the Group for the financial year ended 30 June 2009 is as follows:-

	Financial services and Credit & leasing	Property investment and development	Investment holding and trading	Retail trading and car rental	IT-related manufacturing, trading and services	Elimination	Consolidated total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	17,862	44,758	25,961	9,336	143,768	-	241,685
Inter-segment revenue	5,888	4,222	2,911	538	12,360	(25,919)	-
Total segment revenue	23,750	48,980	28,872	9,874	156,128	(25,919)	241,685
Results							
Segment profit/(loss) from operations	(9,555)	1,583	(2,165)	844	13,124	(1,959)	1,872
Interest income							6,747
Finance costs							(3,504)
Exceptional items		364	55,938				56,302
Share of results of associate companies	-	-			-	-	(284)
Profit before taxation							61,133
Taxation							(4,036)
Profit for the financial year							57,097
Attributable to :							
Equity holders of the Company							51,905
Minority interests							5,192

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 June 2009 to the date of this report that have not been reflected in the financial statements for the current financial year.

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 year, including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operations other than as disclosed below:-

- (a) 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 of RM1 each, 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 was a dormant company when acquired. Subsequent to the acquisition, Simfoni commenced operations and its principal activities are in the investment and letting out of properties.
- (b) On 23 October 2008, the Company announced that Topacres Sdn Bhd ("Topacres"), a wholly-owned subsidiary company, had subscribed for 40,000 ordinary shares of RM1 each, representing 40% of the total issued and paid up share capital of Winfields Development Sdn Bhd ("Winfields"). On 23 January 2009, Topacres subscribed for a further 360,000 ordinary shares of RM1 each representing 40% of the increased issued and paid up share capital in Winfields. Winfields was incorporated on 30 March 2006 as a private limited company under the Companies Act, 1965. The principal activities of Winfields are property investment and development.

A11. Changes in the composition of the Group (Cont'd)

- (c) Further to the announcement made on 1 July 2008, the Company had on 19 November 2008 announced that it has completed the disposal of its 20% equity interest in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd ("GH") representing 4,225,000 ordinary shares of RM1 each and 5,100,000 redeemable preference shares of RM0.05 each for a cash consideration of RM71.78 million. Accordingly, GH has ceased to be an associate company of the Company.
- (d) On 13 March 2009, the Company announced that it had on 13 March 2009 acquired two (2) ordinary shares of RM1 each, representing 100% of the total issued and paid up share capital of Insas Mobile Sdn Bhd ("Insas Mobile") for a cash consideration of RM2. Insas Mobile was incorporated on 7 June 2005 as a private limited company under the Companies Act, 1965. Insas Mobile is a dormant company and has not commenced operations since its incorporation.
- (e) On 1 June 2009, the Company's Board of Directors had approved the disposal of its 20% equity interest in Gleneagles Academy of Nursing (M) Sdn Bhd ("Gleneagles Nursing") representing 40,000 ordinary shares of RM1 each for a cash consideration of RM61,539. Accordingly, Gleneagles Nursing has ceased to be an associate company of the Company.
- (f) On 23 June 2009, Montego Assets Limited ("Montego"), a wholly-owned indirect subsidiary company, entered into a Members' Agreement with Clan (CH) LLP and Native Land Limited wherein Montego agreed to invest 50% interest in Chantrey House LLP, a limited liability partnership registered in England and Wales. Chantrey House LLP is formed to invest in 99.5% of the equity funding requirements in Eccleston Belgravia LLP, a limited liability partnership registered in England and Wales.

On the same date, Montego Assets Limited entered into a Members' Agreement made between Clan (CH) LLP, Native Land Limited, Montego Assets Limited, Chantrey House LLP and Eccleston Belgravia LLP for Eccleston Belgravia LLP to acquire and own a property known as Chantrey House situated at Eccleston Street, London SW1 for a cash consideration of GBP 20,750,000.

A12. Contingent Assets or Liabilities

As at the date of this report, the Company has issued guarantees amounting to RM56,355,000 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 June 2009 are as follows :-

	RM'000
To acquire properties	1,050
To acquire property, plant and equipment	875
To acquire shares in a company	5,000
To acquire quoted shares to be held for trading	2,880
To provide equity investment in a limited liability partnership	<u>22,903</u>

A14. Related Party Transactions

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

The Group reported revenue of RM75.68 million and pre-tax profit of RM27.53 million in the current financial quarter ended 30 June 2009 as compared with revenue of RM72.41 million and pre-tax profit of RM0.62 million reported in the preceding year's corresponding financial quarter.

B1. Review of Performance (Cont'd)

Current financial quarter against preceding year's corresponding financial quarter (Cont'd)

The higher revenue in the current financial quarter is mainly contributed by higher revenue reported by the Group's IT manufacturing unit.

The pre-tax profit of RM27.53 million in the current financial quarter is arrived at after taking into account the writeback of diminution in value of quoted securities of RM21.31 million (2008: allowance for diminution in value of RM4.64 million) and unrealised exchange gain on translation of quoted securities held for long term of RM1.48 million (2008: unrealised exchange loss of RM0.29 million).

Financial year to date against preceding corresponding financial year

For the financial year ended 30 June 2009, the Group reported revenue of RM241.69 million and pre-tax profit of RM61.13 million as compared with revenue of RM233.50 million and pre-tax profit of RM23.14 million in the preceding corresponding financial year.

The higher revenue in the current financial year is mainly arising from higher revenue reported by the IT and property development units.

The pre-tax profit in the current financial year of RM61.13 million was arrived at after taking into account exceptional gain on disposal of associate companies amounting to RM56.78 million (2008: Nil) and gain arising from disposal of investment properties of RM2.54 million (2008: RM0.78 million) and after deduction of allowance for diminution in value of quoted securities of RM2.87 million (2008: RM8.69 million), unrealised exchange loss on translation of quoted securities held for long term of RM1.96 million (2008: RM2.60million) despite there is greater loss on disposal of quoted securities of RM5.09 million (2008: RM0.64 million).

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 RM75.68 million and pre-tax profit of RM27.53 million in the current financial quarter as compared with revenue of RM60.69 million and pre-tax profit of RM4.37 million in the immediate preceding financial quarter.

The higher pre-tax profit of RM27.53 million in the current financial quarter was arrived at after taking into account the writeback of diminution in value of quoted securities of RM21.31 million (Quarter ended 31 March 2009 : allowance for diminution in value of RM3.75 million) and unrealised exchange gain on translation of quoted securities held for long term of RM1.48 million (Quarter ended 31 March 2009 : unrealised exchange gain of RM0.60 million).

B3. Prospects for the next financial year ending 30 June 2010

The Board of Directors is of the view that the Group's revenue and operating performance for the next 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 or guarantee any profits.

B5. Taxation

The taxation charge for the current financial quarter and for the financial year ended 30 June 2009 is as follows:-

B5. Taxation (Cont'd)

	Individual Quarter ended 30-June-2009 RM'000	Quarter Quarter ended 30-June-2008 RM'000	Cumulative Year ended 30-June-2009 RM'000	Quarter Year ended 30-June-2008 RM'000
Taxation for the current financial quarter/year to date	253	231	1,300	1,596
Under/(over)provision in respect of prior financial quarter/year	442	42	112	(202)
Transfer from deferred taxation	2,624	951	2,624	951
	<u>3,319</u>	<u>1,224</u>	<u>4,036</u>	<u>2,345</u>

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-June-2009 RM'000	Quarter Quarter ended 30-June-2008 RM'000	Cumulative Year ended 30-June-2009 RM'000	Quarter Year ended 30-June-2008 RM'000
Profit before taxation	<u>27,530</u>	<u>621</u>	<u>61,133</u>	<u>23,144</u>
Income tax at Malaysian statutory tax rate	6,882	161	15,283	6,017
<u>Tax effect in respect of :</u>				
Allowable expenses				
- ICULS interest paid taken direct to reserve	(77)	(536)	(1,192)	(2,161)
Non-allowable expenses	(2,129)	627	3,086	1,310
Income not subject to tax	(4,594)	(8)	(15,123)	(1,716)
Effect of income subject to tax rate of 20% for small and medium size enterprises	-	874	-	770
Effect of different tax rates in other countries	(489)	266	454	(139)
Overseas tax paid for dividend income	5	138	169	181
Tax savings from utilisation of capital allowances	(540)	(1,067)	(554)	(1,077)
Tax savings from utilisation of tax losses	(537)	(854)	(3,976)	(2,526)
Deferred tax not recognised in the financial statements	4,365	1,581	5,786	1,888
Double deduction of expenses	(9)	-	(9)	-
Tax expenses for the financial quarter/year to date	<u>2,877</u>	<u>1,182</u>	<u>3,924</u>	<u>2,547</u>
Under/(over)provision in respect of prior financial quarter/year	442	42	112	(202)
	<u>3,319</u>	<u>1,224</u>	<u>4,036</u>	<u>2,345</u>

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

The Group reported a gain of RM2.54 million (2008 : RM0.78 million) on the disposal of investment properties for the financial year ended 30 June 2009.

There were no disposal of unquoted investment for the current financial quarter and financial year ended 30 June 2009.

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 year ended 30 June 2009 are as follows :-

(a) Total purchases and proceeds from disposals and gain arising thereon for the financial year ended 30 June 2009:-

	RM'000
Total purchases	21,522
Total proceeds from disposal	12,905
Gain on disposal	1,155

(b) Investment in quoted securities as at 30 June 2009 are as follows :-

	RM'000
Total investments at cost	106,458
Total investments at carrying value/book value (after allowance for diminution in value)	79,875
Total investments at market value	89,579

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 June 2009.

	Foreign Currency (‘000)	RM'000
Short Term Borrowings		
Secured Borrowings – in Australian Dollar	6,398	18,315
– in Singapore Dollar	3,898	9,484
– in US Dollar	9,942	35,110
– in Ringgit		17,350
		<u>80,259</u>
Long Term Borrowings		
Secured Borrowings – in Ringgit		3,314
		<u>83,573</u>

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 year ended 30 June 2009.

B13. Earnings per share**(a) Basic earnings/(loss) per share**

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

	Individual Quarter ended 30-June-2009 RM'000	Quarter Quarter ended 30-June-2008 RM'000	Cumulative Year ended 30-June-2009 RM'000	Quarter Year ended 30-June-2008 RM'000
Net profit/(loss) attributable to equity holders of the Company for the financial quarter and year to date (RM'000)	22,318	(2,375)	51,905	16,566
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back during the financial year ('000)	612,897	597,618	612,897	597,618
Basic earnings/(loss) per share (Sen)	3.49	(0.40)	8.47	2.77

(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 year to date by the adjusted weighted average number of ordinary shares in issue during the financial quarter and year to date plus the weighted average number of ordinary shares which would be issued on the conversion of the 74,367,166 (30-June-2008 : 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 year.

	Individual Quarter ended 30-June-2009 RM'000	Quarter Quarter ended 30-June-2008 RM'000	Cumulative Year ended 30-June-2009 RM'000	Quarter Year ended 30-June-2008 RM'000
Net profit/(loss) attributable to equity holders of the Company for the financial quarter and year to date (RM'000)	22,318	(2,375)	51,905	16,566
Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back during the financial year ('000)	612,897	597,618	612,897	597,618
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)	687,264	701,386	687,264	701,386
Diluted earnings/(loss) per share (Sen)	3.25	(0.34)	7.55	2.36

B14. Comparative figures

The following comparative figures have been restated to conform with current financial year's presentation as follows:-

	Quarter ended 30-June-2008		Year ended 30-June-2008	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<u>Income Statement</u>				
Cost of sales	60,234	64,915	172,443	177,124
Administrative expenses	1,386	8,451	6,592	13,657
Other operating expenses	14,931	3,185	50,978	39,232
