

Financial ResultsReference No **II-101129-50505**

Company Name : **INSAS BERHAD**
 Stock Name : **INSAS**
 Date Announced : **30/11/2010**
 Financial Year End : **30/06/2011**
 Quarter : **1**
 Quarterly report for the financial period ended : **30/09/2010**
 The figures : **have not been audited**

Converted attachment :

Please attach the full Quarterly Report here:

[QReportword Sept2010-Bursa.doc](#)[QRExcel Sept2010-Bursa.xls](#)

Remark:

1) The basic earnings per share for the 3 months period ended 30 September 2010 has been calculated based on the profit attributable to owners of the parent company of RM 27,019,000 (2009: RM32,781,000) and the weighted average number of ordinary shares in issue during the period of 687,148,000 shares (2009: 667,070,000 shares) after taking into account the movement of shares bought back by the Company.

2) The fully diluted earnings per share is not computed as there is no dilutive potential on the ordinary shares during the reporting periods.

3) The net assets per share is calculated based on the Shareholders' Fund (excluding non-controlling interests) divided by the number of ordinary shares in issue after deducting shares bought back by the Company.

- DEFAULT CURRENCY
- OTHER CURRENCY

Currency : Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION
30/09/2010

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|-----------------|-------------------------|--|-------------------------|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/09/2010 \$\$'000 | 30/09/2009 \$\$'000 | 30/09/2010 \$\$'000 | 30/09/2009 \$\$'000 |
| 1Revenue | 75,865 | 82,898 | 75,865 | 82,898 |

| | | | | |
|---|--------|--------|--------|--------|
| 2Profit/(loss) before tax | 27,294 | 35,899 | 27,294 | 35,899 |
| 3Profit/(loss) for the period | 26,794 | 35,189 | 26,794 | 35,189 |
| 4Profit/(loss) attributable to ordinary equity holders of the parent | 27,019 | 32,781 | 27,019 | 32,781 |
| 5Basic earnings/(loss) per share (Subunit) | 3.93 | 4.91 | 3.93 | 4.91 |
| 6Proposed/Declared dividend per share (Subunit) | 0.00 | 0.00 | 0.00 | 0.00 |

| | | |
|---|---|---|
| | AS AT END OF CURRENT QUARTER | AS AT PRECEDING FINANCIAL YEAR END |
| 7Net assets per share attributable to ordinary equity holders of the parent (\$\$) | 1.2200 | 1.1700 |

Remarks :

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

| Country | Base Unit | Subunit |
|----------------|-----------|---------|
| Malaysia | Ringgit | Sen |
| United States | Dollar | Cent |
| United Kingdom | Pound | Pence |

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As at 30/9/2010 | (Audited) As at preceding financial year ended 30/06/2010 (Restated) |
|---|----------------------------|---|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 32,995 | 62,460 |
| Investment properties | 56,891 | 58,092 |
| Prepaid land lease payments | - | 4,781 |
| Land held for development | 37,576 | 37,576 |
| Available for sale investments | 43,213 | 43,194 |
| Held to maturity investments | 49,898 | 53,260 |
| Associate companies | 34,324 | 15,064 |
| Investment in jointly controlled entities | 24,097 | 24,122 |
| Intangible assets | 19,227 | 19,644 |
| Deferred tax assets | 3,424 | 4,644 |
| Total non-current assets | 301,645 | 322,837 |
| Current Assets | | |
| Property development costs | 5,029 | 6,955 |
| Inventories | 22,878 | 33,584 |
| Trade receivables | 149,445 | 171,960 |
| Accrued billings | - | 5,918 |
| Amount due from associate companies | 29,201 | 21,497 |
| Other receivables, deposits and prepayments | 25,404 | 29,469 |
| Held to maturity investments | 5,804 | 5,943 |
| Financial assets at fair value through profit or loss | 75,728 | 71,643 |
| Tax recoverable | 2,299 | 2,293 |
| Deposits with licensed banks and financial institutions | 594,902 | 525,999 |
| Cash and bank balances | 73,678 | 73,704 |
| | 984,368 | 948,965 |
| Non-current assets classified as held for sale | 9,216 | 8,166 |
| Total current assets | 993,584 | 957,131 |
| TOTAL ASSETS | 1,295,229 | 1,279,968 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Owners of the Company | | |
| Share capital | 693,334 | 693,334 |
| Treasury shares | (3,074) | (2,963) |
| Reserves | 63,774 | 56,613 |
| Retained profit | 86,917 | 59,898 |
| | 840,951 | 806,882 |
| Non-controlling interests | 7,307 | 19,549 |
| Total Equity | 848,258 | 826,431 |
| Non-current Liabilities | | |
| Hire purchase payables | 7,953 | 9,418 |
| Redeemable convertible preference shares | - | 4,611 |
| Loans and borrowings | 500 | 6,260 |
| Deferred tax liabilities | 368 | 814 |
| | 8,821 | 21,103 |
| Current Liabilities | | |
| Trade payables | 204,132 | 198,495 |
| Other payables and accruals | 29,859 | 40,589 |
| Loans and borrowings | 203,962 | 192,544 |
| Tax payable | 197 | 806 |
| | 438,150 | 432,434 |
| TOTAL LIABILITIES | 446,971 | 453,537 |
| TOTAL EQUITY AND LIABILITIES | 1,295,229 | 1,279,968 |
| | 0 | |
| Net assets per share attributable to owners of the Company (RM)* | 1.22 | 1.17 |

(The Condensed Consolidated Statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements)

* Net assets per share attributable to owners of the Company is computed based on Total Shareholders' Funds (excluding Non-controlling Interests) divided by the total number of ordinary shares, net of shares bought back.

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

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND 3 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010.

| | <----- Attributable to Owners of the Company -----> | | | | | | | Total | Non-controlling interests | Total equity |
|---|---|-------------------------|---|------------------------|---|---------------------------|---------------------------|---------|---------------------------|--------------|
| | Share capital RM'000 | Share premium RM'000 | Available for sale investment fair value reserve RM'000 | Reserve fund RM'000 | Exchange translation reserve RM'000 | Treasury shares RM'000 | Retained profit RM'000 | | | |
| Period ended 30 September 2010 | | | | | | | | | | |
| As at 1 July 2010 | | | | | | | | | | |
| - As previously reported | 693,334 | 54,489 | - | 1,200 | 924 | (2,963) | 59,898 | 806,882 | 19,549 | 826,431 |
| - Adoption of FRS 139 | - | - | 6,760 | - | - | - | - | 6,760 | - | 6,760 |
| As restated | 693,334 | 54,489 | 6,760 | 1,200 | 924 | (2,963) | 59,898 | 813,642 | 19,549 | 833,191 |
| Repurchase of shares | - | - | - | - | - | (111) | - | (111) | - | (111) |
| Dilution of equity interest in subsidiary companies | - | - | - | - | - | - | - | - | (12,044) | (12,044) |
| Total comprehensive income/ (loss) for the period | - | - | 1,095 | - | (694) | - | 27,019 | 27,420 | (198) | 27,222 |
| Balance as at 30 September 2010 | 693,334 | 54,489 | 7,855 | 1,200 | 230 | (3,074) | 86,917 | 840,951 | 7,307 | 848,258 |
| | | | | | | | | | | 0 |
| Period ended 30 September 2009 | | | | | | | | | | |
| As at 1 July 2009 | 693,334 | 66,394 | - | 1,200 | 11,687 | (11,312) | 13,436 | 774,739 | 20,328 | 795,067 |
| Advances from non-controlling interests | - | - | - | - | - | - | - | - | 667 | 667 |
| Total comprehensive income/ (loss) for the period | - | - | - | - | (463) | - | 32,781 | 32,318 | 2,432 | 34,750 |
| Balance as at 30 September 2009 | 693,334 | 66,394 | - | 1,200 | 11,224 | (11,312) | 46,217 | 807,057 | 23,427 | 830,484 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements)

INSAS BERHAD
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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|---|---|
| | FY 2011 Current financial quarter ended 30-Sep-10 RM'000 | FY 2010 Preceding corresponding financial quarter ended 30-Sep-09 RM'000 | FY 2011 Financial period ended 30-Sep-10 RM'000 | FY 2010 Preceding financial period ended 30-Sep-09 RM'000 |
| Profit after taxation for the financial period | 26,974 | 35,189 | 26,974 | 35,189 |
| Other comprehensive income/(loss) | | | | |
| Reversal of fair value gain on available for sale investment to profit or loss upon derecognition | (231) | - | (231) | - |
| Unrealised gain on revaluation of available for sale investment | 1,326 | - | 1,326 | - |
| Exchange translation reserve movement | (847) | (439) | (847) | (439) |
| Total other comprehensive gain/(loss) for the financial period | 248 | (439) | 248 | (439) |
| Total comprehensive income for the financial period | 27,222 | 34,750 | 27,222 | 34,750 |
| Profit attributable to : | | | | |
| Owners of the Company | 27,420 | 32,318 | 27,420 | 32,318 |
| Non-controlling interests | (198) | 2,432 | (198) | 2,432 |
| | 27,222 | 34,750 | 27,222 | 34,750 |

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements)

29 November 2010

BURSA MALAYSIA SECURITIES BERHAD
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------|--|--|---|---|
| | | FY 2011 Current financial quarter ended 30-Sep-10 RM'000 | FY 2010 Preceding corresponding financial quarter ended 30-Sep-09 RM'000 | FY 2011 Financial period ended 30-Sep-10 RM'000 | FY 2010 Preceding financial period ended 30-Sep-09 RM'000 |
| Revenue | | 75,865 | 82,898 | 75,865 | 82,898 |
| Cost of sales | | (62,075) | (63,463) | (62,075) | (63,463) |
| Administrative expenses | | (8,210) | (6,504) | (8,210) | (6,504) |
| Other operating expenses | 1 | (11,692) | (9,563) | (11,692) | (9,563) |
| Other income | 2 | 32,549 | 20,411 | 32,549 | 20,411 |
| Finance costs | | (1,124) | (1,137) | (1,124) | (1,137) |
| Exceptional items | 3 | 285 | 14,520 | 285 | 14,520 |
| Share of profit less losses of associate companies | | 1,721 | (448) | 1,721 | (448) |
| Share of profit less losses of jointly controlled entities | | (25) | (815) | (25) | (815) |
| Profit before taxation | | 27,294 | 35,899 | 27,294 | 35,899 |
| Taxation | | (320) | (710) | (320) | (710) |
| Profit after taxation | | 26,974 | 35,189 | 26,974 | 35,189 |
| Profit attributable to : | | | | | |
| Owners of the Company | | 27,019 | 32,781 | 27,019 | 32,781 |
| Non-controlling interests | | (45) | 2,408 | (45) | 2,408 |
| | | 26,974 | 35,189 | 26,974 | 35,189 |
| Earnings per share (in sen) | | | | | |
| - Basic | | 3.93 | 4.91 | 3.93 | 4.91 |
| - Diluted | | n/a | n/a | n/a | n/a |

| | Quarter ended 30/9/2010 RM'000 | Quarter ended 30/9/2009 RM'000 | Period ended 30/9/2010 RM'000 | Period ended 30/9/2009 RM'000 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
|--|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|

Note 1

Included in Other operating expenses are the following items :-

| | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Loss on disposal of quoted securities | <u>(1,011)</u> | <u>(2,296)</u> | <u>(1,011)</u> | <u>(2,296)</u> |
|---------------------------------------|----------------|----------------|----------------|----------------|

Note 2

Included in Other income is the following item:-

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Writeback of allowance for diminution in value of financial assets at fair value through profit or loss | <u>7,333</u> | <u>9,414</u> | <u>7,333</u> | <u>9,414</u> |
|--|--------------|--------------|--------------|--------------|

Note 3

Exceptional items represent:-

| | | | | |
|---|-----|--------|-----|--------|
| Gain on capital repayment by an associate company | - | 13,049 | - | 13,049 |
| Gain on dilution of equity interest in subsidiary companies | 285 | - | 285 | - |
| Writeback of allowance for diminution in value of quoted securities held for long term | - | 1,471 | - | 1,471 |

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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER AND 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2010.

| | Current financial period ended 30/9/2010 RM'000 | Preceding corresponding financial period ended 30/9/2009 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before taxation | 27,294 | 35,899 |
| Adjustments for : | | |
| Non-cash items | (30,688) | (21,928) |
| Finance costs | 1,124 | 1,137 |
| Interest income | (1,289) | (2,518) |
| Operating (loss)/profit before working capital changes | <u>(3,559)</u> | <u>12,590</u> |
| Changes in working capital :- | | |
| Net changes in current assets | 17,487 | 10,085 |
| Net changes in current liabilities | 25,300 | (19,915) |
| Cash generated from operations | <u>39,228</u> | <u>2,760</u> |
| Finance costs | (1,124) | (1,137) |
| Interest income | 1,289 | 2,518 |
| Tax refund | (362) | (190) |
| Net cash generated from operating activities | <u>39,031</u> | <u>3,951</u> |
| Cash flows from investing activities | | |
| Proceeds from capital repayment by an associate company | - | 13,049 |
| Purchase of property, plant and equipment | (1,251) | (3,547) |
| Payment on investment properties | - | (5,841) |
| Purchase of long term investments | - | (8,122) |
| Purchase of short term investments | - | (9,995) |
| Purchase of held to maturity investments | (1,319) | - |
| Proceeds from disposal of property, plant and equipment | 284 | 1,373 |
| Proceeds from disposal of available for sale investments | 6,699 | - |
| Proceeds from redemption of held to maturity investments | 4,962 | - |
| Proceeds from disposal of short term investments | - | 18,813 |
| Payment for intangible assets | (1) | (2) |
| Payment for development expenditure | (1) | - |
| Investment in jointly controlled entities | - | (22,903) |
| Dividend received | 405 | 127 |
| Net cash outflow from dilution of equity interest in subsidiary companies | (260) | - |
| Net cash generated from/(used in) investing activities | <u>9,518</u> | <u>(17,048)</u> |
| Cash flows from financing activities | | |
| Increase in monies held in trust | (12,254) | (8,937) |
| Increase in fixed deposits pledged | (41,960) | (44,062) |
| (Increase)/decrease in cash and bank balances pledged | (1,935) | 20 |
| Net cash used in share buyback | (111) | - |
| Drawdown of loans and borrowings | 77,544 | 63,964 |
| Repayment of loans and borrowings | (56,022) | (29,971) |
| Repayment of hire purchase payables | (1,205) | (1,085) |
| Net cash used in financing activities | <u>(35,943)</u> | <u>(20,071)</u> |
| Net increase/(decrease) in cash and cash equivalents | 12,606 | (33,168) |
| Cash and cash equivalents at beginning of the financial period | 168,337 | 229,495 |
| Exchange differences | (422) | 43 |
| Cash and cash equivalents at end of the financial period | <u>180,521</u> | <u>196,370</u> |
| Cash and cash equivalents comprise of :- | | |
| Bank overdrafts | (1,237) | (985) |
| Cash and bank balances | 50,713 | 47,597 |
| Deposits with licensed banks and financial institutions | 131,045 | 149,758 |
| | <u>180,521</u> | <u>196,370</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the Interim Financial Statements)

INSAS BERHAD
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UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER AND PERIOD ENDED 30 SEPTEMBER 2010.

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 (“MASB”) 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 2010. The explanatory notes attached to this financial report 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 30 June 2010.

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 2010 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Amendments to FRSs and Issues Committee Interpretations (“IC Interpretations”) issued by the MASB that become effective and are relevant to the Group for the financial year beginning 1 July 2010:-

| | |
|----------------------|---|
| Amendment to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations |
| FRS 7 | Financial Instruments : Disclosures |
| Amendments to FRS 7 | Financial Instruments : Disclosures. Amendments relating to financial assets |
| Amendment to FRS 8 | Operating Segments. Amendment relating to disclosure information about segment assets |
| FRS 101 | Presentation of financial statements |
| Amendment to FRS 107 | Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets |
| Amendment to FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies |
| Amendment to FRS 110 | Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period |
| Amendment to FRS 116 | Property, Plant and Equipment. Amendment relating to derecognition of asset |
| Amendment to FRS 117 | Leases. Amendment relating to classification of leases |
| Amendment to FRS 118 | Revenue. Amendment relating to Appendix of this standard and recognition and measurement |
| Amendment to FRS 119 | Employee Benefits. Amendment relating to definition, curtailment and settlements |
| FRS 123 | Borrowing Costs |
| Amendment to FRS 123 | Borrowing Costs. Amendment relating to components of borrowing costs |

A1. Basis of Preparation (Cont'd)

| | |
|-----------------------------------|---|
| Amendment to FRS 127 | Consolidated and Separate Financial Statements. Amendment relating to cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendment to FRS 128 | Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard |
| Amendment to FRS 131 | Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131 |
| Amendments to FRS132 | Financial Instruments : Presentation. Amendment relating to puttable financial instruments |
| Amendment to FRS 134 | Interim Financial Reporting. Amendment relating to disclosure of earnings per share |
| Amendment to FRS 136 | Impairment of Assets. Amendment relating to the disclosure of recoverable amount |
| Amendment to FRS 138 | Intangible Assets. Amendment relating to recognition of an expense |
| FRS 139 | Financial Instruments : Recognition and Measurement |
| Amendments to FRS 139 | Financial Instruments : Recognition and Measurements. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives |
| Amendment to FRS 140 | Investment Property. Amendment relating to inability to determine fair value reliably |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| Amendment to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions |
| Amendments to FRS 132 | Financial Instruments : Presentation. Amendments relating to classification of rights issues |
| FRS 3 | Business Combinations |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standards |
| FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 138 | Intangible Assets. Amendments relating to the revision to FRS 3 |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC Int and revision to FRS 3 |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations do not have significant impact on the financial statements of the Group other than the application of FRS 101, FRS 7 and FRS 139 summarised below:

(a) FRS 101 : Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. With the adoption of this FRS, the consolidated statement of changes in equity will only include details of transactions with owners. All non-owners changes in equity are presented as a single line labeled as total comprehensive income.

The standard also introduces the statement of comprehensive income; presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. In addition, the adoption of the standard has resulted in the consolidated balance sheet now being renamed as consolidated statement of financial position.

This standard affects the presentation of the financial statements and does not have any impact on the financial position and results of the Group.

A1. Basis of Preparation (Cont'd)

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations does not have significant impact on the financial statements of the Group other than the application of FRS 101, FRS 7 and FRS 139 summarised below (Cont'd) :-

(b) FRS 7 : Financial Instruments : Disclosures

FRS 7 requires disclosures in the financial statements that enable users to evaluate the significance of financial instruments on the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed during the period and at the reporting date, and how the entity manages those risks. The principles in this FRS complement the principles for presenting, recognising and measuring financial instruments in FRS 132 Financial Instruments : Presentation and FRS 139 Financial Instruments : Recognition and Measurements.

The adoption of FRS 7 does not have any impact on the financial position and results of the Group.

(c) FRS 139 : Financial Instruments – Recognition and Measurements

FRS 139 sets out the new requirements for the classification, recognition and measurement of the Group's financial assets and liabilities.

Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The designation depends on the nature of the financial assets and liabilities and the purpose for which the financial assets/liabilities were acquired/incurred. Set out below are the changes in classifications of financial assets and liabilities of the Group as a result of adopting FRS 139 :-

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

Prior to the adoption of FRS 139, quoted securities intended for short term investments were accounted for at the lower of cost and market value. With the application of FRS 139, short term quoted equity investment are now measured at fair value on the date of transaction and subsequently re-measured at fair value with changes in fair value recognised in the Statement of comprehensive income at each reporting date.

(ii) Loans and receivables

Prior to the adoption of FRS 139, loans and receivables were measured at invoiced amount less allowance for doubtful debts and subject to impairment. With the adoption of FRS 139, loans and receivables are now measured at fair value plus transaction costs and subsequently at amortised cost using effective interest method and subject to impairment.

Gains or losses arising from derecognition of the loans and receivables, effective interest rate amortisation and impairment losses are recognised in the statement of comprehensive income.

A1. Basis of Preparation (Cont'd)

(c) FRS 139 : Financial Instruments – Recognition and Measurements (Cont'd)

(iii) Available for sale investments

Prior to the adoption of FRS 139, non-current investments were accounted for at cost less impairment. Upon the adoption of FRS 139, available for sale investments are initially measured at fair value plus transaction costs and subsequently at fair value. Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost. Changes in fair value of available for sale investments measured at fair value are recognised in other comprehensive income, together with the related currency translation differences, until the investments are disposed or until the investments are determined to be impaired, at which time the cumulative gain or losses previously reported in other comprehensive income are included in the income statement.

(iv) Held to Maturity investments

Investments which have fixed or determinable payments and fixed maturity are designated as held to maturity investments when the Group has the intention and ability to hold the investments till maturity. Such investments are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using effective interest method and subject to impairment.

Any changes in relation to amortisation and impairment are recognised in the statement of comprehensive income.

(v) Financial liabilities measured at amortised cost

The Group's financial liabilities includes trade and other payables and loans and borrowings. Under FRS 139, these financial liabilities are measured initially at fair value and subsequently carried at amortised cost using the effective interest method.

In accordance with the transitional provisions for the first time adoption of FRS 139, the effects arising from the adoption of this Standard has been accounted for prospectively and the comparatives period results and financial positions are not restated. Accordingly, the changes have been accounted for by adjusting and/or reclassifying the following opening balances in the Statement of financial position as at 1 July 2010 :

| | Balance as at | | Balance as at |
|--|-------------------------------|--------------------|--------------------|
| Statement of financial position as at 1 July 2010 | 1.7.2010 | Effect of adoption | 1.7.2010 |
| | <u>As previously reported</u> | <u>of FRS 139</u> | <u>As restated</u> |
| | RM'000 | RM'000 | RM'000 |
| <u>Non-current assets</u> | | | |
| Long term investments | 96,454 | (96,454) | - |
| Available for sale investments | - | 43,194 | 43,194 |
| Held to maturity investments | - | 53,260 | 53,260 |
| <u>Current assets</u> | | | |
| Short term investments | 5,943 | (5,943) | - |
| Marketable securities | 71,643 | (71,643) | - |
| Held to maturity investments | | 5,943 | 5,943 |
| Financial assets at fair value through profit or loss | - | 71,643 | 71,643 |
| <u>Equity</u> | | | |
| Available for sale investment reserve | - | 6,760 | 6,760 |

A2. Declaration of Audit Qualification

There was no qualified report issued by the auditors in the audited financial statements of the Group for the financial year ended 30 June 2010.

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 exceptional 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 | Cumulative | Quarter |
|--|---------------|---------------|--------------|--------------|
| | Quarter ended | Quarter ended | Period ended | Period ended |
| | 30-Sept-2010 | 30-Sept-2009 | 30-Sept-2010 | 30-Sept-2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Gain on capital repayment By an associate company | - | 13,049 | - | 13,049 |
| Gain on dilution of equity interest in subsidiary companies | 285 | - | 285 | - |
| Writeback of allowance for diminution in value of financial assets at fair value through profit or loss | 7,333 | 9,414 | 7,333 | 9,414 |
| Writeback of allowance for diminution in value of quoted securities held for long term | - | 1,471 | - | 1,471 |
| Total | 7,618 | 23,934 | 7,618 | 23,934 |

A5. Material changes in Estimates

There are no material changes 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

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting of the Company held on 24 December 2009, 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 3 months period ended 30 September 2010, the Company repurchased 216,900 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.5132 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 693,333,633 issued and fully paid up ordinary shares, 6,222,052 shares are being held as treasury shares by the Company as at 30 September 2010.

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 2010.

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 3 months period ended 30 September 2010 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 | 2,874 | 6,855 | 46,553 | 3,791 | 15,792 | - | 75,865 |
| Inter-segment revenue | 1,075 | 1,008 | 280 | 69 | 294 | (2,726) | - |
| Total segment revenue | 3,949 | 7,863 | 46,833 | 3,860 | 16,086 | (2,726) | 75,865 |
| | | | | | | | |
| Results | | | | | | | |
| Segment profit from operations | 748 | 803 | 21,461 | 885 | 1,439 | (188) | 25,148 |
| Interest income | | | | | | | 1,289 |
| Finance costs | | | | | | | (1,124) |
| Exceptional items | | | | | 285 | - | 285 |
| Share of results of associate companies | - | - | 731 | 234 | 756 | - | 1,721 |
| Share of results of jointly controlled entities | - | (25) | - | - | - | - | (25) |
| Profit before taxation | | | | | | | 27,294 |
| Taxation | | | | | | | (320) |
| Profit for the financial year | | | | | | | 26,974 |
| Attributable to : | | | | | | | |
| Owners of the Company | | | | | | | 27,019 |
| Non-controlling interests | | | | | | | (45) |

The segment analysis for the Group for the 3 months period ended 30 September 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 | 3,762 | 12,093 | 16,237 | 2,416 | 48,390 | - | 82,898 |
| Inter-segment revenue | 2,269 | 1,030 | 290 | 135 | 720 | (4,444) | - |
| Total segment revenue | 6,031 | 13,123 | 16,527 | 2,551 | 49,110 | (4,444) | 82,898 |
| | | | | | | | |
| Results | | | | | | | |
| Segment profit from operations | 1,733 | 1,094 | 12,752 | 481 | 5,696 | (495) | 21,261 |
| Interest income | | | | | | | 2,518 |
| Finance costs | | | | | | | (1,137) |
| Exceptional items | | | 14,520 | | | | 14,520 |
| Share of results of associate companies | - | - | (76) | (372) | - | - | (448) |
| Share of results of jointly controlled entities | - | - | (815) | - | - | - | (815) |
| Profit before taxation | | | | | | | 35,899 |
| Taxation | | | | | | | (710) |
| Profit for the financial year | | | | | | | 35,189 |
| Attributable to : | | | | | | | |
| Owners of the Company | | | | | | | 32,781 |
| Non-controlling interests | | | | | | | 2,408 |

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 2010.

A10. Material Subsequent Events

There were no material events subsequent to 30 September 2010 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:-

- (a) On 5 August 2010, Insas Technology Berhad ("ITB"), a wholly-owned subsidiary company diluted its equity interest in Inari Technology Sdn Bhd ("Inari Tech") from 51% to 42.43% following the conversion of 1,515,000 Redeemable Convertible Preference Shares ("RCPS") held by the RCPS holders in Inari Tech into 1,515,000 ordinary shares in Inari Tech. The conversion of the RCPS was made in accordance with the terms and conditions contained in the subscription agreements entered into between Inari Tech and its shareholders and the RCPS holders.
- (b) On 20 September 2010, ITB and the other shareholders of Inari Tech entered into a Sale and Purchase Agreement with Inari Berhad ("Inari") for the disposal of their combined 100% equity interest in Inari Tech to Inari for a total consideration of RM24,160,860 which were satisfied in full by the allotment of 241,608,600 ordinary shares of RM0.10 each in Inari in proportion of their respective shareholdings in Inari Tech. Arising thereof, Inari Tech becomes a wholly owned subsidiary company of Inari, and Inari becomes a 42.43% associate company of the Group.

Inari was incorporated in Malaysia on 5 May 2010 as a public limited company under the Companies Act, 1965. The principal activity of Inari is investment holding.

- (c) On 21 September 2010, ITB entered into a Sale and Purchase agreement to dispose its 100% equity interest in Simfoni Bistari Sdn Bhd ("Simfoni") to Inari for a total cash consideration of RM1,000,000. In addition, Inari will repay the amount owing by Simfoni to ITB of RM10,000,000 by way of issuance of 7,000,000 new ordinary shares in Inari to ITB at an issue price of RM0.35 per Inari share and the balance to be repayable over a period of 12 months subject to interest payment of 8% per annum on the outstanding amount owing until the date of full repayment.

Simfoni was incorporated in Malaysia on 18 February 2003 as a private limited company under the Companies Act, 1965. The principal activities of Simfoni are investment holding, property investment and letting out of properties.

On the completion of the transactions stated in A11 (a), (b) and (c) above, ITB holds 44.05% equity interest in Inari, Inari Tech and Simfoni. It is the intention of Inari to undertake an initial public offering ("IPO"), listing and quotation of its shares on the ACE Market of the Bursa Malaysia Securities Berhad and the transactions stated in A11 (a), (b) and (c) were carried out to streamline the corporate structure of Inari to facilitate the proposed IPO.

A12. Contingent Assets or Liabilities

As at the date of this Report, the Company has issued guarantees amounting to RM71,791,000 to financial institutions in respect of banking and credit facilities granted to its subsidiary companies.

A13. Commitments

Contractual commitments not provided for in the financial statements as at 30 September 2010 are as follows :-

| | RM'000 |
|---|---------------|
| To acquire property, plant and equipment | 546 |
| To subscribe equity interest in a company | 1,913 |
| To acquire shares in a company | 5,000 |
| To acquire quoted shares to be held for trading | <u>22,580</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 LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance for current financial quarter and period against preceding year's corresponding financial quarter and period to date

The Group reported revenue of RM75.9 million and a pre-tax profit of RM27.3 million for the current financial quarter and period ended 30 September 2010 as compared with revenue of RM82.9 million and a pre-tax profit of RM35.9 million reported in the preceding year's corresponding financial quarter and period ended 30 September 2009.

The revenue reported in the current financial quarter and period ended 30 September 2010 was lower due to lower revenue reported by the property development and IT units. Revenue for the IT unit decline due to deconsolidation of the results for Inari Tech with effect from 5 August 2010 arising from the dilution of the Group's equity interest in Inari Tech from 51% to 42.43% as stated in Note A11(a).

The pre-tax profit of RM35.9 million in the preceding year's corresponding financial quarter and period ended 30 September 2009 includes gain on capital repayment by an associate company of RM13.0 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 RM75.9 million and a pre-tax profit of RM27.3 million in the current financial quarter as compared to revenue of RM122.2 million and a pre-tax profit of RM4.1 million in the immediate preceding financial quarter.

The lower revenue reported in the current financial quarter was mainly due to lower revenue reported by the property development and IT units. The IT unit reported lower revenue in the current financial quarter due to deconsolidation of Inari Tech's results with effect from 5 August 2010 arising from the dilution of the Group's equity interest in Inari Tech from 51% to 42.43% as stated in Note A11(a).

The Group's pre-tax profit of RM27.3 million in the current financial quarter includes a writeback of allowance for diminution in value of quoted securities of RM7.3 million (immediate preceding financial quarter: allowance for diminution in value of quoted securities of RM6.1 million).

B3. Prospects for the next financial year ending 30 June 2011

The Board of Directors is cautiously optimistic and expects the Group's revenue and operating performance for the financial year ending 30 June 2011 to be satisfactory.

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

This note is not applicable for the financial year under review as the Group did not enter 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 financial period ended 30 September 2010 is as follows:-

| | Individual Quarter ended 30-Sept-2010 RM'000 | Quarter Quarter ended 30-Sept-2009 RM'000 | Cumulative Period ended 30-Sept-2010 RM'000 | Quarter Period ended 30-Sept-2009 RM'000 |
|---|---|--|--|---|
| Taxation for the financial quarter/period | 262 | 710 | 262 | 710 |
| Transfer to deferred taxation | 58 | - | 58 | - |
| | <u>320</u> | <u>710</u> | <u>320</u> | <u>710</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-Sept-2010 RM'000 | Quarter Quarter ended 30-Sept-2009 RM'000 | Cumulative Period ended 30-Sept-2010 RM'000 | Quarter Period ended 30-Sept-2009 RM'000 |
|---|---|--|--|---|
| Profit before taxation | <u>27,294</u> | <u>35,899</u> | <u>27,294</u> | <u>35,899</u> |
| Income tax at Malaysian statutory tax rate | 6,823 | 8,975 | 6,823 | 8,975 |
| <u>Tax effect in respect of :</u> | | | | |
| Non-allowable expenses | 288 | 190 | 288 | 190 |
| Income not subject to tax | (6,069) | (8,059) | (6,069) | (8,059) |
| Effect of different tax rates in other countries | (146) | (461) | (146) | (461) |
| Overseas tax paid on dividend income | 7 | 1 | 7 | 1 |
| Tax savings from utilisation of capital allowances | (16) | (434) | (16) | (434) |
| Tax savings from utilisation of tax losses | (1,064) | (774) | (1,064) | (774) |
| Deferred tax not recognised in the financial statements | 497 | 1,272 | 497 | 1,272 |
| Tax expenses for the financial quarter/ period to date | <u>320</u> | <u>710</u> | <u>320</u> | <u>710</u> |

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

The Group did not report any gain or loss (2009 : Nil) on disposal of investment properties and sale of unquoted investments for the financial period ended 30 September 2010.

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 2010 are as follows :-

- (a) Total purchases and proceeds from disposals and gain arising thereon for the financial period ended 30 September 2010:-

| | RM'000 |
|------------------------------|---------------|
| Total purchases | 33,433 |
| Total proceeds from disposal | 37,703 |
| Gain on disposal | 2,401 |

- (b) Investment in quoted securities as at 30 September 2010 are as follows :-

| | RM'000 |
|--|---------------|
| Total investments at cost | 106,180 |
| Total investments at carrying value (after allowance for diminution in value) | 106,712 |
| Total investments at market value | 106,712 |

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

On 5 May 2010, the Board of Directors of the Company announced that Insas Technology Berhad, a wholly-owned subsidiary company had on 4 May 2010 entered into a conditional Subscription Agreement for the proposed subscription of 637,500 new ordinary share of RM1.00 each, representing 51% equity interest in the enlarged share capital in J & C Pacific Sdn Bhd ("J & C") for a total subscription price of RM1,912,500. J & C is a private limited company incorporated in Malaysia on 14 April 1997 and its principal activities is the provision of total communication services, solutions and products.

The proposed subscription has not been completed as at the date of this Report.

B9. Group Borrowings and Debts Securities as at 30 September 2010

| | Foreign Currency ('000) | RM'000 |
|--|--------------------------------|---------------|
| Short Term Borrowings | | |
| Secured Borrowings | | |
| - in Euro dollars | 4,650 | 19,563 |
| - in US dollars | 55,495 | 171,242 |
| - in Singapore dollars | 3,598 | 8,434 |
| - in Swiss Francs | 154 | 486 |
| - in Ringgit Malaysia | <hr/> | <hr/> |
| | | 4,237 |
| | | <hr/> |
| | | 203,962 |
| Long Term Borrowings | | |
| Secured Borrowings – in Ringgit Malaysia | | 500 |
| | | <hr/> |
| | | <hr/> |
| | | 204,462 |

B10. Disclosure pursuant to implementation of FRS 139 : Recognition and Measurement

With the adoption of FRS 139 Financial Instruments : Recognition and Measurement, off balance sheet financial instruments are now recognised on the financial statements.

There were no contracts involving off balance sheet risk as at the end of the reporting period and 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 2010.

B13. Earnings per share

(a) Basic earnings per share

The basic earnings per share for the current financial quarter and period to date have been calculated by dividing the net profit attributable to owners 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-Sept-2010 | 30-Sept-2009 | 30-Sept-2010 | 30-Sept-2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to owners of the Company for the financial quarter and period to date (RM'000) | 27,019 | 32,781 | 27,019 | 32,781 |
| Weighted average number of ordinary shares in issue, after accounting for the effect of shares bought back ('000) | 687,148 | 667,070 | 687,148 | 667,070 |
| Basic earnings per share (Sen) | 3.93 | 4.91 | 3.93 | 4.91 |

(b) Diluted earnings per share

Diluted earnings per share is not computed as there were no dilutive potential on the ordinary shares during the reporting periods.