

## INGENUITY SOLUTIONS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	AS AT END OF CURRENT QUARTER 30.6.2006	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31.3.2006
	RM'000	RM'000
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	3,235	3,377
Intangible Assets	9,651	8,667
	12,886	12,044
<b>CURRENT ASSETS</b>		
Contracts work in-progress	677	969
Inventories	233	241
Trade Receivables	2,932	3,087
Other Receivables	624	681
Tax recoverable	18	-
Cash & Cash Equivalents	8,649	9,201
	13,133	14,179
<b>CURRENT LIABILITIES</b>		
Trade Payables	738	552
Other Payables	349	359
	1,087	911
<b>NET CURRENT ASSETS</b>	12,046	13,268
	<b>24,932</b>	<b>25,312</b>
<b>FINANCED BY :</b>		
Share Capital	13,235	13,235
Share Premium	12,715	12,715
Reserves		
<i>Merger deficit</i>	(7,900)	(7,900)
<i>Reserve on consolidation</i>	311	311
<i>Unappropriated profit</i>	6,344	6,724
Shareholders' Equity	24,705	25,085
<b>NON-CURRENT LIABILITIES</b>		
Long Term Payables	-	-
Deferred Taxation	135	135
Hire purchase Creditor	92	92
	24,932	25,312
<b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b>	<b>18.67</b>	<b>18.95</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the notes to interim financial report and the Audited Financial Statements for the financial year ended 31 March 2006.

## INGENUITY SOLUTIONS BERHAD

(Company No: 609423-V)  
(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2006

The Directors has approved the Announcement for release:

	Current year's quarter 30.6.2006 RM'000		Preceding year corresponding quarter 30.6.2005 RM'000	
	Current year to date 30.6.2006 RM'000	Preceding corresponding year to date 30.6.2005 RM'000		
<b>Revenue</b>	2,480	3,102	2,480	3,102
<b>Profit/(Loss) from operations</b>	(236)	573	(236)	573
Other income	58	73	58	73
Depreciation and amortisation expenses	(149)	(420)	(149)	(420)
Finance costs	(4)	(4)	(4)	(4)
<b>Profit/(Loss) before taxation</b>	(331)	222	(331)	222
Taxation	(49)	(31)	(49)	(31)
<b>Profit/(Loss) for the financial period/ Profit/(Loss) attributable to ordinary equity holders of the Company</b>	(380)	191	(380)	191
<b>Basic earnings/(loss) per share (sen)</b>	(0.29)	0.14	(0.29)	0.14
<b>Diluted earnings/(loss) per share (sen)</b>	(0.29)	0.14	(0.29)	0.14

The Condensed Consolidated Income Statement should be read in conjunction with the notes to interim financial report and the Audited Financial Statements for the financial year ended 31 March 2006.

**INGENUITY SOLUTIONS BERHAD**

(Company No:609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

	<b>CURRENT PERIOD TO DATE 30.6.2006 RM '000</b>	<b>PRECEDING PERIOD TO DATE 30.6.2005 RM '000</b>
<b>Net cash generated from operating activities</b>	476	367
<b>Net cash used in investing activities</b>	(991)	(2,041)
<b>Net cash used in financing activities</b>	(37)	(10)
<b>Net decrease in cash and cash equivalents</b>	(552)	(1,684)
<b>Cash and cash equivalents as at 1 April 2006</b>	9,201	13,023
<b>Cash and cash equivalents as at 30 June 2006</b>	<u>8,649</u>	<u>11,339</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the notes to interim financial report and the Audited Financial Statements for the financial year ended 31 March 2006.

**INGENUITY SOLUTIONS BERHAD**

(Company No: 609423-V)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

Group	Reserves				Unappropriated profit RM '000	Total RM '000
	Share capital RM '000	Share premium RM '000	Merger deficit RM '000	Reserve on consolidation RM '000		
Balance at 1 April 2005	13,235	12,715	(7,900)	311	8,782	27,143
Net loss for the financial year	-	-	-	-	(2,058)	(2,058)
Balance at 31 March 2006	13,235	12,715	(7,900)	311	6,724	25,085
Net loss for the financial period	-	-	-	-	(380)	(380)
Balance at 30 June 2006	13,235	12,715	(7,900)	311	6,344	24,705

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the notes to interim financial report and the Audited Financial Statements for the financial year ended 31 March 2006.

**INGENUITY SOLUTIONS BERHAD**

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

**1.0 Notes In Compliance With FRS 134**

**1.1 Accounting Policies and Method of Computation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134 (Interim Financial Reporting) and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2006.

Ingenuity Microsystems Sdn Bhd (IMSB) and Reliance Computer Centre Sdn Bhd (RCC) are both wholly owned subsidiaries of Ingenuity Solutions Berhad.

The accounting policies and method of computation adopted by Ingenuity Solutions Berhad ("ISB") in the preparation of these quarterly financial statements are consistent with those normally adopted in the preparation of the financial statements of the ISB Group ("Group") for the financial year ended 31 March 2006 except for the adoption of the new and revised financial reporting standards ("FRS") and interpretations issued by Malaysian Accounting Standards Board that are effective for annual periods beginning on or after 1 January 2006 which are relevant to the Group's operations.

The adoption of these new and revised FRS and interpretations by the ISB Group did not result in any significant financial impact.

**1.2 Audit Report**

There were no qualifications on the audited financial statements for the Company and subsidiary companies for the financial year ended 31 March 2006.

**1.3 Seasonal or Cyclical Factors**

The results for the quarter under review were not affected by seasonal or cyclical factors.

**1.4 Unusual Items**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

**1.5 Changes in Estimates**

There were no changes in estimates of amounts reported that have a material effect in the quarter under review.

**1.6 Debts and Equity Securities**

No shares were issued during the quarter or year under review.

**1.7 Dividend**

No dividends were declared or paid during the quarter.

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### NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006

#### 1.8 Segment Information

All business are transacted in Malaysia and generated from information technology related business.

#### 1.9 Revaluation of Property, Plant and Equipment

The Group did not carry out any valuation on its property, plant and equipment.

#### 1.10 Material Events Subsequent to the end of the Reporting

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements for the said period as at the date of issue of this quarterly report.

#### 1.11 Changes in the Composition of the Company

There were no changes in the composition of the Company during the quarter under review.

#### 1.12 Contingent Liabilities

The Group does not have any contingent liabilities as at 30 June 2006.

#### 2.0 Notes In Compliance With Bursa Malaysia Securities Berhad listing requirements

##### 2.1 Review of the performance of the company and its principal subsidiaries

For the financial period ended 30 June 2006, the Group recorded revenue of RM2.48 million as compared to the preceding corresponding period ended 30 June 2005 of RM3.10 million due to lower billings for enterprise applications during the months of April and May 2006. The Group correspondingly recorded a loss before and after tax of RM0.33 million and RM0.38 million respectively as compared to the preceding corresponding period's PBT and PAT of RM0.22 million and RM0.19 million respectively.

##### 2.2 Material changes in the quarterly results compared to the results of the preceding quarter

For the current quarter under review, revenue was RM2.48 million as compared to the previous quarter ended 31 March 2006 of RM2.23 million, representing a quarter-to-quarter improvement of 11.21% which is mainly attributable to improved progress billings made in the current quarter. As a result of a higher amortisation charge made in the preceding quarter, the Group's preceding quarter loss before and after tax was at RM2.07 million in comparison to the current quarter' loss before and after tax of RM0.33 million and RM0.38 million representing a quarter-to-quarter improvement of 84.06% and 81.64%.

##### 2.3 Prospects for Year 2006/07

The Group expects its overall financial performance to be satisfactory for the financial year 2007, impending the improving business climate in the ICT sector.

##### 2.4 Variance of Actual Profit from Forecast Profit

Not applicable.

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006****2.5 Taxation**

Details of taxation are as follows:-

	<b>Current year's quarter 30.6.2006 RM'000</b>	<b>Current year to date 30.6.2006 RM'000</b>
Provision of tax based on results for the quarter/year	<u>(49)</u>	<u>(49)</u>

The effective tax rate of the Group's profit is lower than the statutory tax rate mainly due to the availability of tax incentive as IMSB has obtained pioneer status for income derived from Multimedia Super Corridor projects.

**2.6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties**

There were no purchase or disposal of unquoted investments and/or properties for the financial period.

**2.7 Purchase or Disposal of Quoted Securities**

There was no purchase or disposal of sales of quoted securities for the quarter under review.

**2.8 Corporate Proposal**

As at 30 June 2006, the status of utilisation of proceeds raised from the Initial Public Offering is as follows:-

	<b>Total amount of proceeds RM'000</b>	<b>Amount utilised RM'000</b>	<b>Amount unutilised RM'000</b>
Research and development	7,500	5,192	2,308
Working capital	7,925	6,363	1,562
Repayment to Xplonet Capital Sdn.	500	500	-
Estimated listing expenses	2,500	2,360	140
	<u>18,425</u>	<u>14,415</u>	<u>4,010</u>

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006****2.9 Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resales of treasury shares for the current quarter and year to-date.

**Group Current Borrowings (All in Local Currency)**

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
Hire purchase arrangements	-	22	22
	-	22	22

**Group Non-Current Borrowings (All in Local Currency)**

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
Hire purchase arrangements	-	92	92
	-	92	92

**2.10 Off Balance Sheet Financial Instruments**

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

**2.11 Material Litigation**

There were no material litigations involving the Group as at 30 June 2006.



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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006****2.12 (Loss)/Earnings per Share**

	<b>Current year's quarter 30.6.2006</b>	<b>Current year to date 30.6.2006</b>
Net loss (RM'000)	(380)	(380)
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	132,352	132,352
- Additions during the quarter/year	-	-
	<b>132,352</b>	<b>132,352</b>
Basic loss per share (sen)	(0.29)	(0.29)
Dilluted loss per share (sen)	(0.29)	(0.29)
	<b>Preceding year corresponding quarter 30.6.2005</b>	<b>Preceding corresponding year to date 30.6.2005</b>
Net profit (RM'000)	191	191
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	132,352	132,352
- Additions during the quarter/year	-	-
	<b>132,352</b>	<b>132,352</b>
Basic earnings per share (sen)	0.14	0.14
Dilluted earnings per share (sen)	0.14	0.14

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**NOTES TO INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2006****2.13 Significant Related Party Transactions**

The following is a summary list of related parties transactions with such parties for the first quarter ended 30 June 2006:-

	<b>Current year's quarter 30.6.2006 RM'000</b>	<b>Current year to date 30.6.2006 RM'000</b>
Rental expenses to a company in which certain Directors	<u>27</u>	<u>27</u>
Rental expenses to a company in which certain have interest	<u>22</u>	<u>22</u>
Rental expenses to a corporate shareholder	<u>17</u>	<u>17</u>
Revenue from companies in which certain shareholders have interest	<u>774</u>	<u>774</u>
Revenue from a company in which certain Directors have have interest	<u>862</u>	<u>862</u>