

INGENUITY SOLUTIONS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	UNAUDITED AS AT 30/9/2011 RM'000	AUDITED AS AT 31/03/2011 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	739	832
Intangible assets	6,658	7,166
	7,397	7,998
CURRENT ASSETS		
Inventories	281	49
Trade receivables	11,126	3,133
Other receivables	2,154	83
Tax recoverable	20	20
Fixed deposits with licensed bank	2,200	500
Cash and cash equivalent	11,536	500
	27,317	4,285
TOTAL ASSETS	34,714	12,283
EQUITY AND LIABILITIES		
EQUITY		
Share capital	38,878	14,559
Share premium	12,169	12,864
Reserves	(16,775)	(15,411)
TOTAL EQUITY	34,272	12,012
NON CURRENT LIABILITIES		
Deferred taxation	-	-
	-	-
CURRENT LIABILITIES		
Trade payables	232	187
Other payables	210	84
	442	271
TOTAL LIABILITIES	442	271
TOTAL EQUITY AND LIABILITIES	34,714	12,283
Net Assets per share attributable to ordinary equity holders of the company (sen)	8.82	8.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2011 and accompanying explanatory notes to this interim financial statements.

INGENUITY SOLUTIONS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE ENDED	CORRESPONDING
	ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	10,653	922	13,481	2,194
Loss from operations	(715)	(157)	(749)	(166)
Other income	30	17	32	23
Depreciation, amortization and impairment losses	(324)	(226)	(647)	(454)
Loss before tax	(1,009)	(366)	(1,364)	(597)
Income tax (expense) / benefit	-	-	-	-
Loss after tax for the period	(1,009)	(366)	(1,364)	(597)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(1,009)	(366)	(1,364)	(597)
Total comprehensive loss attributable to:				
Equity holders of the Company	(1,009)	(366)	(1,364)	(597)
Basic loss per share (sen)	(0.30)	(0.28)	(0.57)	(0.45)
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2011 and accompanying explanatory notes to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

	Attributable to Equity Holders of the Company					
	Share capital	Share premium	Merger deficit	Warrants reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2011	14,559	12,864	(7,900)	-	(7,511)	12,012
Rights issue funds received	24,319	-	-	-	-	24,319
Rights issue expenses	-	(695)	-	-	-	(695)
Right issue warrants reserve	-	-	-	8,208	(8,208)	-
Total comprehensive loss for the year	-	-	-	-	(1,364)	(1,364)
As at 30 September 2011	38,878	12,169	(7,900)	8,208	(17,083)	34,272
Balance as at 1 April 2010	13,235	12,715	(7,900)	-	(6,100)	11,950
Total comprehensive loss for the year	-	-	-	-	(597)	(597)
As at 30 September 2010	13,235	12,715	(7,900)	-	(6,697)	11,353

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2011 and accompanying explanatory notes to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

	CURRENT YEAR TO DATE ENDED 30/9/2011 RM'000	PRECEDING YEAR TO DATE ENDED 30/9/2010 RM'000
Net cash generate from operating activities	(10,843)	(47)
Net cash used in investing activities	(45)	-
Net cash generated from financing activities	23,624	-
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>12,736</u>	<u>(47)</u>
Cash and Cash Equivalents At Beginning of Financial period	1,000	1,527
Cash and Cash Equivalents At End of Financial Period	<u><u>13,736</u></u>	<u><u>1,480</u></u>
Cash and Cash Equivalents Comprise of :		
Cash and bank balances	11,536	480
Fixed deposits with a licensed bank	<u>2,200</u>	<u>1,000</u>
	<u><u>13,736</u></u>	<u><u>1,480</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2011 and accompanying explanatory notes to this interim financial statements.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") - INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 - "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market. The interim financial report should be read in conjunction with the annual audited financial statement of the Group for the financial year ended 31 March 2011. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to give an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2011 except for the adoption of the following New FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations and Technical Releases ("TR") that are effective for annual periods beginning on and after :

1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operations
IC Interpretation 17	Distribution of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

31 December 2010

TR 3	Guidance on Disclosure of Transition to IFRSs
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1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-Time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments : Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investment in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments : Recognition and Measurements
IC Interpretation 4	Determining Whether an Arrangement contains a Lease

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

A1 Basis of preparation (Cont'd)

1 January 2011 (Cont'd)

IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
TR i-4	Shariah Compliant Sale Contracts

The adoption of the new FRSs, amendments to FRSs, IC Interpretations and TR did not have any significant effect on the financial performance or position of the Group.

The Group has not adopted the following FRS, IC Interpretations and Amendment to IC effective for annual periods beginning on and after :

1 July 2011

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

1 January 2012

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

The above FRS, IC Interpretations and Amendment to IC are not expected to have a material impact to the financial statements of the Group in the initial period of application.

A2 Auditors' Report of Preceding Annual Financial Statements

There were no qualifications to the audited financial statements for the Company and its subsidiaries for the financial year ended 31 March 2011.

A3 Seasonal or cyclical factors

The Group is subjected to the cyclical effects of the global and Malaysia technology industry.

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

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

A5 Changes in estimates

There were no significant changes in the estimates of amounts reported which have a material effect in the current quarter results under review.

A6 Debt and equity securities

During the current quarter and financial year to date, the Company increased its issued and paid up ordinary shares capital to 388,777,236 ordinary shares of RM0.10 each by way of issuance of 243,189,716 new ordinary shares of RM0.10 each pursuant to a renounceable rights issue exercise. The Company also issued 182,392,287 new detachable warrants pursuant to the renounceable right issue on the basis of three (3) warrants for every four (4) Right Shares subscribed.

The Right issue was completed on 22 July 2011 and the shares were listed on 22 July 2011.

Other than the above, there were no issuances, cancellations, repurchases, resale and other repayments of debts and equity securities during the current quarter.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

A7 Dividend

There was no dividend declared or paid during the quarter under review.

A8 Segmental Information

Business segment information is not presented as the Group is principally involved in Information technology related business and traded only in Malaysia.

A9 Valuation of property, plant and equipment

The Group did not carry out any revaluation on its assets since the previous audited financial statements.

A10 Material events subsequent to the end of the interim reporting period

There is no material event affecting the Group subsequent to the current quarter under review.

A11 Changes in the composition of the Group

- (a) On 1 April 2011, Ingenuity Microsystems Sdn Bhd, a wholly owned subsidiary of Ingenuity Solutions Bhd ("ISB"), acquired the entire two (2) ordinary shares of RM1.00 each representing 100% equity interest in Austral Diversified Sdn. Bhd. ("ADSB") for a total consideration of RM2.00.

ADSB is a private limited company incorporated in Malaysia on 2 March 2011. The authorised share capital of ADSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and total issued and paid up capital of RM2.00 comprising of 2 ordinary shares of RM1.00 each. Presently, ADSB is dormant and would be carrying out Local and Overseas Joint Ventures in IT related business and products.

Following the Acquisition, ADSB becomes a wholly owned sub-subsiary of ISB.

- (b) On 8 April 2011, Ingenuity Solutions Bhd ("ISB") acquired the entire two (2) ordinary shares of RM1.00 each representing 100% equity interest in Hallmark Avenue Sdn Bhd ("HASB") for a total consideration of RM 2.00 .

HASB is a private limited company incorporated in Malaysia on 18 March 2011. The authorised share capital of HASB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and the total issued and paid up capital is RM2.00 comprising of 2 ordinary shares of RM1.00 each. HASB would be carrying out Supplies and Distributions of IT Hardware and Software and other IT related business and products.

Following the acquisition, HASB becomes a wholly owned subsidiary of ISB.

- (c) On 6 May 2011, Ingenuity Solutions Bhd ("ISB") has incorporated a wholly owned subsidiary, Ingenuity Care Sdn. Bhd. ("ICSB") under the Companies Act, 1965. The authorised share capital of ICSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each and total issued and paid up capital is RM10.00 comprising 10 ordinary shares of RM1.00 each.

ICSB will provide extended warranty services to retail based users as well as small businesses. The extended warranty will cover mainly three categories of products, namely desktop PC, notebook and mobile phone. ICSB will focus on development of the services product, marketing and provision of high level responsiveness and quality support services. ICSB plans to market and distribute the extended warranty services as an optional to value added to end users.

A12 Contingent Assets and Contingent Liabilities

There were no changes in contingent liabilities or contingent assets as at the end of the current year to date.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE ACE MARKET

B1 Review of performance of the Company and its principal subsidiaries

The Group revenue for the 2nd quarter ended 30 September 2011 (Q2-2011/12) of RM 13.48 million representing an improvement of RM 11.29 million or increase of 515.5% as compared to RM 2.19 million in preceding year's corresponding quarter (Q2-2010/11) which mainly attributable to the improved revenue from hardware distribution with minimum low margin.

The Group registered a pre-tax loss of RM 1.36 million in Q2-2011/12 as compared to RM 0.60 million in Q2-2010/11. Current year pre-tax loss was mainly due to lower sales in FMS & CRM standard software products and subsequent increase in manpower costs, administrative expenses and amortisation charges.

B2 Material change in the quarterly results compared to the results of the immediate preceding quarter

The current quarter (Q2-2011/12) revenue of RM 10.65 million represents an increase of RM 7.82 million or 276.3% over the preceding quarter (Q1-2011/12) revenue of RM 2.83 million. The pre-tax loss of RM 1.01 million for the current quarter as compared to pre-tax loss of RM0.36 million for the immediate preceding quarter mainly due to lower revenue in standard software products of FMS & CRM, and lower margin captured from hardware distribution and the gradual increase in manpower costs and administrative expenses for progress payments for the proposed acquisition of Vistavision Resources Sdn Bhd.

B3 Current year prospects

The Group continues to explore new business opportunities and to improve the overall business performance. The Board is of the view that due to uncertainty in the global economy, the remaining year continues to be challenging for the Group.

B4 Profit Forecast/Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group.

B5 Taxation

	Current Quarter Ended	Current Year-To-Date Ended
	30/9/2011	30/9/2011
	RM'000	RM'000
In respect of the quarter/ year to date :-		
- Malaysia income tax	-	-
-Deferred tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

B6 Sale of unquoted investments and/or properties

There were no purchases or disposals of unquoted investments and/or properties for the current quarter.

B7 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

B8 Corporate proposals

- (i) Status of corporate proposals announced but not completed as at 1 November 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report).

On 12 May 2011, Ingenuity Solutions Berhad ("ISB") executed a Memorandum of Understanding ("MOU") with Ingens Network Sdn. Bhd. (formerly known as RCG Network Sdn. Bhd.) ("INSB") to explore the potential synergy of working together to expand into IT hardware and software distribution business.

INSB is a company incorporated in Malaysia having its registered office at No. 28, Ground Floor, Persiaran Jubilee, Off Jalan Loke Yew, 55200 Kuala Lumpur. The Authorised and Paid-up Capital of INSB is RM5,000,000 consists of 5,000,000 ordinary shares of RM1.00 each. The principal business activity of INSB is involved in distribution of information and communications technology ("ICT") related products.

It gives the exclusive rights for both companies to explore the potential working together, to synergise and create more shareholder value to both companies. The MOU shall be valid for 6 months from the date of the MOU ("Validity Period").

Both parties shall aim to enter into definite agreement within the Validity Period. In the event any party does not wish to continue on discussion by the end of the Validity Period, the MOU shall ipso facto cease and no further claims against any other party.

On 22 July 2011, The Board of Directors of ISB ("Board"), announced that the Company has terminated the MOU with the INSB and has on the even date, entered into a Heads of Agreement ("HOA") with Titanium and Landasan (collectively the "Vendors"), for the proposed acquisition of 100 ordinary shares of RM1.00 each in Vistavision Resources Sdn Bhd ("VVR"), representing the entire issued and paid up share capital of VVR ("Sale Shares"), for an indicative purchase consideration of RM15,452,000 ("Purchase Price") to be satisfied via the issuance of 154,520,000 new ordinary shares of RM0.10 each in ISB ("ISB Shares") at par to the Vendors ("Proposed Acquisition").

On 20 October 2011, the Company entered into a conditional Share Sale Agreement ("SSA") with the Vendors in relation to the Proposed Acquisition and Bursa announcement was made on the same day.

- (ii) The Proposed establishment of an employees' share option scheme ("ESOS") for the eligible employees and directors of ISB and its subsidiaries ("ISB Group" or "Group") ("Proposed ESOS") is yet to be implemented.

(iii) Completed Corporate Exercise during the quarter ended 30 September 2011

On 22 July 2011, ISB has completed the Right Issue with Warrants following the listing of and quotation for 243,189,716 Rights Issue together with 182,392,287 Warrants on the ACE Market of Bursa Securities on 22 July 2011.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

B8 Corporate proposals (Cont'd)

(iv) Status of utilisation of proceeds raised by the Company

As at 30 September 2011, the rights issue proceeds raised from the Company's right issue exercise is utilised as follows :

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for Utilisation	Deviation RM'000	Deviation %	Remark
Expansion of existing business	23,319	12,091	within 24 months	305	1%	
Corporate exercise expenses	1,000	695	within 3 months	(305)	30%	See * below
	<u>24,319</u>	<u>12,786</u>		<u>-</u>		

* For any decrease in the corporate exercise expenses, utilisation for the expansion of existing business will increase correspondingly.

B9 Off balance sheet financial instruments

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

B10 Material litigations

As at 1 November 2011 (being the latest practical date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

B11 Dividends

No dividend has been declared or paid for the current year to date ended 30 September 2011 (Comparative quarter ended 30 September 2010: Nil).

B12 Loss Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/9/2011	Preceding Year Corresponding Quarter Ended 30/9/2010	Current Year To-Date Ended 30/9/2011	Preceding Year Corresponding period Ended 30/9/2010
Loss attributable to equity holders of the Company (RM'000)	(1,009)	(366)	(1,364)	(597)
Weighted average number of shares in issue ('000 shares)	333,267	132,352	239,940	132,352
Basic loss per share (sen)	<u>(0.30)</u>	<u>(0.28)</u>	<u>(0.57)</u>	<u>(0.45)</u>

The fully diluted earnings per share is not disclosed as the effect on the assumed exercise of the share options under Warrants is anti-dilutive.

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NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2011

B13 Disclosure of Realised And Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed companies to disclose the breakdown of the unappropriated profits or accumulated losses as at end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issue guidance on the disclosure and the format required.

The determination of realised and unrealised profits is based on the Guideline of Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown accumulated losses of the Group as at the reporting date is as follows:

	As at	As at
	30/9/2011	30/6/2011
	RM'000	RM'000
Total accumulated losses of the Group :		
- Realised	(20,859)	(11,642)
Consolidated adjustments	3,776	3,776
	<u>(17,083)</u>	<u>(7,866)</u>

By Order of the Board

Ahmad Ruslan Zahari Bin Dato' Dr. Zakaria
Chief Executive Officer