

# INGENUITY SOLUTIONS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	UNAUDITED AS AT 31/3/2012 RM'000	AUDITED AS AT 31/03/2011 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	2,969	832
Intangible assets	6,149	7,166
Goodwill on consolidation	9,781	-
	<b>18,899</b>	<b>7,998</b>
<b>CURRENT ASSETS</b>		
Inventories	7,840	49
Trade receivables	38,616	3,133
Other receivables	4,629	83
Tax recoverable	20	20
Fixed deposits with licensed bank	2,800	500
Cash and cash equivalent	15,500	500
	<b>69,405</b>	<b>4,285</b>
<b>TOTAL ASSETS</b>	<b>88,304</b>	<b>12,283</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	54,329	14,559
Share premium	12,154	12,864
Reserves	(18,616)	(15,411)
<b>TOTAL EQUITY</b>	<b>47,867</b>	<b>12,012</b>
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	233	-
Hire Purchase creditors	108	-
	<b>341</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	33,180	187
Other payables	6,640	84
Hire Purchases creditors	43	-
Tax payable	233	-
	<b>40,096</b>	<b>271</b>
<b>TOTAL LIABILITIES</b>	<b>40,437</b>	<b>271</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>88,304</b>	<b>12,283</b>
 <b>Net Assets per share attributable to ordinary equity holders of the company (sen)</b>	 <b>8.81</b>	 <b>8.25</b>

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER ENDED	CORRESPONDING	TO DATE ENDED	CORRESPONDING
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	37,476	2,623	63,930	6,231
Cost of Sales	(36,311)	(2,188)	(61,627)	(5,375)
<b>Gross profit</b>	<b>1,165</b>	<b>435</b>	<b>2,303</b>	<b>856</b>
Other operating income	26	1	26	2
Gain/ (loss) on foreign exchange	33	-	33	7
Depreciation	(125)	(69)	(341)	(278)
(Allowance)/ write back of allowance and (write off)				
for impaired receivables	2	98	27	123
(Allowance)/ write back of allowance and (write off)				
for impaired inventories	(1)	(84)	1	(77)
Finance costs	(21)	-	(21)	-
Other operating expenses	(2,313)	(721)	(5,198)	(2,075)
<b>Results from operating activities</b>	<b>(1,234)</b>	<b>(340)</b>	<b>(3,170)</b>	<b>(1,442)</b>
Interest income	16	5	39	24
<b>Loss before taxation</b>	<b>(1,218)</b>	<b>(335)</b>	<b>(3,131)</b>	<b>(1,418)</b>
Taxation	(74)	7	(74)	7
<b>Loss after taxation for the period</b>	<b>(1,292)</b>	<b>(328)</b>	<b>(3,205)</b>	<b>(1,411)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(1,292)</b>	<b>(328)</b>	<b>(3,205)</b>	<b>(1,411)</b>
Total comprehensive loss attributable to :				
Equity holders of the Company	(1,292)	(328)	(3,205)	(1,411)
Basic loss per share (sen)	(0.28)	(0.25)	(0.97)	(1.06)
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Note:

Included in cost of sales, an amortisation of development cost of RM 0.254 million for Q4-2011/12 ( RM 0.156 million - Q4-2010/11) & current year to-date of RM 1.02 million and preceding correspondence year to-date of RM 0.626 million respectively.

During the quarter and Year-To-Date under review, there is no gain/(loss) on disposal of quoted or unquoted investments or properties, impairment of assets and gain/(loss) on derivatives.

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.

# INGENUITY SOLUTIONS BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

Attributable to Equity Holders of the Company						
----- Non-distributable -----						
	Share capital	Share premium	Merger deficit	Warrants reserve	Accumulated losses	Total equity
	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
Listing expenses	-	(710)	-	-	-	(710)
Right issue warrants reserve	-	-	-	8,208	(8,208)	-
Acquisition of subsidiary company	15,451	-	-	-	-	15,451
Total comprehensive loss for the year	-	-	-	-	(3,205)	(3,205)
As at 31 March 2012	54,329	12,154	(7,900)	8,208	(18,924)	47,867
Balance as at 1 April 2010	13,235	12,715	(7,900)	-	(6,100)	11,950
Issuance of shares arising from private placement	1,324	199	-	-	-	1,523
Corporate exercise expenses relating to private placement	-	(50)	-	-	-	(50)
Total comprehensive loss for the year	-	-	-	-	(1,411)	(1,411)
As at 31 March 2011	14,559	12,864	(7,900)	-	(7,511)	12,012

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.

INGENUITY SOLUTIONS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

	CURRENT YEAR TO DATE ENDED 31/3/2012 RM'000	PRECEDING YEAR TO DATE ENDED 31/3/2011 RM'000
<b>Cash Flows From Operating Activities</b>		
Loss before tax	(3,131)	(1,418)
Adjustments for :		
Non-cash items	1,337	1,032
Non-operating items	(39)	(24)
Operating loss before working capital changes	<u>(1,833)</u>	<u>(410)</u>
Changes in working capital		
Inventories	480	88
Receivables	(8,054)	(1,476)
Payables	(3,223)	(242)
Cash generated used in operations	<u>(12,630)</u>	<u>(2,040)</u>
Tax paid	(15)	(2)
Interest received	39	24
Net cash used in operating activities	<u>(12,606)</u>	<u>(2,018)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,258)	(3)
Proceeds from disposal of property, plant and equipment	-	22
Net cash inflow from acquisition of subsidiary company	6,555	-
Net cash from/ (used in) investing activities	<u>5,297</u>	<u>19</u>
<b>Cash Flows Financing Activity</b>		
Net proceeds from issuance of shares	23,609	1,472
Net cash from financing activity	<u>23,609</u>	<u>1,472</u>
<b>Cash And Cash Equivalents</b>		
Net increase/ (decrease)	16,300	(527)
<b>Cash And Cash Equivalent At Beginning of Period</b>	1,000	1,527
<b>Cash And Cash Equivalent At End of Period</b>	<u>17,300</u>	<u>1,000</u>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	15,500	500
Fixed deposits with a licensed bank	2,800	500
	<u>18,300</u>	<u>1,000</u>
Fixed deposits pledged with licensed bank	(1,000)	-
	<u>17,300</u>	<u>1,000</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 FOURTH QUARTER ENDED 31 MARCH 2012

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	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 FOURTH QUARTER ENDED 31 MARCH 2012**

**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 adoption of FRSs and amendments to FRSs are discussed below:

(a) FRS 3 Business Combinations (Revised) and Amendments to FRS 3

Revised FRS 3 - Business combinations, which is to be applied prospectively, continues to apply the acquisition method to business combinations, with some significant changes. All acquisition related costs, other than share and debts issue costs, should be expensed as incurred. The revised standard also requires any pre-existing interest in the acquiree to be measured at fair value with the gain or loss recognised in statement of comprehensive income. The measurement of non-controlling interest (previously known as minority interest) under the revised standard will be at either fair value, or at its proportionate interest in the identified assets and liabilities of the acquiree. The Group will apply the changes of revised FRS 3 prospectively.

(b) FRS 127 Consolidated and Separate Financial Statements

The main changes include the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of in the income statement. When an entity loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary, any remaining investment retained is remeasured at fair value at the date when control is lost and a gain or loss is recognised in the income statement. The term "minority interest" was replaced by the term "non-controlling interests" with new definition. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests, even if it results in the non-controlling interests having a deficit balance.

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

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on and after 1 January 2012, with exception of entities that are within the scope of MFRS 141 Agriculture (MFRS141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

**A1 Basis of preparation (Cont'd)**

**Malaysian Financial Reporting Standards (MFRS Framework) (Cont'd)**

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Group might be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition, if any, will be made retrospectively against opening retained profits.

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the difference. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements could be different if prepared under the MFRS Framework.

**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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter other than issuance of 154,520,000 new ordinary shares of RM0.10 each being Consideration Shares for the acquisition of the entire issued and paid up capital of VistaVision Resources Sdn. Bhd. ("VVR"). The acquisition was completed with the listing of the Ingenuity Solutions Berhad's ("ISB") shares on 21 February 2012.

**A7 Dividend**

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

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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

**A8 Segmental Information**

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:-

- (i) ICT Distribution Distribution of volume ICT products to resellers and retailers
- (ii) Enterprise Systems Enterprise and Hotel Management solutions

Segmental information for the Group is presented as follows:

<u>12 months financial period</u> <u>ended 31 March 2012</u>	ICT	Enterprise	Other non-reportable	Total	Elimination	Total
	Distribution RM'000	Systems RM'000	segment RM'000	RM'000	RM'000	RM'000
Sales to external customer	55,163	8,767	-	63,930	-	63,930
Inter-segment sales	-	-	-	-	-	-
<b>Total sales</b>	<b>55,163</b>	<b>8,767</b>	<b>-</b>	<b>63,930</b>	<b>-</b>	<b>63,930</b>
Profit/ (Loss) before tax	121	(2,256)	(1,070)	(3,205)	-	(3,205)
<u>12 months financial period</u> <u>ended 31 March 2011</u>	ICT	Enterprise	Other non-reportable	Total	Elimination	Total
	Distribution RM'000	Systems RM'000	segment RM'000	RM'000	RM'000	RM'000
Sales to external customer	-	6,231	-	6,231	-	6,231
Inter-segment sales	-	-	-	-	-	-
<b>Total sales</b>	<b>-</b>	<b>6,231</b>	<b>-</b>	<b>6,231</b>	<b>-</b>	<b>6,231</b>
Profit/ (Loss) before tax	-	(1,107)	(304)	(1,411)	-	(1,411)

**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**

On 4 April 2012, the Board of Directors of ISB announced that Ingens Sdn Bhd, a 100% wholly owned subsidiary of Vistavision Resources Sdn Bhd, which in turn is a wholly owned subsidiary of ISB, had entered into a Memorandum of Sale to acquire a warehouse building annexed to a 3 storey building situated at No. 6, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan for a purchase consideration of RM10,050,000.00 at a Public Auction held on 3 April 2012 at the Auction Room, High Court Shah Alam, Bangunan Mahkamah Sultan Salahuddin Abdul Aziz Shah, Level 2, Annex Building, Persiaran Pengawai, Seksyen 5, Shah Alam, Selangor Darul Ehsan



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

**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 the total issued and paid up share capital of RM2.00 comprising 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-subsidiary 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 2 ordinary shares of RM1.00 each. HASB would be carrying out Supply and Distribution 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") 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.

- (d) On 21 February 2012, ISB has completed the acquisition of 100 fully paid ordinary shares of VistaVision Resources Sdn.Bhd. ("VVR") for a purchase consideration of RM15,452,000.00, which will be fully satisfied by the issuance of 154,520,000 new ordinary shares of the Company at issue price of RM0.10.

VVR was incorporated in Malaysia as a private limited company under the Act under its present name on 31 March 2011. VVR is principally an investment holding company and has 3 wholly-owned subsidiaries, direct and indirect, namely Ingens Sdn. Bhd. ("Ingens"), Inconnexion Communication Sdn. Bhd. and DSS Distribution Sdn. Bhd., which is wholly owned by Ingens. VVR's subsidiary companies are principally involved in the distribution of IT and telecommunication products and accessories. Its target markets are IT resellers throughout Malaysia.

The authorised share capital of VVR is RM100,00 comprising 100,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM100 comprising 100 ordinary shares RM1.00 each.

Upon completion of the above acquisition, VVR became wholly owned subsidiary company of ISB.

**A12 Contingent Assets and Contingent Liabilities**

The amounts of contingent liabilities as at the end of the current financial period as follows:

	31/3/2012 RM'000
Bank guarantee - secured over fixed deposit of a subsidiary company	1,000
Corporate guarantees to suppliers for trade credit facilities granted to subsidiary company	54,000
	<u>55,000</u>

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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

**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 4th quarter ended 31 March 2012 (Q4-2011/12) of RM63.93 million represents an improvement of RM 57.7 million or an increase of 926.2% as compared to RM6.23 million in preceding year's corresponding quarter (Q4-2010/11). The increase in revenue mainly due to the ICT distribution business which contributed RM55.16 million or 86.3% of the total revenue.

The Group registered a pre-tax loss of RM 3.13 million in Q4-2011/12 as compared to RM 1.41 million in Q4-2010/11. Current year pre-tax loss was mainly due to low profit margin charged from IT hardware distribution business and gradual increase in manpower costs, administrative expenses, amortisation charges and additional corporate exercise expenses incurred associated with the acquisition of Vistavision Resources ("VVR") group of companies as compared to previous corresponding year.

(i) ICT Distribution

Revenue derived from ICT Distribution for the fourth quarter and financial year ended 31 March 2012 were RM 33.96 million and RM 55.16 million respectively. The increase in revenue partially attributable to the VVR which was consolidated as part of the Group's result with effect from March 2012 which contributed RM 32.25 million or 50.4% for the group's revenue.

(ii) Enterprise Systems

Revenue derived from Enterprise Systems for the fourth quarter and financial year ended 31 March 2012 were RM3.52 million and RM8.77 million respectively. This segment registered higher loss for the financial year was mainly attributable to the increase in headcounts and depreciation & amortisation costs as compared to previous financial year.

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

The current quarter (Q4-2011/12) revenue of RM 37.48 million represents an increase of RM 24.51 million or 189.0% over the preceding quarter (Q3-2011/12) revenue of RM 12.97 million. The higher pre-tax loss of RM 1.22 million as compared to pre-tax loss of RM0.55 million for the immediate preceding quarter was mainly due to lower margin from IT distribution business and gradually increase of operating expenses.

**B3 Current year prospects**

(Commentary on next year)

Moving forward, the management's priority is to continue to penetrate into existing markets and to explore opportunities through development of new products and services. With the completed acquisition of VVR in fourth quarter of 2011/2012 and recent successfully secured the sole distributorship right from Packet One Networks (M) Sdn Bhd to supply P1 WIMAX brand throughout Malaysia may contribute positively to the group revenue and profitability. Furthermore, the Group has also taken steps to implement control measures in order to achieve greater operational efficiency and effectiveness. Barring any unforeseen circumstances, with all these strategies planned out and government's ICT friendly policies, the Board expects the Group to perform reasonably well in 2012/2013.

**B4 Profit Forecast/Profit Guarantee**

The Company has entered a profit guarantee with the Vendors on 20 October 2011 in relation to the profit guarantee to the Company on the audited profit after tax of Vistavision Resources Sdn Bhd. There was no shortfall in the profit guarantee by the Vendors for the first financial year ended 31 December 2011.

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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

**B5 Taxation**

In respect of the quarter/ year to date :-

- Malaysia income tax

-Deferred tax

	Current Quarter Ended 31/3/2012 RM'000	Current Year-To- Date Ended 31/3/2012 RM'000
	74	74
	-	-
	<u>74</u>	<u>74</u>

There was no provision for taxation for the Company as the Company incurred loss and the provision for taxation is respect of the Group for the chargeable income of subsidiary companies.

**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.

**B8 Corporate proposals**

- (i) Status of corporate proposals announced but not completed as at 22 May 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report).

On 2 March 2012, Hong Leong Investment Bank Berhad ("HLIB") had, on behalf of the Board of Directors of ISB, announced that ISB proposes to undertake the Proposals which entail the followings:

- (a) Proposed private placement of new ordinary shares of RM0.10 each in the in ISB ("ISB Shares"), representing up to 30% of the issued and paid-up share capital of ISB ("Placement Shares") ("Proposed Private Placement").
- (b) Proposed establishment of an employees' share option scheme ("ESOS") of up to 30% of the issued and paid-up share capital of ISB for the eligible employees and directors of ISB and its subsidiaries ("ISB Group") ("Proposed ESOS").
- (c) Proposed increase in the authorised share capital of the Company from RM100,000,000.00 comprising 1,000,000,000 ISB Shares to RM200,000,000.00 comprising 2,000,000,000 ISB Shares ("Proposed Increase in Authorised Share Capital"); and
- (d) Proposed amendments to the Memorandum and Articles of Association of ISB ("M&A") ("Proposed M&A Amendments").

On 2 March 2012, the Board of Directors of ISB announced that the Company is proposing to change its name from "Ingenuity Solutions Berhad" to "Ingenuity Consolidated Berhad" ("Proposed Change of Name"). The name "Ingenuity Consolidated Berhad" had been approved and reserved by the Companies Commission of Malaysia for the Company. The Proposed Change of Name is subject to the approval of the shareholders of the Company at the forthcoming Extraordinary General meeting to be convened at a date to be announced later. The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Certificate of Incorporation on Change Name of Company ( Form 13) by the Companies Commission of Malaysia.

On 3 April 2012, HLIB had, on behalf of the Board of Directors of ISB, announced that ISB have submitted the listing application to Bursa Malaysia Securities Berhad for the Proposals.

**INGENUITY SOLUTIONS BERHAD**

(Company No: 609423-V)

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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

**B8 Corporate proposals (Cont'd)**

**(iii) Status of utilisation of proceeds raised by the Company**

As at 31 March 2012, the rights issue proceeds raised from the Company's right issue exercise is utilised as follows :

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Intended timeframe for Utilisation</b>	<b>Deviation RM'000</b>	<b>Deviation %</b>	<b>Remark</b>
Expansion of existing business	23,319	14,195	within 24 months	305	1%	
Corporate exercise expenses	1,000	695	within 3 months	(305)	30%	See * below
	<u>24,319</u>	<u>14,890</u>		<u>-</u>		

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

**B9 Borrowing and debts Securities**

The Group's borrowings as at 31 March 2012 are as follows :-

	RM'000
<b>Hire Purchase</b>	
- Current	43
- Non-current	108
<b>Total</b>	<u>151</u>

**B10 Off balance sheet financial instruments**

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

**B11 Material litigations**

As at 22 May 2012 (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.

**INGENUITY SOLUTIONS BERHAD**

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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

**B12 Dividends**

No dividend has been declared or paid for the current year to date ended 31 March 2012 (Comparative quarter ended 31 March 2011 : Nil).

**B13 Loss Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/3/2012	Preceding Year Corresponding Quarter Ended 31/3/2011	Current Year To-Date Ended 31/3/2012	Preceding Year Corresponding period Ended 31/3/2011
Loss attributable to equity holders of the Company (RM'000)	(1,292)	(328)	(3,205)	(1,411)
Weighted average number of shares in issue ('000 shares)	456,698	133,476	331,246	133,476
Basic loss per share (sen)	(0.28)	(0.25)	(0.97)	(1.06)

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.

**B14 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 31/3/2012 RM'000	As at 31/12/2011 RM'000
<b>Total accumulated losses of the Group :</b>		
- Realised	(21,403)	(21,408)
-Unrealised	(233)	-
	(21,636)	(21,408)
Consolidated adjustments	2,712	3,776
	(18,924)	(17,632)

**By Order of the Board**

**Wong Hun Liang**  
Executive Director