

# INGENUITY CONSOLIDATED BERHAD

(f.k.a. Ingenuity Solutions Berhad)

(Company No: 609423-V)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	UNAUDITED AS AT 31/12/2012 RM'000	AUDITED AS AT 31/03/2012 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	15,539	2,969
Intangible assets	5,549	6,149
Goodwill on consolidation	9,781	9,781
	<u>30,869</u>	<u>18,899</u>
<b>CURRENT ASSETS</b>		
Inventories	11,373	7,840
Trade receivables	65,810	38,616
Other receivables	13,737	4,649
Fixed deposits with licensed bank	1,067	2,800
Cash and cash equivalent	1,721	15,500
	<u>93,708</u>	<u>69,405</u>
<b>TOTAL ASSETS</b>	<u>124,577</u>	<u>88,304</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	57,985	54,330
Reserves	(508)	(6,463)
	<u>57,477</u>	<u>47,867</u>
Non-Controlling Interest	(81)	-
<b>TOTAL EQUITY</b>	<u>57,396</u>	<u>47,867</u>
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	233	233
Term loan	4,998	-
Hire Purchase creditors	82	108
	<u>5,313</u>	<u>341</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	59,067	33,152
Other payables	1,346	6,668
Hire Purchases creditors	36	43
Term loan	863	-
Tax payable	556	233
	<u>61,868</u>	<u>40,096</u>
<b>TOTAL LIABILITIES</b>	<u>67,181</u>	<u>40,437</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>124,577</u>	<u>88,304</u>
<b>Net Assets per share attributable to Owners of the Parent (sen)</b>	<u>9.91</u>	<u>8.81</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2012 and accompanying explanatory notes to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	143,649	12,973	417,219	26,454
Cost of Sales	<u>(134,982)</u>	<u>(12,404)</u>	<u>(398,138)</u>	<u>(25,316)</u>
<b>Gross profit</b>	<b>8,667</b>	<b>569</b>	<b>19,081</b>	<b>1,138</b>
Other operating income	472	0 *	1,308	0 *
Gain/ (loss) on foreign exchange	(3)	(0) *	(2)	(0) *
Depreciation	(370)	(78)	(840)	(216)
(Allowance)/ write back of allowance and (write off) for impaired receivables	-	-	-	25
(Allowance)/ write back of allowance and (write off) for impaired inventories	0 *	2	0 *	2
Finance costs	(115)	-	(198)	-
Other operating expenses	<u>(4,605)</u>	<u>(1,058)</u>	<u>(12,483)</u>	<u>(2,885)</u>
<b>Results from operating activities</b>	<b>4,046</b>	<b>(565)</b>	<b>6,866</b>	<b>(1,936)</b>
Interest income	<u>1</u>	<u>16</u>	<u>51</u>	<u>23</u>
<b>Profit/ (loss) before taxation</b>	<b>4,047</b>	<b>(549)</b>	<b>6,917</b>	<b>(1,913)</b>
Taxation	<u>(337)</u>	<u>-</u>	<u>(1,043)</u>	<u>-</u>
<b>Profit/ (loss) after taxation for the period</b>	<b>3,710</b>	<b>(549)</b>	<b>5,874</b>	<b>(1,913)</b>
<b>Other comprehensive income for the period, net of tax</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income/ (loss) for the period</b>	<b>3,710</b>	<b>(549)</b>	<b>5,874</b>	<b>(1,913)</b>
Total profit/ (loss) / Comprehensive income/ (loss) attributable to :				
Owners of the parent	3,723	(549)	5,955	(1,913)
Non-Controlling Interest	<u>(13)</u>	<u>-</u>	<u>(81)</u>	<u>-</u>
	<u>3,710</u>	<u>(549)</u>	<u>5,874</u>	<u>(1,913)</u>
Basic earnings/ (loss) per share (sen)	<u>0.64</u>	<u>(0.14)</u>	<u>1.07</u>	<u>(0.66)</u>
Diluted earnings per share (sen)	<u>0.64</u>	<u>N/A</u>	<u>0.98</u>	<u>N/A</u>

Note:

\* - Amount less than RM1,000.00

N/A - Not applicable

Included in cost of sales, an amortisation of development cost of RM 0.20 million for Q3-2012 ( RM 0.25 million - Q3-2011) & current year to-date of RM 0.60 million and preceding correspondence year to-date of RM 0.76 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 2012 and accompanying explanatory notes to this interim financial statements.

# INGENUITY CONSOLIDATED BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012

		Attributable to Equity Holders of the Company							
		----- Non-distributable -----							
	Share capital	Share premium	Merger deficit	Warrants reserve	Accumulated losses	Total	Non-Controlling interests	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 April 2012	54,330	12,153	(7,900)	8,208	(18,924)	47,867	-	47,867	
<u>Transactions with owners:</u>									
Subscription of shares in subsidiary companies	-	-	-	-	-	-	0 *	0 *	
Conversion of warrants	3,655	1,645	-	(1,645)	-	3,655	-	3,655	
Total transactions with owners	3,655	1,645	-	(1,645)	-	3,655	0 *	3,655	
Total comprehensive income/ (loss) for the period	-	-	-	-	5,955	5,955	(81)	5,874	
As at 31 December 2012	57,985	13,798	(7,900)	6,563	(12,969)	57,477	(81)	57,396	
Balance as at 1 April 2011	14,559	12,864	(7,900)	-	(7,511)	12,012	-	12,012	
<u>Transactions with owners:</u>									
Right issue funds received	24,319	-	-	-	-	24,319	-	24,319	
Right issue expenses	-	(710)	-	-	-	(710)	-	(710)	
Right issue warrant reserve	-	-	-	8,208	(8,208)	-	-	-	
Total transactions with owners	24,319	(710)	-	8,208	(8,208)	23,609	-	23,609	
Total comprehensive loss for the period	-	-	-	-	(1,913)	(1,913)	-	(1,913)	
As at 31 December 2011	38,878	12,154	(7,900)	8,208	(17,632)	33,708	-	33,708	

\* - Amount less than RM1,000.00

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 2012 and accompanying explanatory notes to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

	CURRENT YEAR TO DATE ENDED 31/12/2012 RM'000	PRECEDING YEAR TO DATE ENDED 31/12/2011 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit/ (loss) before tax	6,917	(1,913)
Adjustments for :		
Non-cash items	1,437	958
Non-operating items	147	(23)
Operating profit/ (loss) before working capital changes	<u>8,501</u>	<u>(978)</u>
Changes in working capital		
Inventories	(3,533)	(342)
Receivables	(36,220)	(14,712)
Payables	20,526	2,299
Cash generated from/ (used in) operations	<u>(10,726)</u>	<u>(13,733)</u>
Tax paid	(781)	-
Interest received	51	23
Interest paid	(198)	-
Net cash used in operating activities	<u>(11,654)</u>	<u>(13,710)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(13,418)	(632)
Proceeds from disposal of property, plant and equipment	9	25
Net cash used in investing activities	<u>(13,409)</u>	<u>(607)</u>
<b>Cash Flows Financing Activity</b>		
Proceeds from issuance of shares, net of share issuance expenses	3,655	23,609
Proceeds from investment by non-controlling interest	0 *	-
Drawdown of term loan	6,030	-
Repayment of obligations under hire purchase	(32)	-
Repayment of obligations under term loan	(169)	-
Net cash from financing activity	<u>9,484</u>	<u>23,609</u>
<b>Cash And Cash Equivalents</b>		
Net (decrease) / increase	(15,579)	9,292
<b>Cash And Cash Equivalent At Beginning of Period</b>	<u>17,300</u>	<u>1,000</u>
<b>Cash And Cash Equivalent At End of Period</b>	<u>1,721</u>	<u>10,292</u>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	1,721	8,292
Fixed deposits with a licensed bank	1,067	2,000
	<u>2,788</u>	<u>10,292</u>
Fixed deposits pledged with licensed bank	(1,067)	-
	<u>1,721</u>	<u>10,292</u>

\* - Amount less than RM1,000.00

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2012 and accompanying explanatory notes to this interim financial statements.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN REPORTING STANDARD 134 ("MFRS 134") - INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134 - "Interim Financial Reporting" in Malaysia and IAS 34, Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual audited financial statement of the Group for the financial year ended 31 March 2012. The consolidated financial statements of the Group as at end of the year ended 31 March 2012 were prepared in accordance with Financial Reporting Standards ("FRSs").

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any significant financial impact to the financial statements of the Group.

**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 2012.

**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 financial quarter.

**A7 Dividend**

There was no dividend paid during the quarter under review.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 telecommunication devices to resellers and retailers |
| (ii) Business software solutions | Enterprise and Hotel Management solutions   |

Segmental information for the Group is presented as follows:

<u>9 months financial period</u> <u>ended 31 December 2012</u>	ICT Distribution RM'000	Business Software Solutions RM'000	Other non-reportable segment RM'000	Total RM'000	Elimination RM'000	Total RM'000
Sales to external customer	408,249	8,970	-	417,219	-	417,219
Inter-segment sales	-	-	-	-	-	-
<b>Total sales</b>	<b>408,249</b>	<b>8,970</b>	<b>-</b>	<b>417,219</b>	<b>-</b>	<b>417,219</b>
Profit/ (loss) before tax	3,652	3,714	(449)	6,917	-	6,917
<u>9 months financial period</u> <u>ended 31 December 2011</u>	ICT Distribution RM'000	Business Software Solutions RM'000	Other non-reportable segment RM'000	Total RM'000	Elimination RM'000	Total RM'000
Sales to external customer	21,208	5,246	-	26,454	-	26,454
Inter-segment sales	-	-	-	-	-	-
<b>Total sales</b>	<b>21,208</b>	<b>5,246</b>	<b>-</b>	<b>26,454</b>	<b>-</b>	<b>26,454</b>
Profit/ (loss) before tax	19	(1,397)	(535)	(1,913)	-	(1,913)

**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**

- (i) On 22 January 2013, Ingens Sdn Bhd, a wholly owned sub-subsidiary of ICB, had entered into a conditional sale and purchase agreement with Evernew Notebook Sdn Bhd to purchase a unit of 31/2 storey shop offices bearing postal address at Nos. B-G-06, B-1-06, B-2-06 and B-3-06, Block B, Jalan Bangau 11, Bandar Puchong Jaya, off Jalan Puchong, 47170 Puchong, Selangor Darul Ehsan held under freehold land Geran 124548, Lot 5619 Pekan of Kinrara, District of Petaling Jaya and State of Selangor Darul Ehsan for a total consideration of RM1,200,000.00.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

**A11 Changes in the composition of the Group**

- (i) On 13 June 2012, Ingens Sdn Bhd (formerly known as Ingens Network Sdn Bhd ("Ingens"), a wholly-owned subsidiary of Vistavision Resources Sdn Bhd ("VVR"), which is ultimately wholly-owned by Ingenuity Consolidated Berhad ("ICB") (f.k.a Ingenuity Solutions Berhad), has incorporated a 100% owned subsidiary, Ingens Direct Sdn Bhd ("Ingens D") under the Companies Act, 1965.

The authorized share capital of Ingens D is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

Ingens D will be involved in manufacturing, assembling, refurbishment and installation of modem and other information communication technology (ICT) devices including logistics and distribution of ICT products and services.

- (ii) On 14 June 2012, Ingens DSS Sdn Bhd ("IDSS") (formerly known as DSS Distribution Sdn Bhd), a wholly owned subsidiary company of Ingens, which is ultimately wholly owned by ICB, has incorporated a 60% owned subsidiary, DSS Ikhlas Sdn Bhd ("DSSI") under the Companies Act, 1965.

The authorised share capital of DSSI is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM10.00 comprising 10 ordinary shares of RM1.00 each.

DSSI will be involved in import, export, retail, trading, marketing and promoting all types of consumable products including telecommunication, IT and multimedia accessories.

- (iii) On 1 August 2012, Ingens, a wholly-owned subsidiary of VVR, which is ultimately wholly-owned by ICB, has incorporated a 51% owned subsidiary, Ninezte Sdn Bhd ("Ninezte") under the Companies Act, 1965.

The authorized share capital of Ninezte is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM100.00 comprising 100 ordinary shares of RM1.00 each.

Ninezte will be involved in Distribution of Information Communication Technology (ICT) hardware and software, accessories and devices, and all related services.

- (iv) On 16 August 2012, Vistavision Resources Sdn Bhd ("VVR"), a wholly-owned subsidiary of ICB, has incorporated a 51% owned subsidiary, Unified Synergy Sdn Bhd ("USSB") under the Companies Act, 1965.

The authorised share capital of USSB is RM100,00.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM100.00 comprising 100 ordinary shares of RM1.00 each.

USSB will be involved in marketing of telecommunication and IT equipment services, products and solutions.

- (v) On 2 November 2012, the wholly owned subsidiary, VVR had increased its investment in its wholly owned subsidiary, Inconnexion Communication Sdn Bhd ("INCONNEX") from RM2.00 to RM1,000,000.00 representing its 100% equity participation in INCONNEX.

- (vi) On 26 November 2012, Vistavision Resources Sdn Bhd ("VVR"), a wholly owned Ingenuity Consolidated Berhad ("ICB") (f.k.a Ingenuity Solutions Berhad), has incorporated a wholly owned subsidiary, Ingens Commerce Sdn Bhd ("Ingens Com") under the Companies Act, 1965.

The authorised share capital of Ingens Com is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

Ingens Com will be involved in trading, reselling, retailing, marketing and promoting of all types of information technology and telecommunication and multimedia products, software, accessories and services.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

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

(vii) On 8 January 2013, Ingens Sdn. Bhd. ("Ingens"), a wholly owned sub-subsidiary of Ingenuity Consolidated Berhad ("ICB") had on 8 January 2013 disposed its entire shareholding of 51 ordinary shares of RM 1.00 each, representing 51% equity interest in Ninezte Sdn Bhd ("Ninezte") to existing shareholder, Ninetology Marketing Sdn. Bhd. for a cash consideration of RM1.00 ("the Disposal"). Subsequent to the disposal, Ninezte shall cease to be a subsidiary of Ingens.

(viii) On 21 January 2013, Ingenuity Consolidated Berhad ("ICB") (f.k.a Ingenuity Solutions Berhad ), has incorporated a wholly owned subsidiary, DPEG Services Sdn Bhd ("DPEG") under the Companies Act, 1965.

The authorised share capital of DPEG is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The total issued and paid-up capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

DPEG will be involved in providing courier services, delivery services and payment gateway services.

**A12 Contingent Assets and Contingent Liabilities**

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

	<b>31/12/2012</b> <b>RM'000</b>
Bank guarantee - secured over fixed deposits	1,067
Corporate guarantees to suppliers for trade credit facilities granted to subsidiary company	54,000
Corporate guarantees to financial institution for term loan and other banking facilities granted to subsidiary company	8,030
	63,097
	63,097

**A 13 Significant Related Party Transactions**

The significant related party transactions with companies in which a Director and major shareholder has interest are as follows:

	<b>Current Year- To- Date ended 31/12/2012 RM</b>
(i) Supplies of desktops / laptops hardware & other peripherals	110,219,941
(ii) Supplies of telecommunication devices & other peripherals	1,776,206
	111,996,147
(i) Purchase of IT notebooks, computers and computer accessories	(27,086,948)
(ii) Purchase of telecommunication products & other peripherals	(1,162,223)
(iii) Rental expenses	(487,464)
	(28,736,635)



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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 nine months period ended 31 December 2012 was RM 417.22 million represents an improvement of RM 390.77 million as compared to RM 26.45 million of the corresponding period in year 2011. The increase is mainly contributed by the ICT distribution business from Vistavision Resources Group ("VVR").

The Group registered a pre-tax profit of RM 6.92 million for the nine month period ended 31 December 2012 as compared to pre-tax loss of RM 1.91 million of the corresponding period in year 2011. The improvement in pre-tax profit mainly contributed by pre-tax profit of RM 3.65 million from ICT Distribution and RM 3.72 million from Business software solutions after setting off against pre-tax loss RM 0.45 million incurred non-reportable segment.

(i) ICT Distribution

ICT distribution revenue for nine months period ended 31 December 2012 was RM 408.25 million. The revenue mainly derived from the distribution segment which includes IT hardware ranging from laptops, desktops, telecommunications products to other ICT accessories of major brands notably Acer, Toshiba, MSI, Samsung and P1 Wimax brand of modems. For the nine months period ended 31 December 2012, ICT Distribution registered a pre-tax profit of RM 3.65 million as compared to pre-tax profit of RM 0.02 million of the corresponding period in year 2011 with an improvement in pre-tax profit of RM 3.63 million.

(ii) Business Software Solutions

Business software solutions revenue for the nine months ended 31 December 2012 was RM 8.97 million with an improvement of RM 3.72 million representing 70.86 % increase compared to RM 5.25 million of the corresponding period in year 2011. Business software solutions recorded a pre-tax profit of RM 3.72 million as compared to pre-tax loss of RM1.40 million of the corresponding period in year 2011 mainly due to improved sales of Business Software Solutions.

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

The current quarter (Q3 -2012 ) revenue was RM 143.65 million represents a decrease of RM 0.07 million as compared to immediate preceding quarter (Quarter 2-2012) revenue of RM 143.72 million. Current quarter recorded a pre-tax profit of RM 4.05 million as compared to pre-tax loss of RM 0.83 million for the immediate preceding quarter. The pre-tax profit for the current quarter under review mainly due to improved contribution from ICT Distribution and Business software solutions as compared to immediate preceding quarter.

**B3 Current year prospects**

In view of continuing of the global economy and financial uncertainties, the Board anticipates that the remaining year continues to be challenging for the Group. The Group will focus on greater group synergies and efficiency and managing costs. The group will continue to step up efforts in expanding existing operations to increase market share and venturing into businesses which complement existing businesses.

Barring any unforeseen circumstances, the Company aims to achieve a satisfactory financial performance for the financial year ending in 2013.

**B4 Profit Forecast/Profit Guarantee**

The Company has entered a profit guarantee with the Vendors that the forecast audited profit after tax of Vistavision Resources Sdn Bhd ("VVR") shall not be less than RM2.50 million for the financial year ending 31 December 2012. The VVR is fairly confident of meeting the profit guarantee.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

**B5 Taxation**

	Current Quarter Ended 31/12/2012 RM'000	Current Year-To- Date Ended 31/12/2012 RM'000
In respect of the quarter/ year to date :-		
- Malaysia income tax	337	1,043
-Deferred tax	-	-
	337	1,043

The effective tax rate of the of the Group for the current quarter and year to-date is lower than the Malaysian statutory tax rate due to utilisation of previous years' tax losses in a subsidiary.

**B6 Corporate proposals**

Status of corporate proposals announced but not completed as at 18 February 2013 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report).

**Corporate Exercise**

On 2 March 2012, Hong Leong Investment Bank Berhad ("HLIB") had, on behalf of the Board of Directors of Ingenuity Consolidated Berhad ("ICB") (f.k.a Ingenuity Solutions Berhad), announced that ICB proposes to undertake the Proposals which entail the followings:

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

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

**INGENUITY CONSOLIDATED BERHAD**  
**(f.k.a. Ingenuity Solutions Berhad)**

(Company No: 609423-V)

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

**B6 Corporate proposals (Cont'd)**

**Corporate Exercise (Cont'd)**

On 14 December 2012, HLIB had, on behalf of Board of Directors of ICB announced that Bursa Securities had, vide letter dated 14 December 2012, approved the listing and quotation of the following:

- (a) Up to 217,706,800 Placement Shares, representing up to 30% of the issued and paid-up ordinary share capital of INGENCO (excluding treasury shares) to be issued pursuant to the Proposed Private Placement.
- (b) Listing of such number of additional new ordinary shares of RM0.10 each of INGENCO ("INGENCO Shares") representing up to 30% of the issued and paid up share capital of INGENCO (excluding treasury shares) to be issued pursuant to the exercise of options under the Proposed ESOS.

The approval granted by Bursa Securities for the Proposed Private Placement is subject to the following conditions:-

Conditions imposed	Status of compliance
(a) INGENCO and HLIB must fully comply with the relevant provisions under the ACE Market Listing Requirements ("ACE LR") pertaining to the implementation of the Proposed Private Placement;	To be complied
(b) INGENCO and HLIB to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(c) INGENCO to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;	To be complied
(d) HLIB to furnish Bursa Securities with details of the places as per Rule 6.16 of ACE LR, prior to the issuance/allotment of shares to the placees, together with a confirmation that the placees do not fall within any of the category of persons specified in Rule 6.05(c) of the ACE LR.	To be complied

The approval granted by Bursa Securities for the Proposed ESOS is subject to the following conditions:

Conditions imposed	Status of compliance
(a) HLIB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.44(1) of the ACE LR stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	To be complied
(b) INGENCO is required to furnish Bursa Securities on quarterly basis a summary of the total number of ESOS shares listed as at the end of the quarter together with a detailed computation of listing fees payable.	To be complied

INGENCO is required to ensure full compliance of all requirements pertaining to the Proposed ESOS as provided under ACE LR at all times.

On 24 December 2012, HLIB had, on behalf of the Board of Directors of ICB, announced that ICB's extraordinary general meeting will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 17 January 2013 at 9.30 a.m. or any adjournment therefore.

On 17 January 2013, ICB shareholders had, in Extraordinary General Meeting held on this date, approved the followings:-

- (a) Proposed Private Placement of new ordinary shares of RM0.10 each in ICB representing up to 30% of the Issued and Paid-Up Share Capital of ICB.
- (b) Proposed Establishment of An Employees' Share Option Scheme for the Eligible Employees and Directors of ICB and its subsidiaries ("Proposed ESOS").
- (c) Proposed Increase in the Authorised Share Capital of ICB from RM100,000,000 comprising 1,000,000,000 ICB shares to RM200,000,000 comprising 2,000,000,000 ICB shares ("Proposed Increase in Authorised Share Capital"); and
- (d) Proposed Amendments to the Memorandum And Articles of Association of ICB ("Proposed M&A Amendments").
- (e) Proposed Shareholders' Ratification; and
- (f) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue of Trading Nature.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

**B7 Off balance sheet financial instruments**

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

**B8 Borrowing and debts Securities**

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

	RM'000
<b>Non Current</b>	
- Hire purchase	82
- Term loan	4,998
	5,080
<b>Current</b>	
- Hire purchase	36
- Term loan	863
	899

**B9 Material litigations**

As at 18 February 2013 (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.

**B10 Dividends**

No interim dividend has been declared during the quarter under review.

**B11 Earnings Per Share**

**(i) Basic Earnings Per Share**

	Current Year Quarter Ended 31/12/2012	Current Year To- Date Ended 31/12/2012
Profit attributable to Owners of the Parent (RM'000)	3,723	5,955
Weighted average number of shares in issue	579,849	558,067
Basic earnings per share (sen)	0.64	1.07

**(ii) Diluted Earnings Per Share**

	Current Year Quarter Ended 31/12/2012	Current Year To- Date Ended 31/12/2012
Profit attributable to the Owners of the Parent (RM'000)	3,723	5,955
Weighted average number of the shares in issue (' 000 )	579,849	558,067
Effects of dilution		
- Warrants ('000)	-	46,692
	579,849	604,759
Diluted earnings per share (sen)	0.64	0.98

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**B12 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 31/12/2012 RM'000	As at 31/3/2012 RM'000
<b>Total accumulated losses of the Group :</b>		
- Realised	(15,448)	(21,403)
-Unrealised	(233)	(233)
	<hr/>	<hr/>
	(15,681)	(21,636)
Consolidated adjustments	2,712	2,712
	<hr/>	<hr/>
	(12,969)	(18,924)
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**By Order of the Board**  
**Wong Hun Liang**  
**Executive Director**