

# INGENUITY CONSOLIDATED BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		UNAUDITED AS AT 31/3/2014 RM'000		AUDITED AS AT 31/03/2013 RM'000
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment		31,863		17,643
Intangible assets		2,536		5,350
Goodwill on consolidation		9,781		9,781
		<u>44,180</u>		<u>32,774</u>
<b>CURRENT ASSETS</b>				
inventories		25,232		15,240
Trade receivables		66,878		67,047
Other receivables		19,451		4,507
Fixed deposits with licensed bank		1,069		1,067
Cash and bank balances		13,849		5,131
		<u>126,479</u>		<u>92,992</u>
<b>TOTAL ASSETS</b>		<u>170,659</u>		<u>125,766</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		85,380		57,985
Reserves		12,831		(563)
		<u>98,211</u>		<u>57,422</u>
Non-Controlling Interest		(131)		(184)
<b>TOTAL EQUITY</b>		<u>98,080</u>		<u>57,238</u>
<b>NON CURRENT LIABILITIES</b>				
Deferred taxation		788		267
Borrowings	B8	5,550		5,379
		<u>6,338</u>		<u>5,646</u>
<b>CURRENT LIABILITIES</b>				
Trade payables		51,989		56,210
Other payables		5,543		3,965
Borrowings	B8	8,497		2,482
Tax payable		212		225
		<u>66,241</u>		<u>62,882</u>
<b>TOTAL LIABILITIES</b>		<u>72,579</u>		<u>68,528</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>170,659</u>		<u>125,766</u>
<b>Net Assets per share attributable to Owners of the Parent (sen)</b>		<u>11.50</u>		<u>9.90</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 2013 and accompanying explanatory notes to this interim financial statements.

INGENUITY CONSOLIDATED BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/3/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/3/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/3/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/3/2013 RM'000
Revenue	133,000	136,366	616,701	553,585
Cost of Sales	(125,680)	(132,356)	(598,308)	(530,494)
<b>Gross profit</b>	<b>7,320</b>	<b>4,010</b>	<b>18,393</b>	<b>23,091</b>
Other operating income	407	277	9,544	1,585
Gain/ (loss) on foreign exchange	72	72	(232)	70
Depreciation	(418)	(415)	(1,868)	(1,255)
(Allowance)/ write back of allowance and (write off) for impaired receivables	(111)	(89)	(142)	(89)
(Allowance)/ write back of allowance and (write off) for impaired inventories	(99)	(84)	(106)	(85)
Finance costs	(580)	(149)	(985)	(347)
Other operating expenses	(4,217)	(3,659)	(17,599)	(16,142)
<b>Results from operating activities before interest income and ESOS expenses</b>	<b>2,374</b>	<b>(37)</b>	<b>7,005</b>	<b>6,828</b>
Interest income	2	-	35	51
ESOS expenses	-	-	(4,000)	-
<b>Profit/ (loss) before taxation</b>	<b>2,376</b>	<b>(37)</b>	<b>3,040</b>	<b>6,879</b>
Taxation	(1,371)	(120)	(1,413)	(1,163)
<b>Profit/ (loss) after taxation for the period</b>	<b>1,005</b>	<b>(157)</b>	<b>1,627</b>	<b>5,716</b>
<b>Profit/ (loss) attributable to:</b>				
Owners of the parent	1,006	(54)	1,655	5,900
Non-Controlling Interest	(1)	(103)	(28)	(184)
	<b>1,005</b>	<b>(157)</b>	<b>1,627</b>	<b>5,716</b>
Basic earnings/ (loss) per share (sen)	0.12	(0.01)	0.21	1.05
Diluted earnings per share (sen)	N/A	N/A	N/A	0.99

**INGENUITY CONSOLIDATED BERHAD**

(Company No: 609423-V)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/3/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/3/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/3/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/3/2013 RM'000
Profit/ (loss) after taxation for the period	1,005	(157)	1,627	5,716
<b>Other comprehensive income</b>				
Revaluation of land and building	7,353	-	7,353	-
<b>Total other comprehensive income, net of tax</b>	<b>7,353</b>	<b>-</b>	<b>7,353</b>	<b>-</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>8,358</b>	<b>(157)</b>	<b>8,980</b>	<b>5,716</b>
<b>Total comprehensive income/ (loss) attributable to :</b>				
Owners of the parent	8,359	(54)	9,008	5,900
Non-Controlling Interest	(1)	(103)	(28)	(184)
	<b>8,358</b>	<b>(157)</b>	<b>8,980</b>	<b>5,716</b>

**Note : ESOS - Employee Share Options Scheme ; N/A - Not Applicable**

Included in cost of sales, an amortisation of development cost of RM 0.10 million for Q4-2013/14 ( RM 0.20 million - Q4-2012/13) and current year to-date of RM1.02 million and preceding correspondence year to-date of RM 0.80 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 Profit And Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2013 and accompanying explanatory notes to this interim financial statements.

# INGENUITY CONSOLIDATED BERHAD

(Company No: 609423-V)  
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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

	Attributable to Equity Holders of the Company										Total equity RM'000
	Non-distributable					Employee					
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Warrants reserve RM'000	Share Option reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Total RM'000	Controlling interests RM'000	
As at 1 April 2013	57,985	12,153	(7,900)	6,563	-	-	-	(11,379)	57,422	(184)	57,238
<u>Transactions with owners:</u>											
Issuance of shares arising from											
- private placement	17,395	440	-	-	-	-	-	-	17,835	-	17,835
Corporate exercise expenses relating to private placement	-	(54)	-	-	-	-	-	-	(54)	-	(54)
Subscription of shares in subsidiary company	-	-	-	-	-	-	-	-	-	81	81
Employees' Share Option Scheme											
- Granted	-	-	-	-	4,000	-	-	-	4,000	-	4,000
- Exercise	10,000	4,000	-	-	(4,000)	-	-	-	10,000	-	10,000
Total transactions with owners	27,395	4,386	-	-	-	-	-	-	31,781	81	31,862
Total comprehensive income	-	-	-	-	-	7,353	1,655	9,008	(28)	-	8,980
As at 31 March 2014	85,380	16,539	(7,900)	6,563	-	7,353	(9,724)	98,211	(131)	-	98,080
Balance as at 1 April 2012	54,330	12,153	(7,900)	8,208	-	-	(18,924)	47,867	-	-	47,867
<u>Transactions with owners:</u>											
Conversion of warrants	3,655	-	-	-	-	-	-	-	3,655	-	3,655
Transfer of warrant reserve to accumulated losses	-	-	-	(1,645)	-	-	1,645	-	-	-	-
Subscription of shares in subsidiary companies	-	-	-	-	-	-	-	-	-	0 *	0 *
Realisation upon disposal of subsidiary company	-	-	-	-	-	-	-	-	-	0 *	0 *
Total transactions with owners	3,655	-	-	(1,645)	-	-	1,645	3,655	0 *	-	3,656
Total comprehensive income	-	-	-	-	-	-	5,900	5,900	(184)	-	5,716
As at 31 March 2013	57,985	12,153	(7,900)	6,563	-	-	(11,379)	57,422	(184)	-	57,238

\* - 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 2013 and accompanying explanatory notes to this interim financial statements.

**INGENUITY CONSOLIDATED BERHAD**

(Company No: 608423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2014**

	CURRENT YEAR TO DATE ENDED 31/3/2014 RM'000	PRECEDING YEAR TO DATE ENDED 31/3/2013 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	3,040	6,879
Adjustments for :		
Non-cash items	9,074	298
Non-operating items	950	2,271
Operating profit before working capital changes	<u>13,064</u>	<u>9,448</u>
Changes in working capital		
Inventories	(10,097)	(7,484)
Receivables	(14,745)	(28,163)
Payables	(2,645)	20,289
Cash used in operations	<u>(14,423)</u>	<u>(5,910)</u>
Tax paid	(1,484)	(1,137)
Tax refunded	20	-
Interest received	35	49
Interest paid	(985)	(347)
Net cash used in operating activities	<u>(16,837)</u>	<u>(7,345)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(8,496)	(16,196)
Proceeds from disposal of property, plant and equipment	3	7
Proceed from disposal disposal of a subsidiary company	-	0 *
Discharge of fixed deposits pledged with a licensed bank	-	1,000 *
Net cash used in investing activities	<u>(8,493)</u>	<u>(15,189)</u>
<b>Cash Flows Financing Activity</b>		
Proceeds from issuance of shares	17,835	3,655
Proceeds from investment by non-controlling interest	81	0 *
Proceeds from issuance of shares arising from exercise of ESOS	10,000	-
Share issuance expenses	(54)	-
Drawdown of borrowings	12,026	8,030
Repayment of hire purchase creditors	(36)	(43)
Repayment of borrowings	(5,804)	(277)
Net cash from financing activity	<u>34,048</u>	<u>11,365</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>8,718</b>	<b>(11,169)</b>
<b>Cash And Cash Equivalent At Beginning of Period</b>	<b>6,131</b>	<b>17,300</b>
<b>Cash And Cash Equivalent At End of Period</b>	<b><u>14,849</u></b>	<b><u>6,131</u></b>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	13,849	5,131
Fixed deposits with a licensed bank	1,069	1,067
	<u>14,918</u>	<u>6,198</u>
Fixed deposits pledged with licensed bank	(69)	(67)
	<u>14,849</u>	<u>6,131</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 2013 and accompanying explanatory notes to this interim financial statements.

## INGENUITY CONSOLIDATED BERHAD

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### NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

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

##### A1 Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with MFRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the annual audited financial statement of the Group for the financial year ended 31 March 2013.

The accounting policies and methods adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013.

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on and after 1 April 2013. The adoption of these new and revised MFRSs and IC Interpretations are not expected to have any material financial impacts 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 2013.

##### 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 affect 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 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 FOURTH QUARTER ENDED 31 MARCH 2014

#### 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) Business software solutions | Enterprise and Hotel Management solutions                      |

Segmental information for the Group is presented as follows:

<u>For the financial period</u> <u>ended 31 March 2014</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	612,176	4,525	-	616,701	-	616,701
Inter-segment sales	80,398	207	-	80,605	(80,605)	-
<b>Total sales</b>	<b>692,574</b>	<b>4,732</b>	<b>-</b>	<b>697,306</b>	<b>(80,605)</b>	<b>616,701</b>
<b>Profit/ (Loss) before tax</b>	<b>109</b>	<b>3,348</b>	<b>(417)</b>	<b>3,040</b>	<b>-</b>	<b>3,040</b>

<u>For financial period</u> <u>ended 31 March 2013</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	541,254	12,331	-	553,585	-	553,585
Inter-segment sales	9,829	-	-	9,829	(9,829)	-
<b>Total sales</b>	<b>551,083</b>	<b>12,331</b>	<b>-</b>	<b>563,414</b>	<b>(9,829)</b>	<b>553,585</b>
<b>Profit/ (loss) before tax</b>	<b>3,420</b>	<b>4,567</b>	<b>(1,108)</b>	<b>6,879</b>	<b>-</b>	<b>6,879</b>

#### A9 Valuation of property, plant and equipment

The Group has engaged an external independent professional valuers Raine & Horne International Zaki + Partners Sdn Bhd to revalue a warehouse building annexed to a 3 storey office building at Hicom Glenmarie Industrial Park belonging to a wholly owned sub-sub diary company to determine the fair value of the property.

Arising from this exercise, a revaluation surplus of approximately RM 7.35 million was recognised during the quarter under review.

#### A10 Events subsequent to the end of the interim reporting period

- (i) On 2 April 2014, Ingens Sdn. Bhd. ("Ingens"), a wholly owned subsidiary of Vistelevision Resources Sdn Bhd ("VVR"), which in turn wholly owned by Ingenuity Consolidated Berhad ("ICB") has incorporated a wholly owned subsidiary, namely Ingens International Pte Ltd ("Ingens International") under the BVI Business Companies Act 2004 in British Virgin Islands.

The total issued and paid up share capital of Ingens International is USD 50,000.00 comprising 50,000 ordinary shares of USD 1.00 each.

Ingens International is trading in IT and tele-communication devices.

- (ii) On 16 April 2014, the sub-subsidiary of ICB, Unified Synergy Sdn Bhd has changed its name to Fox Consortium Distribution Sdn Bhd.
- (iii) On 22 April 2014, the wholly owned subsidiary company of ICB, DPEG Services Sdn Bhd has changed its name to Line Clear Express & Logistics Sdn Bhd.

## INGENUITY CONSOLIDATED BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

### NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

#### A11 Changes in the composition of the Group

On 25 November 2013, Ingens Sdn. Bhd. ("Ingens"), a wholly owned subsidiary of Vistavision Resources Sdn Bhd ("VVR"), which in turn wholly owned by Ingenuity Consolidated Berhad ("ICB") has incorporated a subsidiary, namely Ingens (Indonesia) Pte Ltd ("Ingens Indo") under the BVI Business Companies Act 2004 in British Virgin Islands.

The total issued and paid up share capital of Ingens Indo is USD 50,000.00 comprising 50,000 ordinary shares, whereby Ingens Sdn Bhd has 51% equity participation and the remaining 49% held by an Indonesian, David Lie.

Ingens Indo will be involved in distribution of ICT products.

#### A12 Contingent Liabilities

##### Legal claim

- (a) On 6th of March 2014, the Ingenuity Consolidated Berhad ("ICB" or "Company") and its sub-subsidiary, Ingens Sdn Bhd ("Ingens") was served a Writ of Summons and Statement of Claim by one of Ingens's supplier, Tele Dynamics Sdn Bhd ("TDSB") for RM3,775,112.30 which was inclusive of late interest charges of RM102,236.37 charged from 22nd October 2013 until 8th January 2014. The late interest will be imposed until the date of full settlement. The said interest rate is at 1.5% per month.

Based on Ingens's records as at 19.12.2013, the debt due to TDSB is RM2,495,409.93 ("Actual Outstanding"). At all material times, Ingens is ready and prepared to pay the Actual Outstanding to TDSB. Based on Ingens's records, there is no differential sum which was the reason why the Company had seek for substantiating documents for the differential sum which TDSB had failed to produce and yet the Company issued payment for Actual Outstanding according to the Company's records, TDSB refused acceptance of such payment and choose instead to institute a legal action. The Claim is expected to have no financial impact on the Company.

##### The Company had filed a statement of defense and counterclaim on 3rd April 2014 against the TDSB for :

- (i) Damages of RM1,000,000 for malicious prosecution;
- (ii) General damages to be assessed by court for abuse of court process;
- (iii) Exemplary damages is the sum of RM1,000,000;
- (iv) 5% interest on judgment sum from the date of filing until date of full settlement;
- (v) Cost on indemnity basis and any other orders which the the court deems fit.

##### The Ingens had also filed a statement of defense and counterclaim on 3rd April 2014 against the TDSB for :

- (i) Special damages of RM10,440,470.34;
- (ii) General damages to be assessed by court for fraud;
- (iii) General damages to be assessed by court for abuse of court process;
- (iv) Damages of RM1,000,000 for malicious prosecution;
- (v) Exemplary damages is the sum of RM1,000,000;
- (vi) 4% interest on the specific damages of RM10,440,475.03 from 1st February 2010 until the disposal of this suit;
- (vii) 5% interest on judgment sum from the date of filing until date of full settlement;
- (viii) Cost on indemnity basis and any other orders which the the court deems fit.



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**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014**

**A12 Contingent Liabilities (Cont'd)**

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

	<b>As at 31/3/2014 RM'000</b>
Bank guarantee - secured over fixed deposits	69
Corporate guarantees to suppliers for trade credit facilities granted to subsidiary company	106,028
Corporate guarantees to financial institution for term loan and other banking facilities granted to subsidiary company	19,020
	<u>125,117</u>

**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 31/3/2014 RM'000</b>
(i) Supplies of desktops / laptops hardware & other peripherals	171,393
(ii) Supplies of telecommunication devices & other peripherals	6,126
(iii) Provision of warehouse services	100
	<u>152,469</u>
(i) Purchase of IT notebooks, computers and computer accessories	5,268
(ii) Purchase of telecommunication products & other peripherals	1,286
(iii) Rental expenses	<u>1,286</u>

## INGENUITY CONSOLIDATED BERHAD

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### NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

#### **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 financial year ended 31 March 2014 was RM 616.70 million represents an improvement of RM 63.11 million as compared to RM 553.59 million in the corresponding financial year ended 2013. The improvement in revenue for the current financial year was mainly contributed by higher revenue from ICT distribution businesses of RM 612.18 million with an improvement of RM 70.93 million as compared to RM 541.25 million in corresponding financial year 2013.

The Group registered a pre-tax profit of RM 3.04 million for the financial year ended 31 March 2014 as compared to pre-tax profit of RM 6.88 million of the corresponding financial year in 2013. The lower pre-tax profit for the year was mainly due to the ICT distribution reported a lower pre-tax profit of RM 0.11 million as compared to pre-tax profit of RM 3.42 million in the corresponding financial year in 2013. In addition, there was a share based payment arising from granting of options to employees pursuant to the Employee Share Option Scheme ("ESOS") amounted to RM 4.0 million for the current financial year. By excluding the effect of the cost of options under ESOS of RM 4.0 million, the Group would be reporting a pre-tax profit of RM 7.04 million.

##### **(i) ICT Distribution**

ICT distribution revenue for financial year ended 31 March 2014 was RM 612.18 million. The revenue was mainly derived from the distribution segment which includes IT hardware ranging from laptops, desktops, telecommunications products to other ICT accessories. For the financial year ended 31 March 2014, ICT Distribution registered a pre-tax profit of RM 0.11 million as compared to pre-tax profit of RM 3.42 million in the corresponding year in 2013. The lower pre-tax profit was mainly due the cost of options under ESOS of RM 2.84 million and higher operating expenses. By excluding the cost the options under ESOS, ICT distribution would be reporting a pre-tax profit of RM 2.95 million.

##### **(ii) Business Software Solutions**

Business software solutions revenue for the financial year ended 31 March 2014 was RM 4.53 million as compared to RM 12.33 million in the corresponding year in 2013. Business software solutions recorded a pre-tax profit of RM 3.35 million as compared to pre-tax profit of RM 4.57 million in the corresponding year in 2013. The profit for the year under review was mainly contributed by the profits from the sale of intellectual property and ownership rights in two of the business software solutions namely First Accounting Software and First Point of Sale Software.

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

The current quarter (Q4 -2013/14 ) revenue was RM 133.0 million represents a reduction of RM 31.18 million as compared to immediate preceding quarter (Quarter 3 -2013/14) revenue of RM 164.18 million. Current quarter recorded a pre-tax profit of RM 2.38 million as compared to a pre-tax profit of RM 7.38 million for the immediate preceding quarter. The lower pre-tax profit for the current quarter under review as compared to immediate preceding quarter was mainly due to higher other operating income contributed from the sale of intellectual property and ownership rights in two of the business software solutions namely First Accounting Software and First Point of Sale Software in the immediate preceding quarter.

##### **B3 Prospects**

###### **(Commentary on next year)**

The Group is set to embark on a busy year ahead with Ingens Sdn Bhd ("Ingens"), a wholly-owned sub-subsidiary of the company, being recently appointed as the Authorized distributor/ Direct Partner in Malaysia for a period of one (1) year and renewal upon targets achieved by four (4) vendors namely, Mushkin Enhanced MFG, AsRock Inc., AcBel Polytech Inc. and Kingmax Technology Inc for the distribution of Storage Solutions, Hard Disk Drive, Flash Based Storage, Memory Module, Motherboard, Platform Solution and Universal Notebook Adapter. In addition, during the fourth quarter of the financial year, Ingens has entered into a Memorandum of Understanding ("MOU") with ZTE (Malaysia) Corporation Sdn. Bhd. ("ZTE") in relation to telecommunication devices ( such as smartphones, tablets and modems) and provision of on-site warranty services via the establishment of approximately 3,000 touch points (kiosks, flagship stores and etc) nationwide.

Moving forward, Ingenuity is expanding and establishing a strong foothold in the telecommunications distribution and services segments apart from the computer hardware and ICT accessories to capture a bigger share in the ICT industry.

## INGENUITY CONSOLIDATED BERHAD

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### NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014

#### B4 Profit Forecast/Profit Guarantee

The Company has entered a profit guarantee with the Vendors that the aggregate unqualified audited net profit after tax ("UANPAT") of Vistavision Resources Sdn Bhd ("VVR") for financial years ending ("FYE") 31 December 2011, 31 December 2012 and 31 December 2013 shall not be less than RM7.50 million and the UANPAT for each the financial years will not be less than RM2.50 million. VVR's unaudited profit after tax with excluding the effect of the cost of options under Employees' Share Option Scheme ("ESOS") is fairly consistent of meeting the profit guarantee. The aggregate UANPAT profit guarantees for three (3) financial years is consistently met read in conjunction to the explanation of the effect of ESOS on the UANPAT for FYE 31.3.2014 above.

#### B5 Taxation

	Current Quarter Ended 31/3/2014 RM'000	Current Year-To- Date Ended 31/3/2014 RM'000
Current income tax :		
- Current year	(1,285)	(1,327)
- (Over)/ under provision in prior year	48	48
	(1,237)	(1,279)
-Deferred tax	(134)	(134)
	(1,371)	(1,413)

The effective tax rate of the Group for the current year to-date is higher than the statutory tax rate of 25% due to certain expenses not deductible for tax purposes.

#### B6 Corporate proposals

There were no corporate proposals announced but not completed.

#### 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 March 2014 are as follows :-

	As at 31/3/2014 RM'000
<b>Non Current</b>	
- Hire purchase creditors	41
- Term loan	5,509
	5,550
<b>Current</b>	
- Banker's acceptances and short term loan	8,195
- Hire purchase creditors	31
- Term loan	271
	8,497
<b>Total Borrowings</b>	<b>14,047</b>

**INGENUITY CONSOLIDATED BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014****B9 Material litigations**

The material litigation faced by the Group is disclosed in A12 (a).

Save for the above, 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 31/3/2014	Current Year To- Date Ended 31/3/2014
Profit attributable to Owners of the Parent (RM'000)	1,006	1,655
Weighted average number of shares in issue	853,799	778,855
Basic earnings per share (sen)	0.12	0.21

**(ii) Diluted Earnings Per Share**

The diluted earnings per share for the current quarter and current year to date was not presented as the effect from the assumed conversion of the warrants and employees' share options would be anti-dilutive.

**B12 Disclosure of Realised And Unrealised Losses**

	As at 31/3/2014 RM'000	As at 31/3/2013 RM'000
<b>Total accumulated losses of the Group :</b>		
- Realised	(11,989)	(13,702)
- Unrealised	(168)	(267)
	(12,157)	(13,969)
Consolidated adjustments	2,433	2,590
	(9,724)	(11,379)

By Order of the Board

Lim Boon Hong

Executive Director