

**INGENUITY CONSOLIDATED BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2014**

	UNAUDITED AS AT 31/12/2014	AUDITED AS AT 31/03/2014
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	34,465	31,897
Intangible assets	2,060	2,536
Goodwill on consolidation	9,781	9,781
	<u>46,306</u>	<u>44,214</u>
<b>CURRENT ASSETS</b>		
Inventories	15,406	25,113
Trade receivables	88,883	64,188
Other receivables	13,023	15,961
Fixed deposits with licensed bank	1,000	1,069
Cash and bank balances	8,625	13,847
	<u>126,937</u>	<u>120,178</u>
<b>TOTAL ASSETS</b>	<u><u>173,243</u></u>	<u><u>164,392</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	93,380	85,380
Reserves	2,215	12,890
	<u>95,595</u>	<u>98,270</u>
Non-Controlling Interest	36	(132)
<b>TOTAL EQUITY</b>	<u>95,631</u>	<u>98,138</u>
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	764	764
Borrowings	7,593	5,498
	<u>8,357</u>	<u>6,262</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	56,679	46,448
Other payables	2,966	5,658
Borrowings	9,610	7,846
Tax payable	-	40
	<u>69,255</u>	<u>59,992</u>
<b>TOTAL LIABILITIES</b>	<u>77,612</u>	<u>66,254</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>173,243</u></u>	<u><u>164,392</u></u>
<b>Net Assets per share attributable to Owners of the Parent (sen)</b>	<u>10.24</u>	<u>11.51</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 2014 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 THIRD QUARTER ENDED 31 DECEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	99,300	164,182	288,591	483,701
Cost of Sales	<u>(95,518)</u>	<u>(158,152)</u>	<u>(285,650)</u>	<u>(472,628)</u>
<b>Gross profit</b>	<b>3,782</b>	<b>6,030</b>	<b>2,941</b>	<b>11,073</b>
Other operating income	1,328	8,563	1,791	9,137
Gain/ (loss) on foreign exchange	4	(219)	440	(304)
Depreciation	(579)	(513)	(1,630)	(1,450)
(Allowance)/ write back of allowance and (write off) for impaired receivables	(23)	-	(72)	(31)
(Allowance)/ write back of allowance and (write off) for impaired inventories	-	-	(2)	(7)
Finance costs	(389)	(127)	(1,235)	(405)
Other operating expenses	<u>(3,901)</u>	<u>(4,351)</u>	<u>(12,799)</u>	<u>(13,382)</u>
<b>Results from operating activities before interest income and ESOS expenses</b>	<b>222</b>	<b>9,383</b>	<b>(10,566)</b>	<b>4,631</b>
Interest income	2	-	34	33
ESOS expenses	-	(2,000)	(2,900)	(4,000)
<b>Profit/ (loss) before taxation</b>	<b>224</b>	<b>7,383</b>	<b>(13,432)</b>	<b>664</b>
Taxation	29	-	29	(42)
<b>Profit/ (loss) after taxation for the period</b>	<b>253</b>	<b>7,383</b>	<b>(13,403)</b>	<b>622</b>
<b>Profit/ (loss) attributable to:</b>				
Owners of the parent	256	7,385	(13,377)	649
Non-Controlling Interest	<u>(3)</u>	<u>(2)</u>	<u>(26)</u>	<u>(27)</u>
	<b>253</b>	<b>7,383</b>	<b>(13,403)</b>	<b>622</b>
Basic earnings/ (loss) per share (sen)	<u>0.03</u>	<u>0.91</u>	<u>(1.50)</u>	<u>0.09</u>
Diluted earnings/ (loss) per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

INGENUITY CONSOLIDATED BERHAD

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(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2013 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2013 RM'000
Profit/ (loss) after taxation for the period	253	7,383	(13,403)	622
Other comprehensive income for the period, net of tax				
Currency translation difference	14	-	11	-
Total other comprehensive income, net of tax	14	-	11	-
Total comprehensive income/ (loss) for the period, net of tax	267	7,383	(13,392)	622
Total comprehensive income/ (loss) attributable to :				
Owners of the parent	270	7,385	(13,366)	649
Non-Controlling Interest	(3)	(2)	(26)	(27)
	267	7,383	(13,392)	622

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

Included in cost of sales, an amortisation of development cost of RM 0.25 million for Q3-2014/15 ( RM 0.31 million - Q3-2013/14) and current year to-date of RM 0.76 million and preceding correspondence year to-date of RM 0.92 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 2014 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 2014

Attributable to Equity Holders of the Company											
----- Non-distributable -----											
	Share capital	Share premium	Merger deficit	Warrants reserve	Employee Share Option reserve	Exchange Translation reserve	Revaluation 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	RM'000	RM'000	RM'000
As at 1 April 2014	85,380	16,539	(7,900)	6,563	-	2	7,353	(9,667)	98,270	(132)	98,138
<u>Transactions with owners:</u>											
Change in interest in subsidiary company	-	-	-	-	-	-	-	(194)	(194)	194	-
Employees' Share Option Scheme	-	-	-	-	2,900	-	-	-	2,900	-	2,900
- Granted	-	(15)	-	-	-	-	-	-	7,985	-	7,985
- Exercise	8,000	(15)	-	-	-	-	-	-	-	-	-
Total transactions with owners	8,000	(15)	-	-	2,900	-	-	(194)	10,691	194	10,885
Net loss for the period	-	-	-	-	-	-	-	(13,377)	(13,377)	(26)	(13,403)
Foreign currency translation differences arising from a foreign subsidiary	-	-	-	-	-	11	-	-	11	-	11
Total comprehensive income/ (loss) for the period	-	-	-	-	-	11	-	(13,377)	(13,366)	(26)	(13,392)
Transfer to share premium for ESOS exercised	-	2,900	-	-	(2,900)	-	-	-	-	-	-
As at 31 December 2014	93,380	19,424	(7,900)	6,563	-	13	7,353	(23,238)	95,595	36	95,631
Balance 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
- Exercised	10,000	-	-	-	-	-	-	-	10,000	-	10,000
Total transactions with owners	27,395	386	-	-	4,000	-	-	-	31,781	81	31,862
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	-	649	649	(27)	622
Transfer to share premium for ESOS exercised	-	4,000	-	-	(4,000)	-	-	-	-	-	-
As at 31 December 2013	85,380	16,539	(7,900)	6,563	-	-	-	(10,730)	89,852	(130)	89,722

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 2014 and accompanying explanatory notes to this interim financial statements.

**INGENUITY CONSOLIDATED BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

	CURRENT YEAR TO DATE ENDED 31/12/2014 RM'000	PRECEDING YEAR TO DATE ENDED 31/12/2013 RM'000
<b>Cash Flows From Operating Activities</b>		
(Loss)/ profit before tax	(13,432)	664
Adjustments for :		
Non-cash items	5,376	8,275
Non-operating items	1,200	372
Operating (loss)/ profit before working capital changes	<u>(6,856)</u>	9,311
Changes in working capital		
Inventories	9,705	(8,741)
Receivables	(20,796)	(9,188)
Payables	7,967	(3,430)
Cash used in operations	<u>(9,980)</u>	(12,048)
Tax paid	(1,044)	(1,303)
Tax refunded	-	20
Interest received	34	33
Interest paid	(1,235)	(405)
Net cash used in operating activities	<u>(12,225)</u>	(13,703)
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(4,232)	(2,426)
Development costs	(285)	-
Discharged of fixed deposit pledged with licensed bank	69	-
Proceeds from disposal of property, plant and equipment	24	2
Net cash used in investing activities	<u>(4,424)</u>	(2,424)
<b>Cash Flows Financing Activity</b>		
Proceeds from issuance of shares, net of share issuance expenses	-	17,835
Proceeds from investment by non-controlling interest	0 *	81
Proceeds from issuance of shares arising from exercise of ESOS	8,000	10,000
Share issuance expenses	(15)	(54)
Repayment of hire purchase creditors	(42)	(27)
Net drawdown/ (repayment) of borrowings	3,473	(330)
Net cash from financing activity	<u>11,416</u>	27,505
Net decrease in cash and cash equivalents	(5,233)	11,378
Effect of forex translation differences	11	-
Cash And Cash Equivalent At Beginning of Period	14,847	6,131
Cash And Cash Equivalent At End of Period	<u>9,625</u>	<u>17,509</u>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	8,625	16,509
Fixed deposits with a licensed bank	1,000	1,067
	<u>9,625</u>	17,576
Fixed deposits pledged with licensed bank	-	(67)
	<u>9,625</u>	<u>17,509</u>

Note : \* - 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 2014 and accompanying explanatory notes to this interim financial statements.

## INGENUITY CONSOLIDATED BERHAD

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### NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 2014.

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 2014.

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 2014. 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 2014.

##### 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, resale and repayment of debt and equity securities for the current quarter under review.

##### 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 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:

	ICT Distribution	Business Software Solutions	Other non-reportable segment	Total	Elimination	Total
<u>For the financial period ended 31 December 2014</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customer	287,312	1,279	-	288,591	-	288,591
Inter-segment sales	104	188	-	292	(292)	-
<b>Total sales</b>	<b>287,416</b>	<b>1,467</b>	<b>-</b>	<b>288,883</b>	<b>(292)</b>	<b>288,591</b>
<b>Loss before tax</b>	<b>(11,097)</b>	<b>(1,342)</b>	<b>(993)</b>	<b>(13,432)</b>	<b>-</b>	<b>(13,432)</b>

  

	ICT Distribution	Business Software Solutions	Other non-reportable segment	Total	Elimination	Total
<u>For the financial period ended 31 December 2013</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customer	479,902	3,799	-	483,701	-	483,701
Inter-segment sales	-	174	-	174	(174)	-
<b>Total sales</b>	<b>479,902</b>	<b>3,973</b>	<b>-</b>	<b>483,875</b>	<b>(174)</b>	<b>483,701</b>
<b>(Loss)/ profit before tax</b>	<b>(3,347)</b>	<b>5,948</b>	<b>(1,937)</b>	<b>664</b>	<b>-</b>	<b>664</b>

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

There were no valuation of the property, plant and equipment in the current period under review.

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

- (i) On 21 January 2015, the Company has made an offer of 20,000,000 new share options pursuant to the Employees' Share Options Scheme ("ESOS") at an exercise price of RM0.10 per new ordinary shares to eligible persons.

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

- (i) On 2 April 2014, Ingens Sdn. Bhd. ("Ingens"), a wholly owned subsidiary of Vistavision Resources Sdn Bhd ("VVR"), which in turn wholly owned by Ingenuity Consolidated Berhad ("Ingenuity") 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.

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### NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014

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

- (ii) On 4 July 2014, Ingenuity had increased its investment in the capital of Uptown Excel Sdn Bhd ("UESB") from 2 ordinary shares of RM1.00 each ( represented 100% equity participation in UESB) to 51 ordinary shares of RM1.00 each ( representing 51% equity participation in UESB) by way of cash subscription of 49 ordinary shares of RM1.00 each at par in the capital of UESB , thereby UESB has become a 51% owned subsidiary of Ingenuity instead of a wholly owned subsidiary previously.

The remaining 49% equity participation in UESB is held by a Chinese citizen namely, Mr.Qiu Tao.

- (iii) On 3 September 2014, Ingenuity has transferred its entire 51% equity interest ( representing 51 ordinary shares of RM1.00 each ) in Uptown Excel Sdn Bhd ("UESB") to Line Clear Express & Logistics Sdn Bhd ["LCXLSB"] (formerly known as DPEG Services Sdn Bhd), a wholly owned subsidiary of Ingenuity.

It is an internal restructuring to streamline Ingenuity Group's business activities and there is no change in ultimate shareholding. The transfer consideration for the aforesaid 51 ordinary shares is at nominal value totaling RM 51.00.

- (iv) On 14 October 2014, Ingens DSS Sdn Bhd, ( a 100% owned sub-subsiary of Ingenuity ) had increased its investment in the capital of DSS Ikhlas Sdn Bhd from 6 ordinary shares of RM1.00 each ( represented 60% equity participation in DSS Ikhlas Sdn Bhd ) to 10 ordinary shares of RM1.00 each ( representing 100% equity participation in DSS Ikhlas Sdn Bhd) by way of acquisition of 4 ordinary shares of RM 1.00 at par for a total cash consideration of RM4.00 from the existing shareholder of DSS Ikhlas Sdn Bhd namely, Irene Foong.

It is an internal restructuring to streamline Ingenuity Group's business activities. DSS Ikhlas Sdn Bhd has temporary ceased its operations.

#### A12 Contingent Liabilities

##### Legal claim

As at 6 February 2015 (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 proceedings 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 save for the below:

- (a) On 6 March 2014, a third party had filed a Writ and Statement of Claim against the Company and Ingens Sdn Bhd ("ISB"), a wholly owned subsidiary company of Vistavision Resources Sdn Bhd, which in turn is a wholly owned subsidiary company of the Company for RM 3,775,112 for alleged good sold to ISB but not paid.

On the same day, ISB had sought for substantiate documents for the different sum which the third party failed to produce and yet when ISB issued payment for the actual outstanding amount of RM2,495,410 according to ISB's records, the third party refused acceptance of such payment and choose instead to institute a legal action.

The Company has filed a statement of defence against the claims and the quantum of damages that the Group will be seeking against third party is expected to be RM10,440,470.

The legal suit is currently pending for trial and the ultimate outcome of the case cannot presently be determined. The next case management is fixed on 6 March 2015.

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### NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014

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

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

	As at 31/12/2014 RM'000
Corporate guarantees to suppliers for trade credit facilities granted to subsidiary company	109,425
Corporate guarantees to financial institution for term loan and other banking facilities granted to subsidiary company	20,060
	<u>129,485</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:

	Current Year- To- Date ended 31/12/2014 RM'000
(i) Supplies of desktops / laptops hardware & other peripherals	65,855
(ii) Supplies of telecommunication devices & other peripherals	3,218
(i) Purchase of IT notebooks, computers and computer accessories	55,647
(ii) Rental expenses	<u>997</u>

## INGENUITY CONSOLIDATED BERHAD

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### NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 period ended 31 December 2014 was RM 288.59 million represents a decrease of RM 195.11 million as compared to RM 483.70 million in the corresponding financial period in year 2013. The decrease in revenue for the current financial period was mainly due to lower revenue from ICT distribution businesses of RM 287.31 million as compared to RM 479.90 million in corresponding financial period in year 2013.

The Group registered a pre-tax loss of RM 13.43 million for the financial period ended 31 December 2014 as compared to pre-tax profit of RM 0.66 million of the corresponding financial period in 2013. The pre-tax loss for the current financial period was attributed to lower profit margin from ICT Distribution segment as compared to corresponding financial period in 2013. In addition, higher profit in corresponding financial period in 2013, was also attributed to the profits from the sale of intellectual property and ownership rights of in two business software solutions.

###### (i) ICT Distribution

ICT distribution revenue for financial period ended 31 December 2014 was RM 287.31 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 period ended 31 December 2014, ICT Distribution registered a pre-tax loss of RM 11.10 million as compared to pre-tax loss of RM 3.35 million in the corresponding period in 2013. The higher pre-tax loss for the current financial period was attributed to lower profit margin due to competitive business environment.

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

Business software solutions revenue for the financial period ended 31 December 2014 was RM 1.28 million as compared to RM 3.80 million in the corresponding period in year 2013. Business software solutions recorded a pre-tax loss of RM 1.34 million as compared to pre-tax profit of RM 5.95 million in the corresponding period in year 2013. The profit in corresponding period in year 2013 was mainly attributed to the profits from the sale of intellectual property and ownership rights in two of the business software solutions.

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

The current quarter (Q3 -2014/15 ) revenue was RM 99.30 million represents an improvement of RM 3.59 million as compared to immediate preceding quarter (Quarter 2 -2014/15) revenue of RM 95.71 million. Current quarter recorded a pre-tax profit of RM 0.22 million as compared to a pre-tax loss of RM 11.21 million for the immediate preceding quarter. The improvement in the current quarter as compared to immediately preceding quarter was mainly due disposal of slow moving inventories and recognition cost of options under ESOS of RM 2.90 million in the immediate preceding quarter.

##### B3 Prospects

In view of global economy and financial uncertainty, the Group anticipates that the remaining quarter of the year to be challenging. The group will continue to enrich and enhance the products and services to increase the market share and improve efficiency in the Group's operations to achieve competitive edge.

##### B4 Profit Forecast/Profit Guarantee

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

##### B5 Taxation

	Current Quarter Ended 31/12/2014 RM'000	Current Year-To- Date Ended 31/12/2014 RM'000
Income tax :		
- Current year	-	-
-(Over)/ under provision in prior year	29	29
	<hr/>	<hr/>
	29	29
-Deferred tax	-	-
	<hr/>	<hr/>
	29	29

There is no provision for taxation for the current quarter and current year- to-date as the companies in the Group have incurred losses.

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### NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014

#### B6 Corporate proposals

Status of the corporate proposal announced but not completed as at 6 February 2015 (being the latest practical date which is not later than 7 days from the date of issue of this Quarterly Report).

On 23 July 2014, TA Securities Holdings Berhad ( "TA Securities") on behalf of the Board of Directors ("Board") announced that Ingenuity Consolidated Berhad ("Ingenuity") proposes to undertake the proposed private placement of new ordinary shares of RM0.10 each in Ingenuity representing not more than 10% of the issued and paid up share capital of Ingenuity (excluding treasury shares, if any) ("proposed Private Placement").

On 24 July 2014, TA Securities had , on behalf of the Board announced that Ingenuity have submitted an application to Bursa Malaysia Securities (" Bursa Securities") for the listing and quotation for the Placement Shares on the ACE Market of Bursa Securities.

On 7 August 2014, TA Securities on behalf of the Board announced that Bursa Securities had, vide its letter dated 7 August 2014, approved the listing of and quotation for up 119,953,000 new Ingenuity Shares (excluding treasury shares), to be issued pursuant to the Proposed Private Placement subject to the following conditions:

Conditions imposed	Status of compliance
(a) Ingenuity and TA Security must fully comply with the relevant provisions under the Bursa Securities ACE Market Listing Requirements ("LR") pertaining to the implementation of the Proposed Private Placement;	To be complied
(b) Ingenuity and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(c) Ingenuity 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) TA Securities to furnish Bursa Securities with details of the placees as per Rule 6.16 of the LR for Bursa Securities' clearance, 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 LR.	To be complied
(e) A certified true copy of the resolution passed by the shareholders at the coming Eleventh Annual General Meeting pursuant to Section 132D of the Company Act, 1965.	To be complied

Ingenuity is required to ensure full compliance of all requirements as provided under LR at all times.

On 21 January 2015, on behalf of the Board, TA Securities announced that an application to Bursa Securities for an extension of time approximately two (2) weeks (i.e. from 7 February 2015 until 18 February 2015) for Ingenuity to complete the implementation of the Private Placement.

On 5 February 2015, on behalf of the Board, TA Securities announced that the Board has on 5 February 2015 ("Price-fixing Date") fixed the issue price for the 80,000,000 Placement Shares at RM0.10 per Placement Share ("Issue Price").

The issue price represents the par value of Ingenuity Shares and is at a premium of approximately by RM0.0393 or 64.74% to the five (5) day volume weighted average market price of the Ingenuity Shares up to and including 4 February 2015, being the last market day immediately preceding the Price-fixing Day of RM0.0607 per Ingenuity Shares.

**INGENUITY CONSOLIDATED BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

**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 2014 are as follows :-

	As at 31/12/2014 RM'000
<b>Non Current</b>	
- Term loan	7,176
- Hire purchase creditors	417
	<u>7,593</u>
<b>Current</b>	
- Banker's acceptances and term loan	9,571
- Hire purchase creditors	39
	<u>9,610</u>
<b>Total Borrowings</b>	<u><u>17,203</u></u>

**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/ (Loss) Per Share**

**(i) Basic Earnings/ (Loss) Per Share**

	Current Year Quarter Ended 31/12/2014	Current Year To- Date Ended 31/12/2014
Earnings / (loss) attributable to Owners of the Parent (RM'000)	<u>256</u>	<u>(13,377)</u>
Weighted average number of shares in issue ('000)	933,799	894,708
Basic earnings/ (loss) per share (sen)	<u>0.03</u>	<u>(1.50)</u>

**(ii) Diluted Earnings/ (Loss) Per Share**

The diluted earnings/ (loss) 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.

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**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2014**

**B12 Disclosure of Realised And Unrealised Losses**

	As at 31/12/2014 RM'000	As at 31/3/2014 RM'000
<b>Total accumulated losses of the Group :</b>		
- Realised	(24,718)	(11,520)
-Unrealised	(764)	(764)
	<u>(25,482)</u>	<u>(12,284)</u>
Consolidated adjustments	2,244	2,617
	<u>(23,238)</u>	<u>(9,667)</u>

**By Order of the Board**

**Lim Boon Hong**

**Executive Director**