

5. INFORMATION ON OUR GROUP (Cont'd)

The connection between online publishers and advertisers is facilitated by employing our network as well as our technology platform - the AdVenue Platform. The platform facilitates the development and delivery of AdVenue Rich Media online advertising solutions, and supports a wide variety of industry standards such as Macromedia Flash, Java Applets, Unicast, as well as streaming video and audio. The platform has been designed with Rich Media features that allow for easy customisation and smooth delivery of content.

5.4.1 Our services

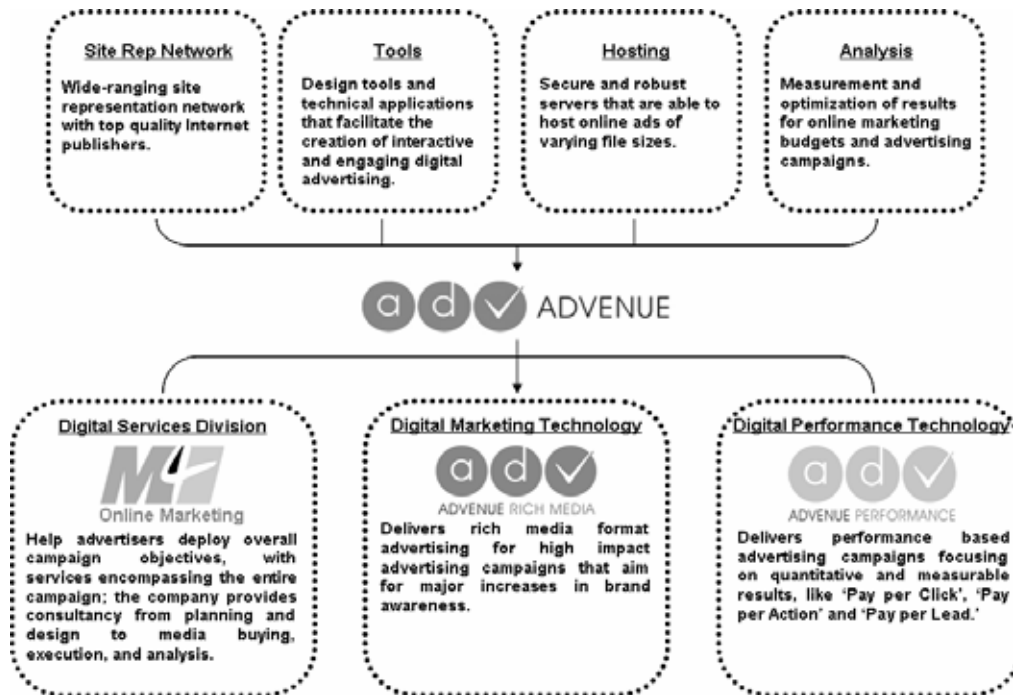
Our Group is primarily involved in the online advertising business. We have developed a range of cutting-edge solutions that enable advertisers and online publishers to serve online ads with a wide variety of creative options. As such, we are able to offer a set of unique value-added solutions that make online advertising an efficient and effective advertising medium for potential advertisers, while maximising online advertising revenue for affiliated online publishers.

As shown below, our Group has developed a range of services and solutions that allows us to provide clients with end-to-end management of their online advertising campaigns. Our Group's services include a range of Unified Digital Solutions, the M4 Online Marketing consultancy service, as well as Online Content Creation services. Innity's Unified Digital Solutions are based on an innovative technological platform, the AdVenue Platform, which gives clients complete control and flexibility over their online advertising campaigns. Our Group's M4 Online Marketing consultancy service provides key insights into client expectations and value-added input to our Unified Digital Solutions, while our Online Content Creation service offers clients professional creation and maintenance services for websites and e-commerce solutions.



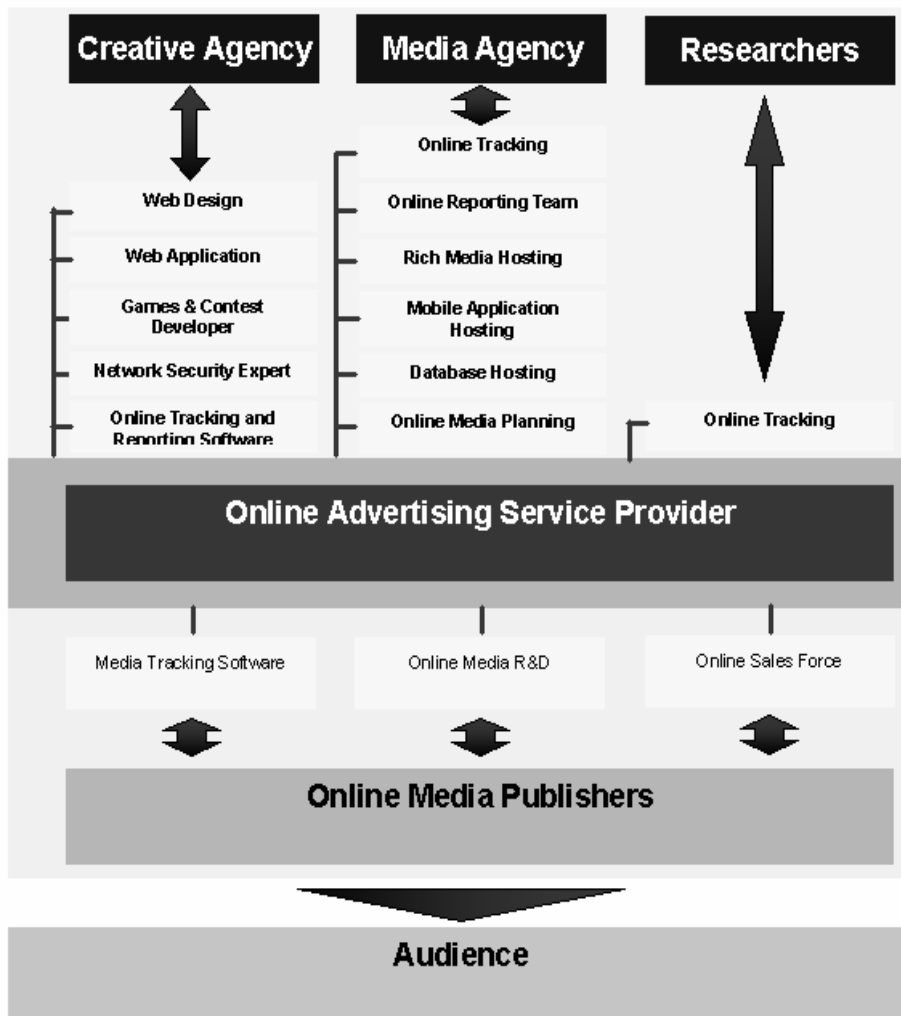
5. INFORMATION ON OUR GROUP (Cont'd)

Our Group offers a full range of solutions, under our Unified Digital Solutions offerings, including AdVenue Rich Media, AdVenue Performance, AdVenue Online Media and Online Ad Production. These solutions, along with our Group's M4 Online Marketing consultancy service, are based on four key areas to provide tools for better creation and management of online advertising campaigns, namely the establishment of a broad online publisher base, easy-to-use creative and technical tools for the design of online advertisements, a network of servers and backups that are able to host online advertisements securely and robustly at optimum speeds, as well as customisable and powerful analytical tools that allow advertisers and media agencies to gauge the performance and effectiveness of their online campaigns, as shown in the diagram below.

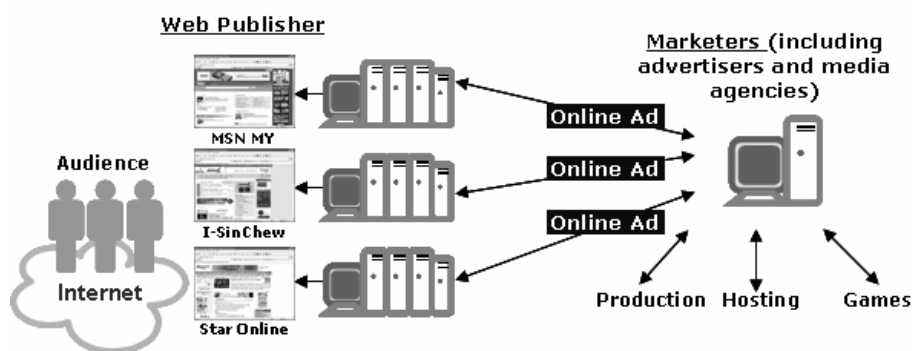


The online advertising industry differs significantly from traditional advertising, as this new form of media has led to the creation of new requirements as well as service providers and other facilitators. Advertisers seeking to utilise online advertising typically approach advertising agencies such as Leo Burnett and Ogilvy & Mather. These advertising agencies will then determine the strategies as well as effective methods of utilising online advertising as part of the advertisers overall advertising campaigns. Subsequently, the advertising agencies then contact media agencies such as Starcom Mediavest and MINDSHARE to purchase online advertisement space from online publishers such as The Star Online and Sin Chew-I. The diagrams below provide a depiction of the online advertising value chain as well as a graphical representation of the online advertising process.

5. INFORMATION ON OUR GROUP (Cont'd)



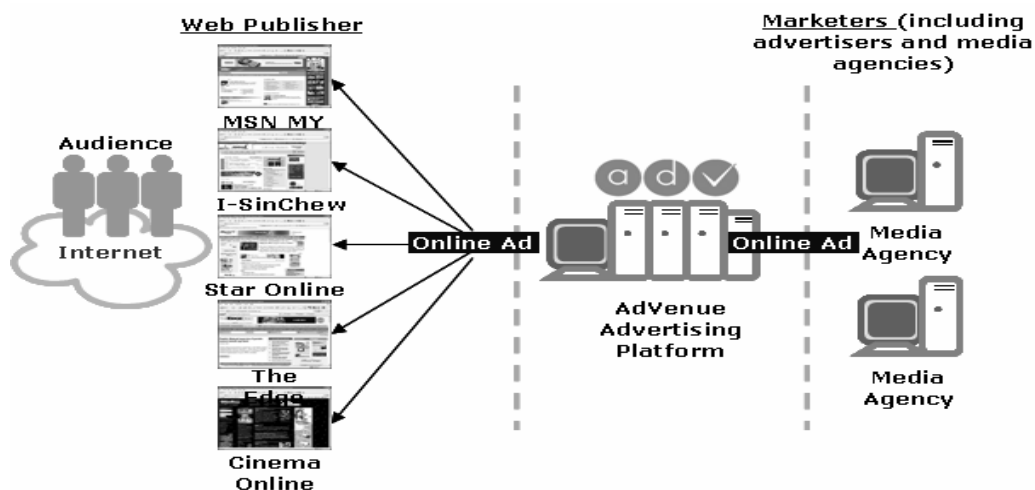
Source: Protégé Associates Report



Source: Protégé Associates Report

5. INFORMATION ON OUR GROUP (Cont'd)

As shown in the diagram above, the value chain for online advertising is complex and involves many parties. The complexity of dealing with the numerous parties involved in creating and running an online campaign typically drives costs up, thus increasing the time needed to prepare for campaign launches, and reducing the cost-effectiveness of running online advertising campaigns at the same time. For example, media agencies often have to source the services of third parties to create the online advertisements and accurately track the performance of the campaigns. Furthermore, few online publishers have the technological infrastructure necessary to support a variety of different types of online advertisements. As such, our Group has developed the AdVenue Platform as a means to provide all these functions and thus simplify the process while reducing overall costs to advertisers. With our Group's platform and solutions, the efficiency of running such campaigns is significantly increased, as advertisers only have to deal with our Group alone. The diagram below illustrates the simplified online advertising process provided by our Group.



The AdVenue Platform is an in-house developed advertising platform that is used to facilitate our Group's digital advertising solutions. As such, we do not provide the platform for sale, but instead, the platform enables online publishers as well as advertisers to bring their advertising processes online through our Group's AdVenue Rich Media and AdVenue Performance online advertising solutions. These solutions allow advertisers to plan, create, manage, deploy, and track an advertising campaign from start to finish. The platform supports Rich Media - a broad range of interactive digital media that exhibits dynamic motion and takes advantage of enhanced sensory features such as video, audio and animation to quickly capture attention from website visitors. Our Group has integrated the platform with a strong technical base by building in support for most industry standards currently used, including Macromedia Flash, Java Applets, Unicast, as well as streaming video and audio.

Having identified the necessary features and functions, our Group has developed the AdVenue Platform as a base for our online advertising solutions. The platform provides the necessary technical infrastructure such as support for MySQL, HTML, PHP, and Flash, as well as creative toolkits for the design and production of online advertising, such as the AdVenue Rich Media Toolkit. Advertisers and agencies can opt to make use of these toolkits to design their online advertisements and plan out their ad campaigns or outsource these functions to Innity; the completed ads are then hosted on our servers, and delivered to publisher websites.

In order to accomplish this, our management team has placed high importance on the R&D functions within our Group. Currently, all our Group's product and service offerings have been developed in-house. Our Group also has a robust R&D development roadmap that will allow us to maintain our technological edge within the market.

5. INFORMATION ON OUR GROUP *(Cont'd)*

5.4.1.1 AdVenue Rich Media

AdVenue Rich Media is a solution designed and developed by our Group to provide Rich Media online advertising services to advertisers, agencies, and web publishers. Rich Media is the term used to describe a broad range of interactive digital media that exhibits dynamic motion and takes advantage of technology with enhanced sensory features such as video, audio, and animation. Rich Media ads expand the creative boundaries for online advertising, and increase the ability for these ads to capture their target audience's attention, while respecting browsing experiences by not being intrusive. With the availability of interactivity and video ads, advertisers can now create a deep emotional experience with their target audiences.

AdVenue Rich Media is built on top of our AdVenue Platform, combining campaign planning, ad delivery, and result reporting for Rich Media ads into a streamlined process. Technical problems are quickly solved by our dedicated support team, while in-house designers also offer creative ad templates and design solutions to clients as well. The types of Rich Media ads supported by AdVenue Rich Media are as depicted in the following page:

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5. INFORMATION ON OUR GROUP (Cont'd)

In-Page Banners



Mouse Cursor Not On Banner



Mouse Cursor On Banner

Expanding Banners



Banner Before Interaction



Banner Expands After Being Clicked

Floating Banners



Floating Ad Running



Floating Ad Icon After Being Run

Custom Banners



Custom Ad Before Interaction



Custom Ad After Interaction

5. INFORMATION ON OUR GROUP (Cont'd)

(i) In-page Banners

Standard flash banners that appear in a pre-set size or placement within the web page. Formats include skyscraper, rectangles, superbanners, I-billboard banner, hockey stick banner, mini tower banner, flash box, showcase banner, roll-down banner.

(ii) Expanding Banners

Banners that extend a panel over the web page via user-initiated mouse-overs or through auto-initiation. Formats include normal expanding format, tabbed expanding, free-form expanding and pre-expanding.

(iii) Floating Banners

Ads that appear and move within a transparent layer above a web page, and disappear into the background after playing for a specified time. Formats include floating, floating with in-page and floating with reminder.

(iv) Custom Banners

An ad that combines 2 or more characteristics of the ads mentioned above. Formats include video strip, peel-down and surf bar.

By using our Group's AdVenue Rich Media digital advertising solution, our creative production team is able to make the most out of publishers' web space. Besides being able to tap into the team's creative expertise, advertisers are no longer faced with the complications of fixed ad space dimensions, as the team is able to resize ads while maintaining smooth and seamless ad delivery.

We typically sell the AdVenue Rich Media service according to ad formats due to different formats requiring different tracking metrics as well as different timeframes needed to create the content. Pricing also varies by campaign because fees are generally charged according to the timeframe, impressions, and other metrics the client specifies. We have 3 sources of revenue for AdVenue Rich Media solutions:

(i) Content production

Clients are charged for the production of Rich Media content according to the type of format that is requested.

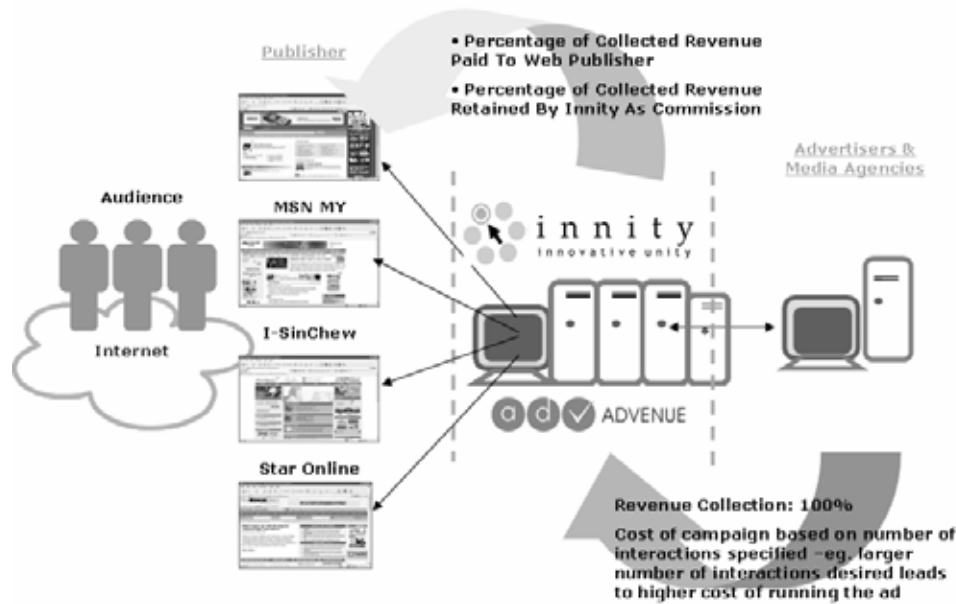
(ii) Ad servings

This includes the price of the space on web publisher websites, for which the collected revenue will be shared with online publishers at a pre-determined percentage. Also, the client can be charged for the campaign through a variety of cost parameters, such as CPM (cost per thousand impressions), CPC (cost per clickthrough), or CPA (cost per qualifying action, such as sales or signups).

(iii) Performance costs

This is charged when clients request for additional services that include features such as SMS or MMS mobile messaging. Charges are made based on the medium selected or provided.

5. INFORMATION ON OUR GROUP (Cont'd)



We collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages. This gives us control over payment made by our clients and reduces the risk of non-payment to online publishers.

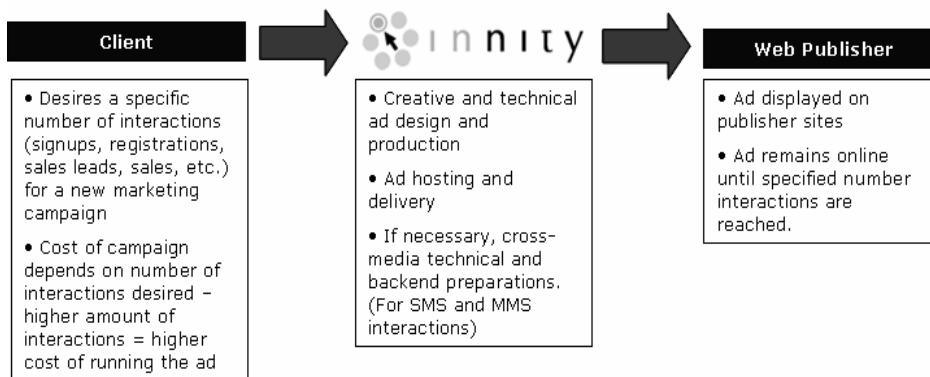
5.4.1.2 AdVenue Performance

AdVenue Performance is another product developed by us for advertisers with lower online advertising budgets. While AdVenue Rich Media service provides advertisers with video and interactive banner ads, AdVenue Performance is designed as a simpler, more functional ad, though AdVenue Performance ads can also support images and animations to a limited extent. The AdVenue Performance solution was conceptualised as a performance-based online advertising tool employing viral marketing that is based on the AdVenue Platform. Thus, the target audience for AdVenue Performance ads is encouraged to pass on messages, including slogans, product recommendations, new product releases, and virtual coupons, to friends and relatives. Hence, the ads are further circulated to the correct targeted audience. These messages can be sent through various formats, such as email, SMS, and MMS, and viewers are requested to key in their recipients' mobile phone numbers or email addresses. A sample of an AdVenue Performance ad going through interactions via viewers hovering their mouse cursors over the 3 buttons located within the ad:



5. INFORMATION ON OUR GROUP (Cont'd)

The simple layout and design of the AdVenue Performance ads belie the interactivity and technical design behind the ads. Nonetheless, this category of ads has been designed to provide quick impact and increase user interactions, while the pricing of these ads also reflect the client's positioning and strategy. Unlike AdVenue Rich Media ads that aim to increase brand awareness, AdVenue Performance ads are functional and utilitarian – they have been designed to provide quick information to pique audience interest in interacting with the ad. Consequently, advertisers are also charged on a similar basis; our Group charges advertisers based on the amount of interactions that the advertisers want completed. The process flow of our AdVenue Performance solution is as follows:



Due to its smaller ad dimensions, AdVenue Performance allows online publishers to maximise their revenue from ad spaces or inventory that are less prominent and harder to sell. Advertisers that use this solution do not have control over the websites where their AdVenue Performance ads will appear. Instead, our Group manages and oversees the placement of the AdVenue Performance ads and generally streamlines them into various channels, such as automotive, family, careers, and shopping. This allows our Group to maximise the interactions and reach of the AdVenue Performance ads, as well as to fully utilise the unsold inventories of the online publishers within our network.

Benefits

(i) *For Online Publishers*

AdVenue Performance benefits both online publishers as well as advertisers. One of the main features of this service is that it allows for publishers to sell their less favourable inventories - ad spaces that are not prominent or not on the main page of a web site. Publishers typically face some trouble selling these less favourable inventories, making AdVenue Performance an attractive alternative to maximise the revenue generation of these inventories. Publishers also stand to attract more advertisers because of the variety that they provide in terms of ad spaces.

(ii) *For Advertisers*

The AdVenue Performance service generally offers more complex interactions with target audiences, such as requesting the target audience to input details such as phone numbers or email addresses that then lead to information or messages being sent to the recipient instantly. Advertisers are charged for this service according to the number and type of interactions that they specify; as such, interactions within the AdVenue Performance service are not as simple as clicking on a link, leading to reduced click frauds and maximising the value of the service for advertisers.

5. INFORMATION ON OUR GROUP (Cont'd)

The AdVenue Performance service is aimed at advertisers with lower online advertising budget. While AdVenue Rich Media service provides advertisers with video and interactive banner ads, AdVenue Performance is designed as a simpler, more functional ad, though Performance ads can also support images and animations to a limited extent. One of the key functions of the AdVenue Performance solution is that the ads contain inbuilt areas where the target audience can input certain particulars such as email addresses or mobile phone numbers, or even interact with the ad. This feature is especially important, as the main revenue generator for AdVenue Performance is the performance cost. Advertisers will be charged different rates for the types of performance that they choose, for example, sending of information or messages by email will be charged lower than those sent by SMS.

As these messages are sent by email or SMS, advertisers will be charged (in local currency) based on the performance cost that ranges from RM0.25 to RM1.00 per email or SMS sent, depending on the type of performance chosen. Advertisers also have the option to pay in terms CPM or on the total numbers of coupons downloaded or sent. Clients are typically allocated certain amount of credit and are deducted as interactions are realised, or after the campaign is concluded. We collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages. AdVenue Performance ads remain online until the specified numbers of signups are reached.

5.4.1.3 AdVenue Online Media

Besides offering Rich Media-based online ads and Performance ads, our Group also offers advertisers less technology intensive forms of online advertising such as static banners and other non-interactive online advertisements under their AdVenue Online Media solution. The underlying technology that enables the Company to offer these ads is similar to that of its AdVenue Rich Media and AdVenue Performance solutions, as the AdVenue Online Media also makes use of the AdVenue Platform to deliver and track the online advertisements. Thus, advertisers that are looking to spend less but aim to build brand awareness are fully served by this solution, as it offers them access to the same network of online publishers as our Group's other solutions. These advertisers are also able to track the results of their online advertising campaigns through the AdVenue Platform, although the results are less detailed than those provided by AdVenue Rich Media and AdVenue Performance solutions due to technical constraints.

The benefits offered through this solution are similar to those offered by our Group's AdVenue Rich Media solution, as both solutions are run on our Group's AdVenue Platform. The main difference between this solution and the rest of our Group's solutions is that the AdVenue Online Media solution offers awareness building online ads based on simpler, non-interactive types of online advertising technology such as graphical banners instead of the high impact and interactive solutions offered through AdVenue Rich Media and the functionality-driven AdVenue Performance solutions.

Our Group also offers the following services under our AdVenue Online Media solution:

(i) **Email & SMS/MMS Permission Marketing**

We offer end-to-end email and SMS/MMS marketing solutions, covering consultation on strategic and creative issues to post-campaign analysis and consolidated reporting. Such targeted campaigns are especially effective due to the highly targeted, one-on-one nature of communications, and can deliver detailed marketing communications, as well as create brand awareness more quickly and economically than any other media. Our Group can also create and maintain profile databases for clients, where end-customer information is stored and can be filtered and analysed so as to deliver targeted and specific information to clients at every stage of a marketing lifecycle.

Our Company complies with anti-spam email marketing policies as part of our consistent efforts to implement industry best practices and to ensure positive responses from email recipients.

5. INFORMATION ON OUR GROUP (Cont'd)

Clients are charged a fixed rate per SMS/MMS that is sent out to the target audience for our SMS/MMS Permission Marketing Service.

(ii) Search Engine Marketing

Search Engine Marketing is a type of service that is carried out in order to drive traffic to a particular web site when potential end-customers search for products or services. We provide this service through automated keyword management services as well as bid placement technology. Strong relationships between our Company and most of the major search engines such as Google, MSN Search, Yahoo!, Catcha, and Cari.com makes it possible for advertisers to deliver high volume traffic to their websites.

Our Group has a specialised team that focuses on this service. The team works with advertisers to place more emphasis on key searching criteria such as keyword location, spacing, frequency, usage and density on their websites in order to increase their website rankings on search engines. The team also consults clients on their website architectures in order to make them more “search engine” friendly.

Our AdVenue Online Media solution generates revenue in a similar way to our Group’s AdVenue Rich Media solution, i.e. we collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages.

For our Email Permission Marketing Service, we charge clients on an annual ‘package’ basis that is dependant on the fees charged for setting up an email database as well as the number of emails sent throughout the duration of the package.

5.4.1.4 Online Ad Production

We also offer online ad production services to clients as part of our range of unified digital solutions. This complements our Company’s online ad hosting and delivery services, as it enlarges our range of solutions so that we are able to provide end-to-end online advertising services to our clients.

We begin the online ad production process with an analysis of end-customers' behaviour and motivations to define end-customer segments, intentions and goals. This is merged with information on client business requirements and subsequently enabling us to craft impactful strategies that provide relevant content and rewarding interactive experiences; qualities that help capture and hold a customer's attention. The flexible architecture of our services also allows for quick changes and modifications in order to meet changing customer demands and dynamic market conditions.

We can also convert traditional media ads such as radio ads, television ads, and print ads into online formats to be used in our clients’ online advertising campaigns.

Our Online Ad Production services are provided by a team of internal designers headed by our Executive Director, Seah Kum Loong. He has considerable experience in leading such design efforts and is capable of conducting design process to produce creative output that communicates client expectations effectively to viewers of the online ads. Our design team works closely with our sales and marketing team that is headed by our Managing Director, Looa Hong Tuan. This is to ensure that client expectations towards their online advertising campaigns are met throughout the Online Ad Production process.

Our Online Ad Production solution generates revenue through the production of online advertisement for clients. Clients are generally charged based on the technical complexity of the online ads that they desire, with the amounts charged usually varying from case to case.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.1.5 M4 Online Marketing

Besides offering technology-based solutions, our Group also provides clients with full consultation services in terms of running online advertising campaigns through our M4 Online Marketing service. Via this service, we are able to advise clients on how to create effective online campaigns to reach their marketing goals. In particular, we have considerable experience and expertise in the creative design, creation, and management of advertising campaigns. Thus, clients stand to benefit from tapping into our Group's knowledge and they can focus on achieving their marketing goals without the worry of making critical and costly errors.

Our Company's M4 Online Marketing consultancy service is conducted by our sales and marketing team. Headed by our Managing Director, Looa Hong Tuan, the team conducts detailed analysis of clients' online advertising campaigns and provides value-added input to improve the effectiveness of the online advertising campaigns.

The M4 Online Marketing Service does not directly generate revenue for our Group. It provides critical support services that facilitate the development of business relationship with key clients.

5.4.1.6 Online Content Creation Services

Our Group also provides Online Content Creation Services that tap into our Group's extensive experience in creative design and technical matters with regards to internet technology. As such, our Group provides website design and maintenance services as well as the design and implementation of e-commerce solutions for clients.

We have won awards for providing high quality Online Content Creation Services for clients that include industry leaders such as Renong and Sony. In 2001, we won the Best Community Site 2001 PIKOM-Computimes IT Award for the development of Renong's E-Learning Website (www.alaminda.com) and was also a finalist in the 2001 @my Jaring IT Awards for Best e-Business Site for an e-commerce website that we designed for Sony Malaysia (www.sonystyle.com.my).

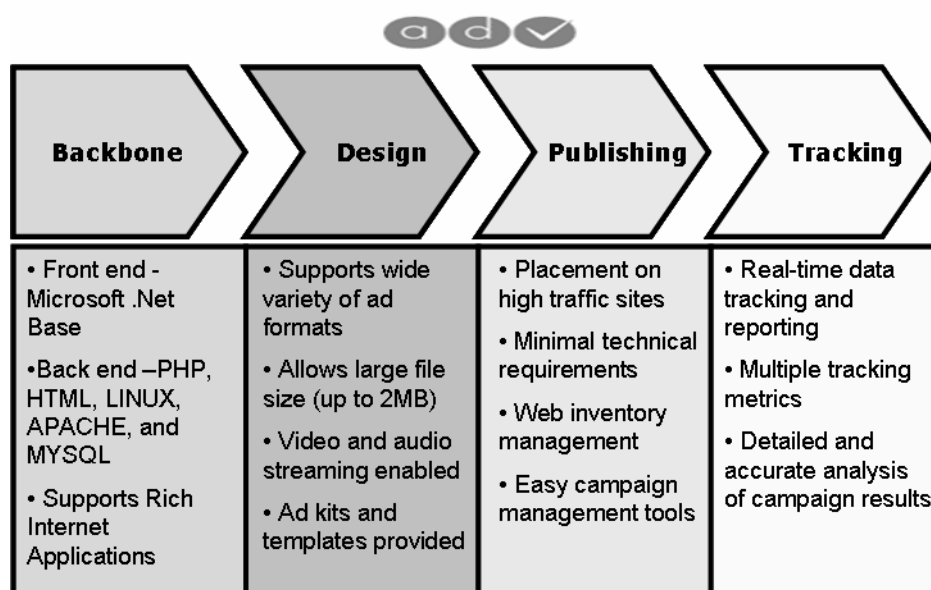
Innity's Online Content Creation Services generates revenue through the production of online content for clients. Similar to our Online Ad Production solution, clients are generally charged based on the technical complexity of the content that they desire, with the amounts charged varying from case to case.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.2 Our technology

Our Group's AdVenue Platform is the core technological platform that underpins our Group's range of Unified Digital Solutions. Our Group's AdVenue Platform was developed by our in-house R&D team, led by our Executive Chairman, Phang Chee Leong. The platform was developed using a hybrid of technology, consisting of Microsoft .Net Base for the front end of the system, while the back end encompasses a mixture of PHP, Linux, Apache, and MySQL. The current platform is in its second version and boasts support of Rich Internet Applications (RIA) that offer a wider range of controls that are able to improve user's interaction with the interface, thus improving overall user experience. Currently, our Group's 2 major solutions, AdVenue Rich Media and AdVenue Performance are run on the platform. Future online advertising solutions are also being designed to be compatible with the AdVenue Platform, making our Group a comprehensive Digital Advertising Solutions Provider. The AdVenue Platform provides support across the entire online advertising value chain as shown below:



The primary value-added advantage that the AdVenue Platform offers is that it enables our Group to provide centralised, one-stop solutions for the production, management, serving and tracking of online advertising. This results in online publishers having the capability to offer a wide range of media formats to advertisers while maintaining the ability to manage them efficiently.

The key features of the AdVenue Platform includes the following:

- (i) Support for Rich Media Ads and Standard Ads

The AdVenue Platform is designed with flexible architecture, and is able to quickly incorporate new standards as they arise. Currently, the platform supports most industry standards, including the following:

- (a) HTML;
- (b) Flash;
- (c) Java Applets;
- (d) Eyeblander;
- (e) Eyewonder;
- (f) Unicast; and
- (g) Various types of video and audio formats.

5. INFORMATION ON OUR GROUP (Cont'd)

(ii) Powerful Campaign and Ad Management Tools

The AdVenue Platform provides users with a simple web based interface that enables users to easily do the following tasks:

- (a) Create and modify campaigns;
- (b) Upload and prioritise all types of ads;
- (c) Allocate and edit impressions levels in real time;
- (d) Preview and approve campaigns, activate, deactivate and pause campaigns; and
- (e) Track and optimise campaigns.

(iii) Value Added Features for Campaign Optimisation

The AdVenue Platform offers users a range of extra features for easy optimisation and management of campaigns:

- (a) Large Ad Delivery Size;
- (b) Bandwidth Detection and Polite Download;
- (c) Frequency Caps;
- (d) Content Streaming;
- (e) Trafficking Controls; and
- (f) Video Solutions.

(iv) Campaign Reporting and Tracking

Users are able to access accurate and detailed tracking tools with reports available in multiple file formats for easy access.

Campaign Reporting and Tracking

A key feature of our AdVenue Platform is that it provides campaign reporting and tracking to advertisers and advertising agencies. Users of the platform are given access to comprehensive reports containing crucial information highlighting the status of ongoing campaigns.

Access to these reports is facilitated by a web-based system that we have developed, which allows users to view these reports by simply connecting to the internet and logging on to our Group's system via the users' web browsers. In addition, each advertiser or online publisher is given a unique account, thus maintaining privacy between different parties, while increasing user-friendliness, as users who log on are shown details of their specific campaigns directly. Search functions have also been built into the system for enhanced ease of use. A sample screenshot of the main entry page for our Group's web-based reporting system is shown below. Our web-based reporting system provides a quick overview of the active and inactive campaigns that an advertiser has scheduled, as well as the relevant dates during which each campaign will be run.

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5. INFORMATION ON OUR GROUP (Cont'd)

These reports give advertisers a clear picture of how effective their campaigns are performing via the measurement of multiple metrics. These measurements are segmented out daily - making it easy to determine the performance of particular ads in a campaign, and are also updated on a real-time basis, meaning that any changes in the metrics of the ad are instantaneously reflected in the report. Some of the metrics that are tracked are as follows:

Metric	Description
Impressions	Number of times an ad is loaded
Clickthrough	Number of clicks an ad receives
Banner Expansion	Number of times a banner is expanded
Banner Expansion Duration	Length of time a banner is expanded
Ad Replay	Number of times viewers replay an ad
Ad Close	Number of times viewers manually close the ad
Interactive Time	Length of time viewers interact with the ad

Besides those listed above, our platform is able to support the tracking of custom metrics if clients request for it.

Another function that is built into Innity's reporting system is that it allows advertisers to check the performance of campaigns in terms of selected metrics by area or state. Thus, advertisers can quickly pinpoint the regions where their ads were viewed or interacted with the most. This is immensely useful for advertisers as they are then able to use the information to craft targeted follow-up advertising or marketing campaigns. It also lets advertisers determine whether their advertising campaigns are reaching their targeted audience. Innity is able to provide this information by tracking the Internet Protocol addresses and subsequently deducing the origin or location of website visitors who view the ads.

A sample report detailing the performance of specific ads by location is shown below:

State	SinChew Homepage+ROS Highlight (711)			Autoworld Homepage SkyHigh (712)		
	Imp	Click	CTR	Imp	Click	CTR
Others	-	-	-	1853	25	1.35
Johor	-	-	-	1809	33	1.82
Kedah	-	-	-	1204	28	2.33
Kelantan	-	-	-	256	7	2.73
Labuan	-	-	-	89	4	4.49
Melaka	-	-	-	991	16	1.61
Negeri Sembilan	-	-	-	2813	54	1.92
Pahang	-	-	-	628	17	2.71
Perak	-	-	-	1875	44	2.35
Perlis	-	-	-	17	0	0
Pulau Pinang	-	-	-	2123	42	1.98
Sabah	-	-	-	836	11	1.32
Sarawak	-	-	-	466	11	2.36
Selangor	-	-	-	4148	82	1.98
Terengganu	-	-	-	660	25	3.79
Yah Persekutuan	-	-	-	19402	396	2.04
Total	-	-	-	39170	795	2.03

5. INFORMATION ON OUR GROUP (Cont'd)

Benefits of using AdVenue Platform for online publishers**(i) Reduced cost of technology investment for media systems**

Many online publishers are not equipped with the necessary system to serve advanced types of online ads. By using our AdVenue Platform, online publishers do not need to invest in these systems as the online advertising hosting and delivery systems are conducted by us instead. As such, online publishers would be able to save on the cost of media systems and cost of setting up a research and development team as well as a technical support team which they would otherwise require.

(ii) Third party campaign result audits

Online publishers normally have a set of online ad campaign results as the online ads are served from their engines. However, results from the online publishers themselves are generally perceived as less independent due to the lack of third party reports on the end results of online ad campaigns. Such third party reports are important as they are able to clear any discrepancies that occur because advertisers generally pay for ad spaces according to total number of impressions or clickthroughs. Our built-in campaign reporting tools and functions are able to fully serve the need for a third party report due to the detailed tracking metrics and report formats that are available.

(iii) Shorter timeframe to get ads online

Most online publishers have limited knowledge on serving online ads and some of them have site representatives that manage this. As a result, a longer time would be needed to get ads online due to the extra time needed for publishers to liaise with their site representatives. Our platform and solutions erase the need for site representatives as we deal directly with the technical and creative aspects of online ads. Advertisers and agencies also communicate their requirements directly to us, thus leading to a vastly shorter timeframe for preparing and launching online ad campaigns.

Benefits of using AdVenue Platform for advertisers**(i) Campaign optimisation**

Real-time reporting system allows advertisers to keep up-to-date with campaign performance, and gives them the flexibility to modify and optimise campaigns as they are running.

(ii) Standardised formats and technology

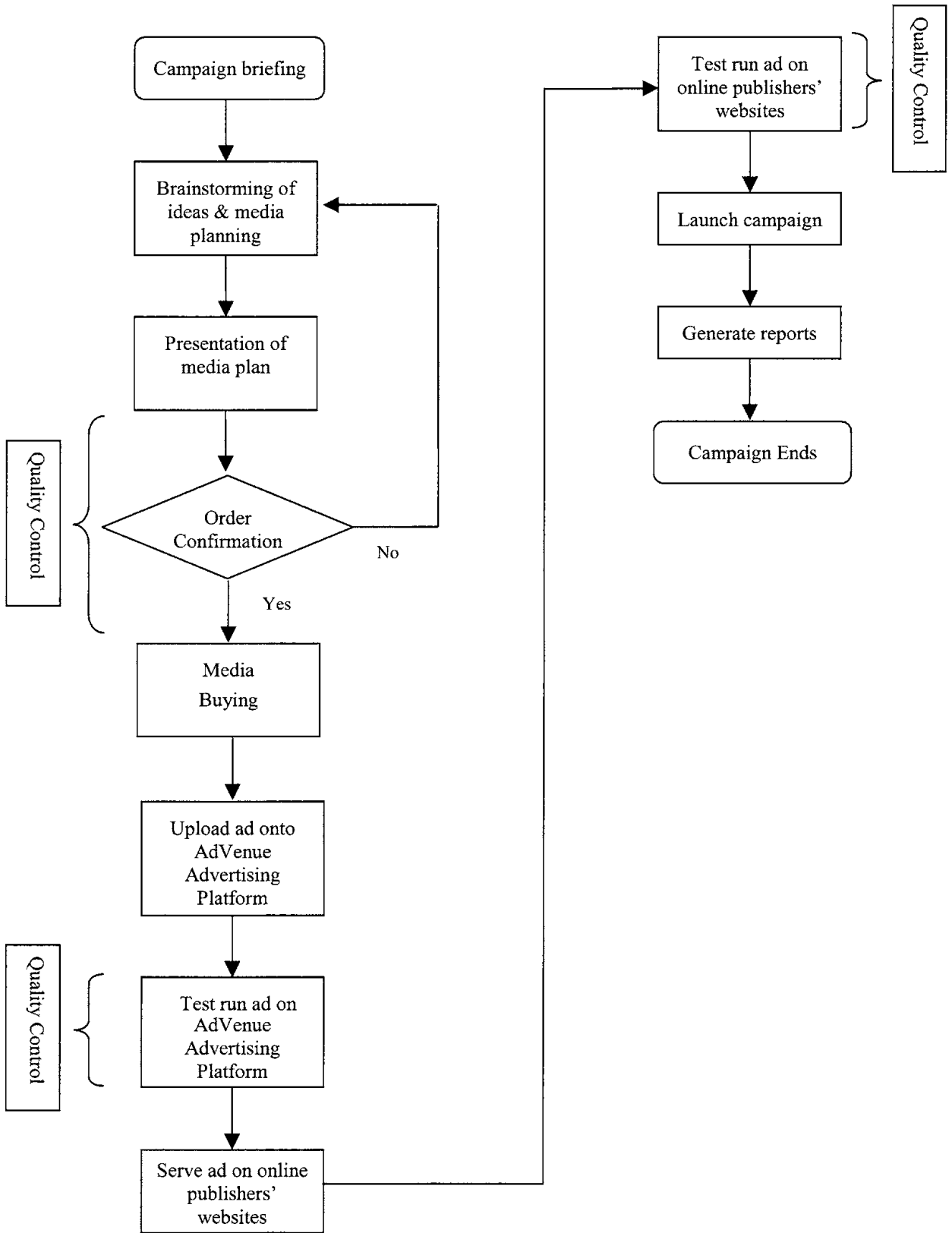
Advertisers typically have limited ad serving capabilities and may not have systems that are compatible with those used by some publishers. Our Group's digital advertising solutions however are able to overcome this by providing a standardised set of technology. We can also quickly integrate unsupported technology into our systems due to our strong R&D and technical support team as well as the flexible nature of the AdVenue Platform. Furthermore, we offers advertisers and online publishers campaign results data in consistent formats regardless of the websites that the ads are hosted on, thus reducing inaccuracies while facilitating understanding and presentation.

(iii) Streamlining the online advertising process

Advertisers typically have to deal with multiple online publishers and, in some cases, independent design teams as well as online publisher's site representatives. Dealing with too many parties slows down the whole process of getting the ads online, an anathema for the fast-paced advertising industry. Thus, with our Group serving as the intermediary and conducting most of the work, advertisers are relieved of much of the hassle and complications in conducting online advertising campaigns.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.3 Business process



5. INFORMATION ON OUR GROUP *(Cont'd)*

The production process of an advertisement campaign begins with a campaign briefing between our sales and marketing team and the customer. The customer will communicate their objectives, identify their target audiences and provide us with the specifications for their advertisement campaigns.

A brainstorming session is then carried out to determine the online publisher sites to be purchased, pricing considerations and resources needed based on the specific requirements provided by the customer. After collating all those information, our sales and marketing team will prepare a media plan with the proposed banner placement and design in accordance with the customer's specifications. The media plan is then presented to the customer for approval.

If the customer does not approve the proposed media plan, it will be revised according to the customer's feedback before being presented again to the customer for approval. This process may be repeated several times until the customer is satisfied with the media plan. This is to ensure that we meet our customer's objectives and requirements.

Upon the customer's approval, our sales and marketing team will proceed with confirming the order with a duly approved sales order, which is then forwarded to our client services department. Our client services department will proceed to raise an insertion order to purchase the media from online publishers.

Upon confirmation of insertion order, the client services department then uploads the banner advertisement onto our AdVenue Platform where test runs are being carried out to check the tags, the click through to the landing page, dimensions, banner size and appearance, and other specifications to ensure that the banner advertisement is in working condition. If the banner is functioning properly, the client services department then sends the advertisement to the respective online publishers' websites for serving.

Upon the final test run of the banner advertisement on the online publishers' website, the campaign is then launched. Our customer will be given an access login to our system to check the status of their advertisement. The advertisement is served and tracked by our AdVenue system for the period of the campaign. Occasional test checks are done throughout the duration of the advertisement campaign to ensure that the tracking of the advertisement banner is properly traced back to our AdVenue system and captured accordingly. Any abnormality will be directed to the technical team.

Interim report will be generated upon customer's request. At the end of each campaign, a detailed report is generated and presented to the customer.

5.4.4 Quality service control

Since the commencement of our operations, our Group has placed great emphasis on quality service. We have established and implemented stringent quality control measures at various stages of an advertisement campaign, as follows:

- (i) Prior to confirmation of sales order, we will first present the proposed media plan to our customer to ensure that it meets the objective and specifications of the customer's advertisement campaign. If the media plan does not meet the customer's objective and specifications, it will be revised according to the customer's feedbacks until the customer is satisfied with the media plan.
- (ii) Prior to sending the advertisement to the online publishers' websites for serving, the advertisement will be uploaded onto our AdVenue Platform where test runs are being carried out to check the tags, the click through to the landing page, dimensions, banner size and appearance, and other specifications to ensure that the advertisement is in working condition and it meets the customer's specifications. The advertisement's click through is tested to ensure that the banner advertisement leads to the correct landing page.

5. INFORMATION ON OUR GROUP (Cont'd)

- (iii) After sending the advertisement to the online publishers' websites for serving but prior to the launching of the advertisement, the advertisement will be subjected to a final test run on the online publishers' website to ensure that it functions as planned.
- (iv) After the advertisement is launched, a screen shot is taken as proof of its successful delivery. Occasional test checks are done throughout the duration of the advertisement campaign to ensure that the tracking of the advertisement banner is properly traced back to our AdVenue system and captured accordingly. Any abnormality will be directed to the technical team.

5.4.5 Production facilities and capacity

We currently operate from the following locations:

	Location	Approximate built-up area (sq. ft.)
Head office and Operations / Location of principal assets	C501 & C502, Block C Kelana Square 17 Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya	2,672
R&D Centres	C602, Block C Kelana Square 17 Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya	1,371
	Lot A-G-17 SME Technopreneur Centre Cyberjaya 2270 Jalan Usahawan 2 63000 Cyberjaya	660

In addition, we also have a sales office in Singapore.

The provision of our Group's main online advertisement solutions, namely AdVenue Rich Media, AdVenue Performance, AdVenue Online Media and Online Ad Production, and the management of advertising campaigns are primarily dependent on technically skilled personnel. As such, it is not practical or applicable to estimate our production capacity. This is mainly because if there is high demand for our Group's solutions, we could meet this demand by hiring more personnel and rent bigger premises.

Further, the customized nature of each advertisement campaign produced or managed by our Group makes it impractical to estimate capacity of the operating facilities.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.6 Competitive advantage

The online advertising market in Malaysia is forecasted to grow rapidly at an estimated CAGR of 52% across the forecasted period of 2008 – 2012. Larger budget allocations for online advertising are also becoming increasingly common as the internet has become the medium of choice for previously hard-to-reach demographics such as teenagers and 18-34 year old men and competition for these advertising budgets have heated up (*Source: Protégé Associates Report*). Nevertheless, our Group has established ourselves as a major player in the online advertising market in Malaysia through competitive advantages as listed below:

(i) Technological advantages

Our Group's focus on technology development and providing cutting-edge online advertising solutions has given us a head start in penetrating the rich media segment of the online advertising market in Malaysia. This is due to the higher technical demands required to deploy rich media online ads in a consistent and reliable manner as rich media ads are significantly more complex and larger in size compared to other forms of online advertising. Furthermore, the complex technology required forms a high entry barrier for companies seeking to penetrate this market. As such, our technical strengths and the rapid growth of the rich media segment of the online advertising market will likely reinforce our current domination of the online advertising market in Malaysia.

We are the only Malaysian company that has developed the online advertising platform locally. This gives us a significant cost advantage as well as easier and quicker access for clients to support staff for technical issues. By designing our online advertising solutions on a common platform, we can easily incorporate new technology and media onto the platform, thus protecting ourselves against potentially disruptive technological advancements in the market. The platform was developed using a hybrid of technology, consisting of Microsoft .Net Base for the front end of the system, while the back end encompasses a mixture of PHP, Linux, Apache, and MySQL. The current platform is in its second version and boasts support of Rich Internet Applications (RIA) that offer a wider range of controls that are able to improve user's interaction with the interface, thus improving overall user experience. Currently, Innity's two major solutions - AdVenue Rich Media and AdVenue Performance – are run on the platform; future solutions are also being designed to be compatible with the platform, making Innity a comprehensive Digital Advertising Solutions Provider.

Due to our focus on technology development, we are able to offer a wide range of solutions to our clients and to members of our publisher network. For example, our AdVenue Platform has a robust technical infrastructure capable of supporting multiple formats such as MySQL, HTML, PHP, and Flash-based online ads. Clients are also provided with easy-to-use online ad templates to create their desired online ads. This increases overall production efficiency, as clients can quickly create their ads while ensuring maximum compatibility with our ad hosting, measurement, and tracking systems.

(ii) Continuous R&D efforts

The objective of our Group's R&D team is to maintain our competitive edge over our competitors by:

- (a) continuously enhancing existing technology and applications as part of continuous improvement efforts; and
- (b) developing new technology for new solutions to meet greater variety of customer demands.

5. INFORMATION ON OUR GROUP (Cont'd)

Our Group aims to develop more advanced technology and comprehensive solutions to provide greater benefits to clients in terms of functionality as well as usability. We are committed to producing new and innovative technologies coupled with improved interactivity that provides a richer media experience to advertisers and consumers.

In order to accomplish this, our Group places high importance on R&D programs and has established a strong R&D team with streamlined operations and effective product development methodologies. Our Executive Chairman, Phang Chee Leong, personally oversees our R&D division of 15 members and frequently takes a hands-on approach in managing the development teams.

(iii) Established track record

Our Group provides clients with key solutions that have been recognised by industry leaders. Since ISB's inception, we have won the Best Community Site 2001 PIKOM-Computimes IT Award for the development of Renong's E-Learning Website (www.alaminda.com) and was also a finalist in the @my Jaring IT Awards, where Sony's e-Commerce Website (www.sonystyle.com.my), a website that we created, was nominated for the Best e-Business Site of the Year 2001. We are also a qualified Microsoft Certified Partner. In order to obtain such qualification, applicant companies have to be evaluated by Microsoft based on their levels of technical expertise, strategic thinking, and hands-on skills. As such, our Group is able to enjoy industry-wide recognition by qualifying for this program as we have to adhere to set standards for providing a variety of solutions and services that are based on Microsoft technologies.

The abovementioned achievements bear testimony to our expertise and capabilities in delivering high quality online advertisement solutions and related services.

(iv) Established network of online publishers

Our Group also boasts a strong network of online publishers, including prominent websites such as The Star Online, Sinchew-I and The Edge Daily Online. These websites form an attractive range of online ad inventory that provide our clients access to a wide range of target audiences. Most of our major online publishers, such as The Star Online and Sinchew-I, have been in our network of online publishers for as long as 4 years. Furthermore, our Group enters into third party exclusive agreements with these websites. This allows us to secure sought-after ad inventory and at the same time create a high entry barrier for potential online advertising players.

Our plan to expand our presence regionally will give us a strong base to develop our online publisher network. This will give us a significant competitive advantage over our competitors as it will allow us to establish a strong region-wide network of online publishers that will further enhance our competitiveness in the market by giving our Group a much larger target audience that potential clients would desire to access.

In order to maintain a high quality network of online publishers, our Group has established a set of requirements that online publishers have to adhere to in order to maintain their status in our network:

- (a) Websites must have a minimum of 2,000 page views per day on average;
- (b) Websites must be regularly updated and rich in high quality content;
- (c) Traffic cannot be generated by utilising any of the following methods: listings on newsgroups, unsolicited bulk commercial e-mailings, instant messenger postings, chat room postings;

5. INFORMATION ON OUR GROUP (Cont'd)

- (d) Websites must not contain, produce or link to profane and/or adult content of any kind; and
- (e) Websites must be hosted under a root domain. No sites hosted on free providers will be considered.

(v) Established client base

We have an impressive list of agencies and advertisers whom we worked with. Our advertisers consist of multinationals and large Malaysian brands ranging across various industries and they make up the bulk of our revenue. A number of these advertisers and agencies, such as Sony and MINDSHARE, have had longstanding relationships with us and are repeat clients. Over the years, we have managed to gain the trust of these advertisers and agencies for our online advertising solutions and to manage large-scale advertising campaigns for them.

Our Group's technology edge and user-friendly and end-to-end solutions are significant factors that have led to the establishment of strong relationships with our Group's clients. We aim to further expand our client base through our regional expansion plans. By expanding regionally, we will be able to access regional clients as well as broaden our network of online publishers, leading to a growth in the target audience that we can provide access to through our online advertising solutions.

(vi) Emphasis on customer service

Our management believes in providing ongoing support to our clients. Thus, a team of dedicated specialists is assigned to each client based on the client's advertisement requirements and specifications. Generally, each team consists of 4 experts; though they also have access to staff with other expertise should the need for it arises. A typical client service team consists of a client services manager, a production specialist, a graphic designer and a marketing analyst. The structure of our specialist teams reflects the nature of our solutions as a one-stop-centre for online advertising-related solutions. This significantly reduces the effort and costs needed to conduct online advertising campaigns and provides our clients with a higher level of support and service throughout the duration of their online advertising campaigns. Our team of specialists is supported by our AdVenue Platform, which allows our specialists to deliver effective advertising and provide value-added tracking reports to our clients to make key marketing decisions.

Besides having the necessary technical knowledge, our Group also has a talented creative production team that handles the creation of ads according to our client requests. The creative team works closely with clients to produce ideas that reflect the messages clients want to communicate via their campaigns, and either creates or provides consultation on the relevant online advertisements in order to ensure that the ads are effective and are able to attain the client's goals. The creative team is led by our Executive Director, Seah Kum Loong, who has spent 11 years within the design industry and has accumulated a vast experience in terms of creative design as well as supervisory positions. Having experienced and creative production personnel is one of our competitive advantages over other competitors, as they provide our Group with the means to create more effective and impactful ads, and hence provide better services to our clients.

5. INFORMATION ON OUR GROUP (Cont'd)

(vii) Experienced management team

Our Group has a dedicated management team consisting of professionals with expertise in all areas of the online advertising value chain. Members of our senior management team are also pioneers in the online advertising market in Malaysia, especially within the Rich Media segment, as we were one of the first few online advertising companies to move significantly towards that direction since 2001. Our management team is headed by our Executive Chairman, Phang Chee Leong, who has approximately 13 years of experience in the online information technology industry. Furthermore, most of our senior management, especially our Executive Directors, have spent close to 11 or more years in the IT or design industries, giving them significant insight of clients' needs as well as significant experience in identifying upcoming industry trends that will allow them to manage and grow our Group in an efficient and effective manner. Further details on our senior management are set out in Section 6 of this Prospectus.

(viii) One-stop solutions provider

Our Group offers a wide range of solutions that encompasses the online advertising value chain. In effect, our Group provides online marketing consultancy services that can begin at the planning stage of an online advertising campaign, online ad production services, online ad hosting and serving solutions, and finally, tracking and reporting services, making us a one-stop solutions provider. All these functions are crucial for an advertiser and media agency. As such, our Group has a significant competitive advantage, as we are able to oversee and add value to an entire online advertising campaign, as well as offer clients quality solutions at more competitive prices.

5.4.7 Marketing / sales network

Our customers comprise advertisers and media agencies. For the FYE 31 December 2007, a substantial amount of our Group's revenue was generated locally. Approximately 90.3% of our Group's revenue generated from technology based online advertising solutions was derived from advertising and media agencies whilst the remaining 9.7% was derived directly from advertisers.

As an effort to promote our online advertising solutions, our sales and marketing team would make occasional visits to advertising and media agencies and advertisers to introduce our solutions and present our proposals to them. Our sales and marketing team comprised of 10 personnel and is headed by our Managing Director, Looa Hong Tuan, who has had many years experience in sales and having in the past headed the sales team in a Danish multinational company.

Our management finds that it is more effective and efficient to approach the advertising and media agencies rather than the advertisers directly as these agencies already have existing portfolios of advertisers. Also, by doing so, we do not need to maintain a huge sales force which would be required if we were to approach each advertiser directly. Currently, our Group has established a base of approximately 190 advertising and media agencies. Nevertheless, for strategic business reasons, we will still approach the major advertisers directly.

Our Group has a wide range of solutions that are catered for differing online advertising budgets. We have a range of high end, premium Rich Media solutions that aim to increase brand awareness via interactive and engaging Rich Media ads. Also, our Group offers more budget-conscious advertisers a performance-based online advertising solution termed AdVenue Performance, as well as various other solutions that have been grouped under our M4 Online Marketing service.

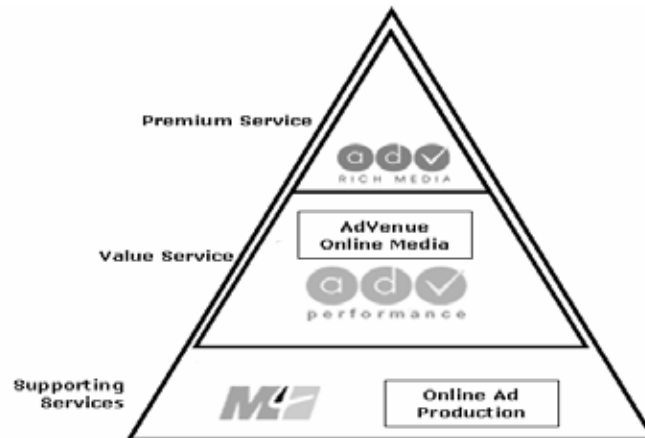
By offering such end-to-end solutions, we position ourself as a one-stop-shop for companies looking to develop an internet presence, be they large multinationals or SMEs. Our Group is also strategising its future R&D plans so as to be able to position ourselves as a total digital advertising solutions provider with solutions spanning across and beyond online technologies.

5. INFORMATION ON OUR GROUP (Cont'd)

Sales and Marketing Personnel

Our Group's sales and marketing team is led by our Managing Director, Looa Hong Tuan. The profile of Looa Hong Tuan is set out in Section 6.2.1 of this Prospectus. The sales and promotions strategies that the team utilises are detailed in the following sections:

(i) Sales strategy



As depicted in the diagram above, our Group has developed different types of solutions to cater for various segments of the online advertising market. There are also separate sales and pricing strategies for each product:

(a) AdVenue Rich Media

This service is usually priced depending on the ad formats, amount of impressions, and duration of campaign desired by the client. More complex and technical campaigns are usually higher priced, and the same goes for campaigns that are expected to run for a longer duration or those aiming to capture a high number of impressions. Generally, the pricing for this service is higher compared to the other solutions that our Group offers, as this is meant for higher-profile companies that are seeking to improve their brand awareness on the internet.

(b) AdVenue Performance

This service is beneficial for both web publishers and advertisers; the ad spaces used for AdVenue Performance ads are typically second tier inventory, or non-prominent ad spaces. This maximises the usage of publisher inventories, and subsequently their ad revenue as well. Advertisers, however, gain access to a cheaper means of reaching their target audience online. The nature and design of these ads also reflect the utilitarian nature of the service, as AdVenue Performance ads aim for quantifiable results, with advertisers being charged according to trackable dimensions that they specify, such as signups, registrations, SMS, email, and downloads of brochures or coupons.

(c) M4 Online Marketing

Our Group's M4 Online Marketing service aims to round up the online advertising solutions that are already provided by us. Thus, our Group also offers services such as search engine optimisation, consultation, non-internet based SMS/MMS permission marketing, and creative design services. The primary reason behind offering the range of solutions under this category is that it enhances our Group's status as a one-stop shop for digital advertising solutions.

5. INFORMATION ON OUR GROUP (Cont'd)

Our primary goal is to develop long term relationships with advertisers and publishers. Our Group has invested a lot of time and effort in developing trust and close working relationships with publishers. This gives them access to a broad online network that is extremely appealing to advertisers and agencies seeking to build strong brand presence and awareness online. Furthermore, our Group has designed our solutions such that advertisers and agencies can conduct such campaigns with minimum hassle. Our Group is also able to work within advertising agency culture, and is aware of the importance that these clients place on time constraints and deadlines. Thus, Our Group is able to fully serve client needs through our technology as well as its solutions.

(ii) Promotions Strategy

Our Group operates within a specialised niche – the online advertising market. The market in Malaysia is still in its infancy stage; as such, our Group promotes and markets our solutions in a direct and specially targeted manner. Our Group targets super brand companies as well as SMEs, whose needs are different from most companies. These potential clients are identified via analysis that the sales and marketing team conducts on traditional advertising media to highlight ongoing non-online advertising campaigns that would benefit from the addition of online advertising to the campaigns. Highly targeted promotion strategies are then implemented in order to attract new clients while building and maintaining relationships with existing ones. Due to the business-to-business nature of the solutions that our Group offers, our Group has opted for more optimised marketing and promotions strategies, such as cold-calling targeted advertising agencies, as well as organising client education events to inform agencies and advertisers of the benefits that online advertising and our Group's services can provide.

Also, advertisers sometimes contact online publishers to request for online advertising space. In such situations, these advertisers are referred to our Group, as it is better equipped to assist and develop the advertiser's needs further through the provision of our Group's services.

The table below lists the type of mediums currently used to promote our Group's solutions.

Medium	Description
Online Advertising	Although our Group does not overtly advertise our services online, our Group's online advertisements link to internal servers, and indirectly promote our Group's services.
Direct Mail and Newsletters	Our Group uses monthly newsletters to highlight major campaigns that our Group has conducted in the past month, along with any promotions that our Group is offering during that period of time. These newsletters are generally sent via email to online advertising industry participants, online publishers, advertisers, advertising agencies, and interested parties that have registered on our Group's webpage.
Educational Seminars	Invited to speak to business owners and decision makers at internet-related educational seminars on a variety of topic. Participating in these seminars gives our Group the opportunity to reach out to a wider audience.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.8 Major licences, permits and approvals

Save as disclosed below, as at 30 April 2008, there are no other major licences, permits and approvals held by our Group for the purpose of conducting our business.

Approving authority	Type of major licences / permits / approvals	Date of issuance	Salient conditions	Status of compliance
MDeC	MSC status (awarded to ISB)	30 September 2005	(i) ISB agrees to complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one 1 month from 30 September 2005 and undertake such activities specified in the business plan as approved by MDeC below within 6 months from 30 September 2005 or by such date as may be specified in the business plan (which may be extended or modified with the written consent of MDeC) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC-Qualifying Activities are as follows:-	Complied
			<ul style="list-style-type: none"> ✓ Design and development of the Advenue Online Rich Media Advertising Platform versions 1.5 and above. ✓ Design and development of the Pijon Digital Marketing Platform versions 1.5 and above ✓ To provide Content Creation, Multimedia and e-Commerce Development Services 	Complied
			Any changes proposed to the above MSC-Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;	Noted
			(ii) To locate the implementation and operation of the MSC Qualifying Activities in the Designated Zone in Cyberjaya with an office space requirement of 1,200 sq ft within 6 months from 30 September 2005, and will seek MDeC's prior written approval in the event of any changes in the location or address of the company;	Complied
			(iii) To ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC-Status company shall be knowledge workers. Knowledge workers shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Qualifying Activities. The recruitment, employment and/or appointment of foreign knowledge workers shall be the sole responsibility of ISB and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;	Complied

5. INFORMATION ON OUR GROUP (Cont'd)

Approving authority	Type of major licences / permits / approvals	Date of issuance	Salient conditions	Status of compliance
			(iv) ISB to submit to MDeC a copy of annual report and audited statements in parallel with submission to the Companies Commission of Malaysia;	Noted
			(v) ISB to ensure that all information and/or documents furnished to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;	Noted
			(vi) ISB to inform and obtain the prior approval of MDeC for any proposed change in name;	Noted
			(vii) ISB to inform MDeC of any change in the equity structure or shareholding structure, or such other changes that may affect the direction or operation of ISB. MDeC must be informed of any change before steps are taken to effect such change; and	Complied
			(viii) To comply with all such statutory, regulatory and/or licensing requirements as may be applicable. The MSC Status granted to ISB shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC. In addition, MDeC may from time to time add to, remove from or vary the above conditions.	Noted

5.4.9 Trademarks / Intellectual property rights

ISB has submitted applications to the Trade Mark Registry to register the following trademarks:

- (i) Innity Company Logo;
- (ii) AdVenue Rich Media;
- (iii) AdVenue Performance; and
- (iv) M4 Online Marketing.

As at 30 April 2008, the registration of the abovesaid trademarks is still pending approval from the Trade Mark Registry.

5. INFORMATION ON OUR GROUP (Cont'd)

ISB has made statutory declarations that the copyright in the following computer programs and their respective source codes belong to ISB:

- (i) AdVenue Framework;
- (ii) AdVenue Rich Media;
- (iii) AdVenue Performance; and
- (iv) AdVenue Mobile.

ISB's risk against intellectual property infringement by third parties whether through copying or reverse engineering is minimal as ISB does not license out the use of the above computer programs and neither the online publishers nor the advertisers have access to the source codes of the computer programs. Each inventory or online advertisement is stored in ISB's servers and streamed to the websites for viewing by the public. Viewers will not be able to see any of the source or any codes save for the HTML tags for the streaming of the inventories.

However, ISB faces certain risks in intellectual property infringement from its employees including the members of its R&D team as certain employees use the computer programs to rework the advertisements given by media agencies or advertisers and certain members of the R&D team may have knowledge of the source codes.

In order to manage the risk of intellectual property infringement by its employees, ISB has incorporated the following measures into its operations:

(i) Segregation of Duties

Save for Phang Chee Leong, who is our Executive Chairman and ISB's CEO/CTO, no other individual has knowledge of how the entire computer programs and how the respective source codes works. The computer programs are developed in modules and in parts and ISB has assigned the tasks of developing and updating the computer programs and its source codes in such manner that they are done in isolation i.e. the individual assigned to undertake such task will only have knowledge on part of the source code and not the entire source code or the entire mechanics of the computer programs. ISB believes that this segregation of duties will prevent any employees from having knowledge of the inner workings of the computer programs and their respective source codes as a whole and as such, will prevent the employees from duplicating or re-creating the computer programs.

(ii) Confidentiality Agreements

The employees of ISB, in particular the members of the R&D team have entered into confidentiality agreements with ISB undertaking *inter-alia* to maintain confidentiality of all confidential information. In addition to the confidentiality requirement, the members of the R&D team undertake that they shall not be involved, whether directly or indirectly, in any business, which is similar to, or in competition with ISB's business.

(iii) Education and Awareness

ISB periodically issues memos to its employees to remind them of their obligations to maintain confidentiality and the liabilities for breach of such obligations. ISB also periodically educates its employees of the importance of intellectual property protection and the consequences for the breach of intellectual property rights.

5. INFORMATION ON OUR GROUP *(Cont'd)*

(iv) Source Code Security

All source codes are kept by ISB's CTO in a secured place. Only certain members of the R&D team have access to the source codes. Even then, such accesses are limited and all source codes have been encrypted.

(v) Copyright Declaration

ISB from time to time updates its records and makes declarations that the copyright in the updated source codes of the computer programs and the database belongs solely to ISB.

(vi) Stringent Selective Process

The members of the R&D team undergo a stringent selective process, which includes strenuous interviews by the Directors of ISB to determine the suitability of the individual to be part of the R&D team. Amongst the qualities that the Directors of ISB look out for are integrity and fidelity and such individual shall only be selected after the directors are satisfied that the individual possesses such unwavering qualities.

(vii) Exit Interview

An employee who resigns or whose employment has been terminated is subject to an interview process conducted by the Directors of ISB. The purpose of such exit interview is to ensure that the employee does not possess any confidential information and such employee is reminded on its obligations and undertaking in respect of confidential information and intellectual property rights.

5.4.10 Contracts / arrangements which our Group is highly dependent on

As at 30 April 2008, there are no contracts or arrangements which our Group is highly dependent on that could materially affect our business or profitability.

5.4.11 R&D

The objective of Innity's R&D team is to maintain the competitive edge the Company has over our competitors by:

- (i) continuously enhancing existing technology and applications as part of continuous improvement efforts; and
- (ii) developing new technology for new solutions to meet greater variety of client demands.

Our Group aims to develop more advanced technology and solutions to provide greater benefits to our clients in terms of functionality as well as usability. We are committed to producing new and innovative technologies coupled with improved interactivity that provides a richer media experience to advertisers and consumers.

In order to accomplish this, we place high importance on R&D programs and establish a strong R&D team with streamlined operations and effective product development methodologies. Our Executive Chairman, Phang Chee Leong personally oversees Innity's R&D division and frequently takes a hands-on approach in managing the development teams. The Company also has a separate R&D office located in Kelana Jaya and Cyberjaya.

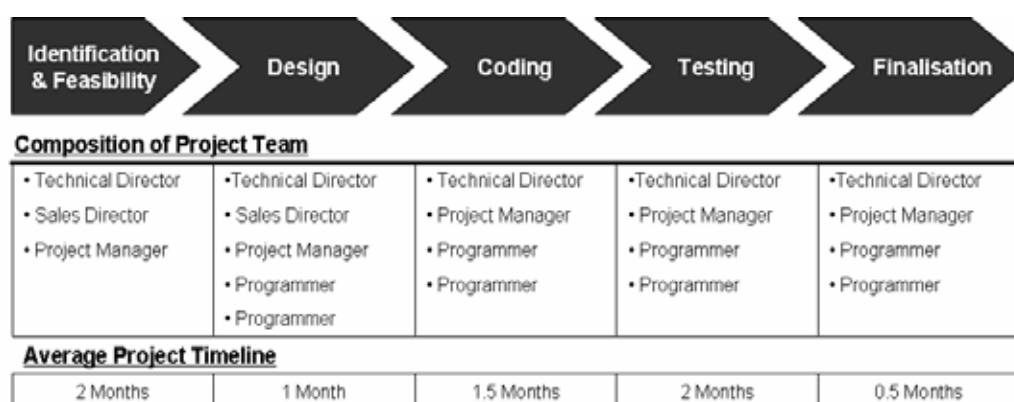
5. INFORMATION ON OUR GROUP (Cont'd)

Our annual R&D expenditure for the past 3 FYE 31 December 2007 are as follows:

FYE 31 December	2005 (RM)	2006 (RM)	2007 (RM)
R&D expenditure	481,427	669,462	783,824
% of our Group's proforma turnover	9.6	7.5	8.4

R&D Approach

Our Group is highly focused on developing new technologies and applications for its suite of online advertising solutions. As such, our Group has established highly effective R&D procedures in order to ensure more efficient deployment of resources as well as to develop relevant solutions that anticipate and meet market demand. The table below provides a graphical description of the R&D approach that our Group utilises:



Our history as a solutions provider for e-commerce and content management systems gives our Group a solid technical and technological foundation for the development of in-house technologies and applications. This allows our Group to position ourselves as cost-effective and efficient provider of online advertising solutions, due to the nature of the industry where companies unable to keep up with technological developments stand to lose significant market share. Also, our senior management team consists of individuals with a wide variety of knowledge and experience spanning the entire online advertising value chain. This is invaluable for our Group's product development process, as the team is able to provide valuable input in terms of identifying potentially lucrative product niches, anticipating future market demand trends, as well as determining the feasibility of various potential solutions.

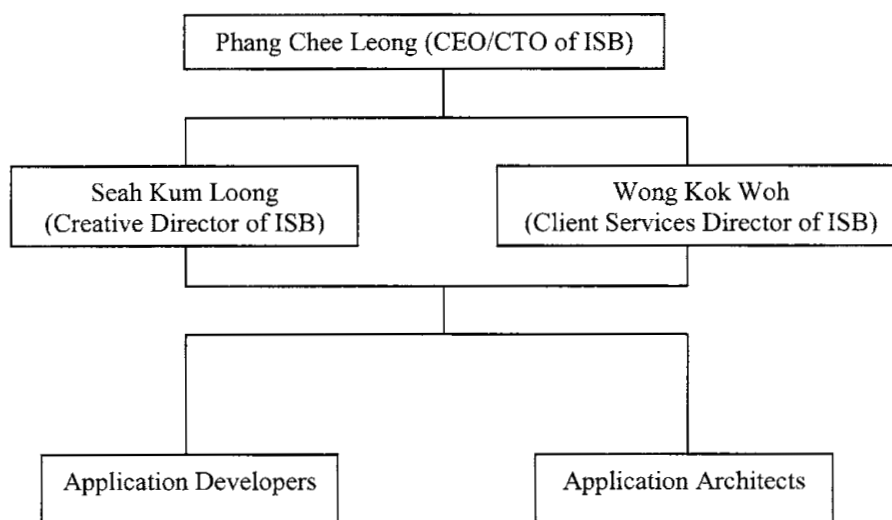
Besides conducting comprehensive niche identification, positioning, and feasibility studies, our Group also utilises paired programming and fast iteration procedures in our development of new technologies and applications. Paired programming refers to two programmers collaborating on one design or project. Although there are added costs due to having two people on the same project, this approach ensures that both parties are equally immersed in the development of the product, reduces errors, and allows for better efficiency and creativity.

Our other major product development procedure is known as a fast iteration approach, where ideas are quickly implemented into designs and solutions that are then rolled out for use among a close circle of key clients. These clients then provide feedback that the design team uses to either remove or improve existing features, thus resulting in continuous improvement processes as well as increasing client satisfaction. This approach also reduces product risks as compared to conventional approaches such as the traditional 'big-bang' approach where users are only given access to the final product. The risks inherent within the second approach are inherently higher, as the former allows continuous tweaking and upgrading according to user feedback, thus establishing user support even before final product launches.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.11.1 R&D personnel

Our Group's R&D department consists of 15 members and is headed by Phang Chee Leong, who is our Executive Chairman and the CEO/CTO of ISB. The structure of our R&D department is as follows:



5.4.11.2 R&D achievements

Over the years, our Group has achieved several breakthroughs in our R&D projects such as follows:

Year	Category	Project Title	Description
2004	AdVenue Platform	Targeting and Capping	Ad delivery based on different parameters such as date, time, Internet Protocol Address, frequency, domain, keyword etc
		Ad Approval System	Easy approval workflow for advertising campaigns before activation and deployment
		Ad Campaign Preview	Provides users with a preview function for ad campaign visual and layout based on selected publishers and ads formats
		Ad Delivery Tracking	Ad tracking based on impressions, clickthroughs and conversion
		Ad Campaign Performance	Overall enhancement of online ad campaign performance through network, clickthrough, and contextual optimisation methods
		Enhanced Ad Campaign Performance Reporting	Enhanced performance reports for conversion performance, ROI, comparison, and a wider variety of charts
		Ad Interaction Tracking	Ad interaction tracking such as video view time, button clicked, banner interaction time, expanding interaction time, as well as close and custom interactions

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Category	Project Title	Description
2005	AdVenue Rich Media	Rich Media Ad Format Support	Interactive, engaging, and informational ad format to create better impact for brand awareness as well as direct responses
		"AdVenue" VidStream Video Ads	Integration of TV Commercial into online advertising with bandwidth detection and adaptive buffering technology
		Enhanced Rich Media Ad Format Support	Support for enhanced ad formats that promote brand awareness and interactions, such as full page overlays, polite downloads, and push down banners
2006	AdVenue Performance	Performance Ad Support	Support for performance based ad formats that focus on delivering quantitative and measurable results such as registrations and personal data collection
2007 and On-going	AdVenue Platform	Distributed Delivery and Tracking	Distributed ad delivery, as well as targeting and tracking features using the latest internet technology such as XML, caching and synchronisation technology, Ajax, and web services technology
		Enhanced Targeting and Capping	Advanced parameters for content and geographical targeting with more ad capping options
		Enhanced Systems Scalability	Greater systems flexibility in terms of upgrades and increases in server capacity. This will result in more effective server performance and higher server loads as the number of users increase
		Enhance Messaging Integration for Direct Marketing Response	Advanced VOIP, SMS, MMS integration
		Behaviour Targeting Advertising	Extended-Content targeting – targets users that have shown an interest in a subject Purchase-Intent targeting – allows advertisers to direct their messages at users who are about to make purchases
		Contextual Targeting Advertising	Automated ad systems that deliver ads based on the contents of web pages
		Enhanced Campaign Optimisation and Data Mining	Complex mathematical algorithms that take into account multiple factors to develop an artificial intelligence that optimises and automatically refines ad placements
		Interactive Wizard	Facilitates campaign media planning and buying using audience profiles and demographics

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.11.3 Ongoing and future R&D

Our Group aims to enhance the functionality and interactivity of our solutions so as to entrench our status as Malaysia's premier digital advertising solutions provider by moving beyond computer-based online advertising. As such, we have clearly outlined specific areas within several developmental phases that will be the focus of our future R&D efforts. Our Group's core focus for the immediate term will be on the continuous and incremental development to our existing AdVenue Platform which would include enhancements such as behavioural and contextual targeting, optimised data mining, interactivity, scalability as well as rich media enhancement and performance reporting. This is to ensure that our existing platform is consistently up-to-date and relevant for our clients.

In the medium term, our Group seek to focus our R&D efforts into incorporating and extending our existing online advertising services to new, alternative media such as wireless networks, internet kiosk and digital display through the development of the AdVenue WIFI and AdVenue Kiosk technology. AdVenue WIFI would see the incorporation of advertising channels into WIFI entry pages and surf bars targeted at ISPs, hotel chains, and other businesses offering wireless internet services while AdVenue Kiosk would see the incorporation of entry page and video advertising streamed into internet kiosks targeted at cybercafés, public terminals and plasma kiosks. In line with this, our Group will also seek to develop the AdVenue Video IPTV/Digital TV Advertising and AdVenue Mobile Interactive (Mobile RSS) technology. This will allow us to extend our media reach within the digital sphere as well as provide for another additional revenue stream for our Group.

Below is some description of the AdVenue Video IPTV/Digital TV Advertising and AdVenue Mobile Interactive (Mobile RSS) technology:

AdVenue Video IPTV/Digital TV Advertising

The penetration of high speed internet connections have opened up countless possibilities for organisations to offer new types of services such as online gaming, live streaming of television and radio shows, and other services that require high bandwidth internet services in order to ensure smooth delivery.

In recent years, growing broadband/high bandwidth internet connectivity has lead to increased demand for internet-based television. Also known as IPTV, such technology allows for real-time delivery of television content through the internet. Thus, users are then faced with the possibility of viewing shows not only through their television sets, but on their mobile phones and Personal Digital Assistants (PDA) as well.

Besides offering viewers with high resolutions content, IPTV can also offer services such as those listed below:

Services	Description
TV Service	Video content that is broadcasted at scheduled times, much like conventional television. Viewers can customise the types of packaged channels that they want.
Video On Demand ("VoD")	VoD is a service that enables viewers to order video programs over the internet and watch them whenever they want. These movies or contents are usually stored in video library, and can only be used at a limited time.
Electronic Program Guide ("EPG")	EPG is a program guide that provides viewers with information on current and upcoming programs.
Personal Video Recorder ("PVR")	PVR enables viewers to store video content broadcasted on IPTV to be viewed at a later time.

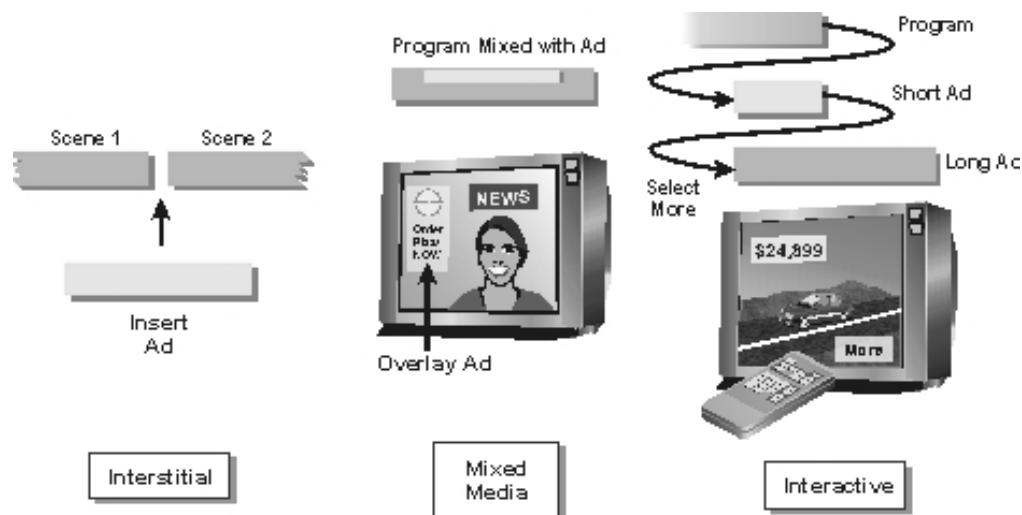
5. INFORMATION ON OUR GROUP (Cont'd)

Services	Description
Network Personal Video Recorder ("NPVR")	NPVR is similar to PVR in terms of functionality, though storage space is provided by the IPTV network, rather than on a local hard disk.
Information Services	Information services might contain news, sports news, stocks reports, weather, as well as local content such as train and flight information.
Interactive TV	As the name suggest, this function allows viewers to interact with TV shows in ways other than simply controlling the channel and the volume and handling videotapes. Examples of what viewers can do include playing games, voting, give feedback, and online shopping.
Interactive/Broadband Applications	Viewers can connect to online web sites, giving IPTV users the full host of functions that is normally found on computers.

According to estimates from the Malaysia Communications and Multimedia Commission (MCMC), broadband uptake in Malaysia is experiencing significant growth, with close to 1,368,900 users by the end of 2007. Increasing broadband usage has also been identified as a major focus for the Malaysian government in the coming years.

The potential market reach that this technology provides is extremely attractive to advertisers, as they would be able to carry out broadcast and customised broadcast advertising via IPTV. Thus, they would still be able to reach all people in a geographical area, while also being able to customise ads for specific viewers. New forms of ads can also be implemented, increasing the effectiveness of marketing campaigns. Some ads that have been developed are interstitials, mixed media ads, and interactive media ads.

Interstitial ads are advertising messages that appear in between program segments and can be programmed to load when viewers switch channels. Mixed media ads, as the name suggests, is the combination of various media such as video and text graphics that are displayed on screen. Interactive media ads are advertisements that allow viewers to interact with advertising messages. The diagram below illustrates the 3 forms of IPTV advertisements.



Although IPTV is still a relatively new technology, it is foreseen that Malaysia will roll out such technologies soon. ASTRO, Malaysia's first pay per view satellite television network station, is already offering interactivity in a number of its programmes and with the rapid advancement of technology in our country's ICT sector, it is extremely likely that IPTV will arrive in the near future.

5. INFORMATION ON OUR GROUP (Cont'd)

We plan to take advantage of this new technology to further our ambitions as a total digital advertising solutions provider. Currently, industry standards and protocols are still in the midst of development. Nevertheless, we will be able to capitalise on the rollout of IPTV, as we will be a frontrunner in enabling advertising streams on the new media format. IPTV capabilities and new ad format support is being explored as additions to current AdVenue Platform solutions.

AdVenue Mobile Interactive (Mobile RSS)

According to government statistics, Malaysia enjoys an estimated 85.1% mobile penetration and close to 23.3 million mobile subscribers as at the end of 2007. This is a huge market that has been, hitherto, relatively untouched by advertisers. Furthermore, the rollout of 3G services across the country is also a development that opens up a variety of formats and launching pads for advertisers to use in order to reach larger and more targeted audiences. One new technology that is particularly useful is RSS, which is used to refer to 'Really Simple Syndication', 'Rich Site Summary', 'RDF Site Summary', or 'Real-time Simple Syndication'.

Regardless of the source of the acronym, RSS generally refers to a technology that is widely used by news websites and weblogs to alert subscribers when a site is updated with new content. This is done by delivering a stream or channel of information that allows specialised readers to track updates on a site. Mobile RSS follows the same principles, with mobile devices synchronising with online sources to alert users of newly available content.

Our Group aims to develop a Mobile RSS reader that will enable subscribers to receive Mobile RSS feeds for free. However, in order to sustain the service, advertisements will be included in the feeds as a main source of revenue. Although the technology for Mobile RSS is still very new in Malaysia, it has been very well received by tech-savvy professionals overseas, particularly in the USA. Our Group intends to develop Java-based Mobile RSS readers, as the technology would be compatible with a wider user base.

This will give our wide network of publishers an avenue to reach even larger audiences, thus promoting their content and increasing their reader base. Advertisers can also easily reach their targeted demographics as they can target specific subsets of subscribers depending on the websites that they specify, also known as 'feeds', on their Mobile RSS readers. Most subscribers will likely view or download their feeds when they are commuting or while waiting for an appointment. During this time, advertisers are presented with an audience, which are "captive", but remain active. It is during this time, where the audiences are being particularly receptive to messages that are being conveyed. Therefore, the advertisements that are placed alongside the feeds have a high chance of being clicked, leading to the advertiser's site.

The diagram below illustrates a demo screen of the upcoming AdVenue Mobile Interactive service. Sites that users want to receive feeds from are arranged in rows and users just have to click the links to access information that they require.



5. INFORMATION ON OUR GROUP (Cont'd)

In the longer term, our Group's R&D initiatives would be expanded to include non-internet media such as magazines, newspapers and outdoor ads; marking a fundamental leap from merely focusing on digital advertising alone to the development and convergence of both the non-internet media and digital mediums. Our Group's R&D thrust here would be to develop and integrate ad delivery and management mechanism and to provide for greater integration of both the online as well as non-internet advertising medium.

The revenue generation models for our Group's upcoming R&D projects shall be similar to our current model i.e. revenue will be generated from the provision of online ads and online ad space to advertisers. This revenue will then be shared between us, media operators such as wireless telecommunications companies, and content owners or online publishers.

5.4.12 Interruptions to operation

There has been no major interruption to our Group's business or operations for the past 12 months prior to 30 April 2008.

5.4.13 Major clients

Our Group maintains an inventory of online advertising space that encompasses a network of popular, high-traffic online publishers. This makes us an attractive partner for advertisers and media agencies who work on behalf of advertisers, as our Group can provide ready allocations of online advertising space to them for their planned advertising and marketing campaigns. Also, our Group works directly with brand owners/advertisers who wish to reach their target market by implementing online marketing campaigns. Thus, our Group has a two-tiered client base; they either work with media agencies, or directly with end-clients.

Our Group has an impressive list of agencies and advertisers who have worked with us to expose their products, promotions and brands to online target audiences. These companies consist of multinationals and large Malaysian brands ranging across various industries, and make up the bulk of our Group's revenue. A number of these advertisers, such as Sony, are repeat clients who trusts our Group to manage large scale campaigns.

The advertisers and media agencies who had contributed 10% or more each of our Group's turnover for each of the last 3 FYE 31 December 2007 are as follows:

Major clients	Length of relationship (Years)	2005	2006	2007
		% of Group's turnover	% of Group's turnover	% of Group's turnover
Malaysia Tourism Promotion Board ⁽¹⁾	2	-	41.42	-
Starcom Mediavest Group Sdn Bhd ⁽²⁾	4	0.6	19.69	24.67
Sony (Malaysia) Sdn Bhd ⁽¹⁾	7	13.17	7.94	8.28
ZenithOptimedia Sdn Bhd ⁽²⁾	4	26.09	6.89	6.73
MINDSHARE ⁽²⁾	4	12.29	6.31	10.05
Carat Media Services (Malaysia) Sdn Bhd ⁽²⁾	4	10.19	2.71	5.14

Notes:

(1) Advertisers

(2) Media agencies

5. INFORMATION ON OUR GROUP (Cont'd)

For the FYE 31 December 2007, approximately 34.72% of our Group's total revenue was contributed by Starcom Mediavest Group Sdn Bhd and MINDSHARE, each contributing more than 10% of our Group's turnover.

The composition of our major clients varies throughout the period shown. This is largely due to the nature of the overall advertising industry as media agencies such as Starcom Mediavest Group Sdn Bhd obtain varying advertiser accounts every year, and advertiser budgets generally depend on new product launches, rebranding exercises, and other marketing activities, resulting in advertising budgets of differing sizes every year. Advertising budgets are also influenced by the promotion of world events such as the World Cup and Olympics. For example, our Group recorded a major advertising account with Malaysia Tourism Promotion Board for FYE 31 December 2006 due to the Visit Malaysia Year 2007 campaign.

Save for Malaysia Tourism Promotion Board, our Group has developed long term relationship of between 4 to 7 years with our major clients. Our Directors are of the opinion that this continuing business relationship will provide the basis for reliable and continuous support from them.

As at 30 April 2008, our Group has a wide client base of 190 advertisers and media agencies. As such, our Directors believe the risk of over-dependence on any one client is minimal.

5.4.14 Major online publishers

Our Group represents a network of websites from various industries, and is responsible for finding advertisers for their ad spaces. As such, online publishers are, in effect, the suppliers of our Group's online ad space that our Group then resells to advertisers and media agencies.

The online publishers who had contributed 10% or more each to our Group's media costs for each of the last 3 FYE 31 December 2007 are as follows:

Major online publishers	Length of relationship (Years)	2005	2006	2007
		% of Group's media costs	% of Group's media costs	% of Group's media costs
Microsoft Corporation	5	57.78	48.60	-
Star Publications (Malaysia) Berhad	5	14.82	18.32	30.89
Sinchew-I Sdn Bhd	4	5.80	5.04	19.22
NSTP e-Media Sdn Bhd	4	-	-	16.47

For the FYE 31 December 2007, approximately 66.58% of our Group's total media costs was contributed by Star Publications (Malaysia) Berhad, Sinchew-I Sdn Bhd and NSTP e-Media Sdn Bhd, each of them contributing more than 10% of our Group's media costs.

Our Group has developed long term relationship of between 4 to 5 years with our major online publishers. Our Group's network of online publishers includes prominent local online publisher sites such as The Star Online, Sinchew-I, NSTP Online and The Edge Daily Online. Our Directors are of the opinion that this continuing business relationship will provide the basis for reliable and continuous support from them. Our Group's exclusive partnership with Microsoft Corporation's MSN was discontinued in June 2006.

Over the years, our Group seeks to reduce its reliance on the major online publishers by endeavouring to expand our network of online publishers. This is evident by the increase in our Group's online publishers from 16 online publishers in FYE 31 December 2005 to 42 online publishers as at 30 April 2008.

Moving forward, our Group's regional expansion plans as well as the projected increase in growth of the online community in Malaysia due to strong government support are expected to further reduce our dependency on any of our major online publishers.

5. INFORMATION ON OUR GROUP (Cont'd)

Also, our Group typically enters into third party exclusive agreements with selected online publishers. These agreements are usually for a period of 1 to 2 years, with the option for renewal for another year. With these third party exclusive agreements, only our Group and the online publishers themselves are allowed to sell their respective ad space.

5.4.15 Our key milestones and achievements

Year	Key achievement/milestones
2000	Commenced operations with primary focus on provision of e-commerce and related internet solutions
2001	Winner of the PIKOM-Computimes IT Award Best Community Site of the Year 2001 for the Renong E-Learning website
2001	Finalist for the @my Jaring IT Award Best e-Business Site of the Year 2001 for the Sony eCommerce website
2001	Obtained Microsoft Certified Partner Status
2001	Obtained Microsoft Integrated E-Business Solutions Competency
2003	Ventured into the online advertising industry through the provision of online advertising-related services
2004	Launched the AdVenue Platform
2005	Obtained MSC status
2006	Incorporated Rich Media support and video ad format support into the AdVenue Platform
2006	Introduced AdVenue Performance
2006	Set-up R&D office in Cyberjaya
2006	Incorporated subsidiary company in Hong Kong named Innity Ltd
2006	Incorporated subsidiary company in Singapore named IM Innity
2007	Incorporated subsidiary company in Vietnam named Innity Vietnam

5.4.16 Our future plans, strategies and prospects

5.4.16.1 Product Development Strategy

As mentioned in Section 5.4.11 of this Prospectus, apart from continuously enhancing our existing technology and applications as part of our continuous improvement efforts, we intend to develop new technology for new solutions, namely AdVenue Video IPTV/Digital TV Advertising and AdVenue Mobile Interactive, to meet greater variety of client demands. We expect our AdVenue Video IPTV/Digital TV Advertising and AdVenue Mobile Interactive will further establish our position as Malaysia's premier digital advertising solutions provider. Please refer to Section 5.4.11 of this Prospectus for information on our AdVenue Video IPTV/Digital TV Advertising and AdVenue Mobile Interactive. Our Group expects to commence the development of these new solutions by September 2008.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.16.2 Future Promotions Strategy

Our management has developed strategies for future promotions of our online advertising solutions. This will lead to broadened exposure for our Group and generate additional sales leads and, subsequently, revenue.

We plan to use different types of medium for our future promotion strategy, which includes the following:

No	Medium	Description
1	Print Ads	We intend to advertise our Group's solutions in several business publications such as ADOI, Brand Equity, and The Edge. These publications cater to business and industry leaders and are expected to increase our Group's client base and market presence.
2	Mass Media Ads	We plan to increase our advertising budget as part of our promotion strategy in the near future. Targeted avenues for such communications are radio spots that are continuously played during local area talk shows as well as during news programs and billboard advertising.
3	Educational Seminars	We have been invited and plan to attend and speak at several internet-related educational seminars, a key forum that will allow us to build and strengthen our brand presence among a focused audience.
4	Local Area Commerce Groups	We plan to join local area Chamber of Commerce groups as well as other strategic partnership clubs as part of our efforts to promote our solutions in the web services industry.

5.4.16.3 Business Development Strategy

Our Group plans to expand regionally in order to gain access into broader markets and enhance revenue growth.

Our Company's main strategy is to open sales offices in locations within Asia that are experiencing high growth in order to tap on the growing online advertising markets in these areas. Our Group has incorporated subsidiaries in Singapore, Hong Kong and Vietnam under IM Innity, Innity Ltd and Innity Vietnam, respectively. IM Innity and Innity Vietnam has commenced operations whilst Innity Ltd is an investment holding company. The presence of many large MNCs in Singapore would serve as a potentially lucrative market for our Group. This gives us a point of contact for our Singapore clients and also serves as a hub for relationship development with Singapore-based online publishers. The Singapore office will also serve as a springboard for further regional expansion and assist us in developing a more robust regional network of clients and online publishers.

Unlike Singapore, Vietnam is different in terms of online advertising market as the internet penetration rate is still relatively low; current estimates place internet penetration among the country's populace at 20.3% in 2007 as compared to 66.3% in Singapore. Nevertheless, the country's government has indicated its strong support of increasing internet usage among its populace. As such, we intend to roll out various online advertising solutions such as AdVenue Rich Media and AdVenue Performance, offering more options for potential clients that are relatively unfamiliar with the online advertising industry.

5. INFORMATION ON OUR GROUP (Cont'd)

Our Group also plans to expand to India and Hong Kong over the near term. Set out below is the tentative commencement date:

Country	Expected Commencement of Operations Date
India	3 rd Quarter 2009
Hong Kong	3 rd Quarter 2009

According to a report by the Internet and Mobile Association of India (IAMAI), there were approximately 32 million active internet users in India in 2007. Along with the rapid pace of development of the country's IT sector, the conditions in India indicate great potential for the online advertising market in the country. Hong Kong, on the other hand, boasts an internet penetration rate of close to 69.2%. These 2 markets have great potential for spurring our regional growth, and the presence of MNCs and SMEs there that have exposure to online advertising would give our AdVenue Rich Media and Performance solutions a broad prospective client base.

We intend to benefit by being the first mover in these markets. Our expansion strategy for these countries will be aimed towards market development and education, brand-building, and client relationship development. Such an approach will allow us to further entrench ourselves as well as develop a strong presence, subsequently enabling us to realise the full potential of these markets in the longer term as the online advertising markets in some of these countries are still nascent and developing.

5.4.17 Subsidiary companies

The details of our subsidiary companies as at 30 April 2008 are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital	Effective interest (%)	Principal activities
ISB	8 December 1999 / Malaysia	RM410,000	100%	Provision of technology-based online advertising solutions and other internet related services
Innity Ltd	14 July 2006 / Hong Kong	HKD250,000	100%	Investment holding
IM Innity	8 December 2006 / Singapore	SGD30,000	60%	Provision of technology-based online advertising solutions and other internet related services
Innity Vietnam	5 October 2007 / Vietnam	VND800,000,000 or equivalent to USD50,000	88%	Provision of technology-based online advertising solutions and other internet related services

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.17.1 Information on ISB

(i) History

ISB was incorporated in Malaysia as a private limited company under the Act on 8 December 1999 and commenced its business activities on 1 August 2000. ISB is primarily involved in providing technology-based online advertising solutions. In addition, ISB also offers advertisement production and creative design, making it, in essence, a full service online advertising firm. ISB was granted MSC status on 30 September 2005. By virtue of its MSC status, ISB was granted pioneer status on 30 September 2005 for an initial 5 years period by MDeC pursuant to Section 6 of the Promotion of Investments Act, 1986. Approval of ISB's pioneer status can be extended for a further 5 years upon the expiry of the first 5 years.

(ii) Share capital

The authorised share capital of ISB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM410,000 comprising 410,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of ISB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
8.12.1999	2	1.00	Cash	2
26.12.2001	409,998	1.00	Cash	410,000

As at 30 April 2008, ISB does not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

ISB is a wholly-owned subsidiary of our Company. Please refer to Section 6.1.2 of this Prospectus for information on our substantial shareholders.

(iv) Subsidiary companies

As at 30 April 2008, ISB has a wholly-owned subsidiary, i.e Innity Ltd which in turn holds 60% of IM Innity and 88% of Innity Vietnam. However, ISB does not have any associated companies.

5.4.17.2 Information on Innity Ltd

(i) History

Innity Ltd was incorporated under the Companies Ordinance, Chapter 32 of Hong Kong on 14 July 2006 as a private limited company in Hong Kong. Innity Ltd is an investment holding company.

(ii) Share capital

As at 30 April 2008, the authorised share capital of Innity Ltd is HKD5,000,000 comprising 5,000,000 ordinary shares of HKD1.00 each, of which HKD250,000 comprising 250,000 ordinary shares of HKD1.00 each have been issued and fully paid-up.

5. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of Innity Ltd since incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (HKD)	Consideration	Cumulative issued and paid-up share capital (HKD)
05.07.2006*	1	1.00	Cash	1
14.07.2006	249,999	1.00	Cash	250,000

Note:

* For the purposes of incorporating a company limited by shares in Hong Kong, at least one subscriber shall take up at least one share of the company and as such, one share was issued and allotted prior to the date of incorporation of the company.

As at 30 April 2008, Innity Ltd does not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

Innity Ltd is a wholly-owned subsidiary of ISB, which in turn is our wholly-owned subsidiary. Please refer to Section 6.1.2 of this Prospectus for information on our substantial shareholders.

(iv) Subsidiary companies

As at 30 April 2008, Innity Ltd owns 60% and 88% of the issued and paid-up share capital of IM Innity and Innity Vietnam, respectively. However, Innity Ltd does not have any associated company.

5.4.17.3 Information on IM Innity

(i) History

IM Innity was incorporated under the Companies Act, Cap. 50 on 8 December 2006 as a private limited company in Singapore. IM Innity commenced operations in September 2007.

(ii) Share capital

As at 30 April 2008, the issued and paid-up share capital of IM Innity is SGD30,000 comprising 30,000 ordinary shares.

The changes in the issued and paid-up share capital of IM Innity since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital (SGD)
08.12.2006	100	Cash	100
22.03.2007	29,900	Cash	30,000

As at 30 April 2008, IM Innity does not have any outstanding warrants, options, convertible securities or uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Substantial shareholders

IM Innity is effectively our 60% owned subsidiary held via Innity Ltd, which is a wholly-owned subsidiary of ISB. The remaining 40% is held by Tan Tian San.

(iv) Subsidiary company

As at 30 April 2008, IM Innity does not have any subsidiary or associated company.

5.4.17.4 Information on Innity Vietnam

(i) History

Innity Vietnam was incorporated in Vietnam on 5 October 2007 pursuant to Investment Law dated 29 November 2005, Decree No. 108/2006 ND-CP dated 22 September 2006, pursuant to Enterprise Law dated 29 November 2005, Decree No. 88/2006/ND-CP dated 29 August 2006, pursuant to Business Income Tax dated 17 June 2003, Decree No. 24/2007/ND-CP dated 14 February 2007 and pursuant to Law on Organization of People's Council and People's Committee dated 26 November 2003. Innity Vietnam commenced operations in January 2008.

(ii) Share capital

As at 30 April 2008, the total issued and paid-up share capital of Innity Vietnam is VND800,000,000 or equivalent to USD50,000.

The changes in the issued and paid-up share capital of Innity Vietnam since incorporation are as follows:

Date of allotment	Consideration	Cumulative issued and paid-up share capital
5.10.2007	Cash	VND800,000,000 or equivalent to USD50,000

As at 30 April 2008, Innity Vietnam does not have any outstanding warrants, options, convertible securities or uncalled capital.

(iii) Substantial shareholders

Innity Vietnam is effectively our 88% owned subsidiary held via Innity Ltd, which is a wholly-owned subsidiary of ISB. The remaining 12% is held by Destiny Co. Ltd and Thai Son Kim, which holds 5% and 7%, respectively.

(iv) Subsidiary company

As at 30 April 2008, Innity Vietnam does not have any subsidiary or associated company.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

6.1 Promoters and substantial shareholders

6.1.1 Promoters

Our Promoters and their respective shareholdings in our Company before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	Nationality/ Country of incorporation	Before the Public Issue and Bonus Issue		After the Public Issue and Bonus Issue	
			<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Phang Chee Leong	Executive Chairman	Malaysian	10,449,789	21.23	20,044,599 ⁽¹⁾	15.93
Looa Hong Tuan	Managing Director	Malaysian	9,868,953	20.05	18,941,011 ⁽¹⁾	15.05
Wong Kok Woh	Executive Director	Malaysian	11,030,585	22.41	21,148,112 ⁽¹⁾	16.81
Seah Kum Loong	Executive Director	Malaysian	8,707,320	17.69	16,733,908 ⁽¹⁾	13.30

Note:

(1) Assuming full subscription of the Issue Shares reserved for the eligible Directors of our Group pursuant to the pink form allocation

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL
(Cont'd)

6.1.2 Substantial shareholders

Our substantial shareholders and their respective shareholdings in our Company before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	Nationality/ Country of incorporation	Before the Public Issue and Bonus Issue		After the Public Issue and Bonus Issue	
			<-----Direct-----> No. of Shares	<-----Indirect-----> %	<-----Direct-----> No. of Shares	<-----Indirect-----> %
Phang Chee Leong	Executive Chairman	Malaysian	10,449,789	21.23	-	-
Looa Hong Tuan	Managing Director	Malaysian	9,868,953	20.05	-	-
Wong Kok Woh	Executive Director	Malaysian	11,030,585	22.41	-	-
Seah Kum Loong	Executive Director	Malaysian	8,707,320	17.69	-	-
Lee Chel Chan	-	Malaysian	5,227,346	10.62	-	-
Thamelise Capital LLC	-	USA	3,937,737	8.00	-	-
					20,044,599 ⁽¹⁾	15.93
					18,941,011 ⁽¹⁾	15.05
					21,148,112 ⁽¹⁾	16.81
					16,733,908 ⁽¹⁾	13.30
					9,931,957	7.89
					7,481,700	5.95

Note:

(1) Assuming full subscription of the Issue Shares reserved for the eligible Directors of our Group pursuant to the pink form allocation

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

6.1.3 Background information on our Promoters and/or substantial shareholders

The profiles of Phang Chee Leong, Looa Hong Tuan, Wong Kok Woh and Seah Kum Loong are set out in Section 6.2.1 of this Prospectus.

Lee Chel Chan, 41, is a substantial shareholder of our Company. He graduated with a Bachelor of Science Degree from Campbell University, USA in 1990.

He has many years of experience in the mobile retailing and distribution industry. He is currently a shareholder in another private company, Startel (M) Sdn Bhd. In addition, he has vested interest in two other partnerships, namely Nefion Communication Centre and Pumpkins Selection, and a sole proprietorship, namely Saison Fashion.

Thamelise Capital LLC was incorporated in Las Vegas under the Nevada International Business Companies Order 2000 on 13 June 2005 and is principally an investment holding company.

Thamelise Capital LLC has an authorised share capital of USD75,000 comprising 75,000 ordinary shares of USD1.00 each, all of which are issued and paid-up. As at 30 April 2008, the managers and shareholders of Thamelise Capital LLC are as follows:

Managers [^] / Shareholders	←-----Direct-----→		←-----Indirect-----→	
	No. of shares	%	No. of shares	%
Tham Yeng Nie	37,500	50.00	-	-
Lim Foie Yoke	37,500	50.00	-	-

Note:

[^] Based on the Register of Managers, pursuant to the laws governing limited liability companies in the State of Nevada

6.1.4 Promoters' and substantial shareholders' directorships and substantial shareholdings in other public corporations for the past 2 years

None of our Promoters and substantial shareholders has any directorships and/or substantial shareholdings in other public corporations for the past 2 years preceding 30 April 2008.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

6.1.5 Changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of incorporation

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of incorporation are as follows:

Promoters/ substantial shareholders	Date	Par value (RM)	No. of ordinary shares held	%	Ordinary shares acquired/ allotted/ (disposed)	Direct shareholding in our Company after changes	%
Tan Bee Bee	6.03.2007	0.10	-	-	10	10	50.0
	28.04.2008	0.10	10	50.0	(10) ⁽³⁾	-	-
Lim Yin Cheng	6.03.2007	0.10	-	-	10	10	50.0
	28.04.2008	0.10	10	50.0	(10) ⁽³⁾	-	-
Phang Chee Leong	28.04.2008	0.10	-	-	6,203,769 ⁽¹⁾	6,203,769	21.23
	28.04.2008	0.10	6,203,769	21.23	20 ⁽³⁾	6,203,789	21.23
	5.05.2008	0.10	6,203,789	21.23	4,246,000 ⁽²⁾	10,449,789	21.23
Looa Hong Tuan	28.04.2008	0.10	-	-	5,858,953 ⁽¹⁾	5,858,953	20.05
	5.05.2008	0.10	5,858,953	20.05	4,010,000 ⁽²⁾	9,868,953	20.05
Wong Kok Woh	28.04.2008	0.10	-	-	6,548,585 ⁽¹⁾	6,548,585	22.41
	5.05.2008	0.10	6,548,585	22.41	4,482,000 ⁽²⁾	11,030,585	22.41
Seah Kum Loong	28.04.2008	0.10	-	-	5,169,320 ⁽¹⁾	5,169,320	17.69
	5.05.2008	0.10	5,169,320	17.69	3,538,000 ⁽²⁾	8,707,320	17.69
Lee Chel Chan	28.04.2008	0.10	-	-	3,103,346 ⁽¹⁾	3,103,346	10.62
	5.05.2008	0.10	3,103,346	10.62	2,124,000 ⁽²⁾	5,227,346	10.62
Thamelise Capital LLC	28.04.2008	0.10	-	-	2,337,737 ⁽¹⁾	2,337,737	8.00
	5.05.2008	0.10	2,337,737	8.00	1,600,000 ⁽²⁾	3,937,737	8.00

Notes:

(1) Shares issued pursuant to Acquisition

(2) Shares issued pursuant to Rights Issue

(3) Shares pursuant to the Transfer of Subscribers' Shares

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

6.2 Board of Directors**6.2.1 Profiles**

The profiles of our Board are as follows:

Phang Chee Leong, 37, was appointed as our Executive Chairman on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as a software engineer with PC Automation Sdn Bhd, a company involved in industrial automation. Moving on, he joined Asia Connect Sdn Bhd as a senior software architect and technical manager where he was involved in video streaming, testing and deployment of new technology. Subsequently in 1997, he joined Consortio, a US company that implemented large-scale e-business solutions.

In 2001, he together with Wong Kok Woh and Seah Kum Loong joined ISB and took on the position of CEO/CTO. The growth and development of our Group is attributed to Mr Phang and the other three promoter's vision and business experience. He has approximately 13 years of experience in the online information technology industry. He is currently responsible for the overall business direction, growth and management strategies of the Group. He currently heads the R&D team of 15 people. He is also in charge of directing product development and R&D strategies in order to ensure that all future developments are integrated with cutting edge technology so as to deliver value-added and optimised digital advertising solutions to our clients.

Looa Hong Tuan, 37, was appointed as our Managing Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as the Head of Sales Department in Jebsen & Jessen, a Danish multinational video conferencing, streaming and networking company and has since been involved in a number of projects across various industries, such as e-learning, e-government and telemedicine.

In 1999, he established ISB and took on the position of Sales and Marketing Director. He is responsible for leading the sales and marketing team in pitching for new online advertising campaigns, establishing relationships with various online publishers, and planning the Group's branding efforts. He currently heads a sales and marketing team of 10 people. He is also involved in our Group's business development together with Phang Chee Leong.

Wong Kok Woh, 37, was appointed as our Executive Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. Upon his graduation from university, he joined Nokia Malaysia as a wireless network-planner under the client-servicing department, where he was in charged of handling and implementing numerous GSM phone network projects across the Asia Pacific region. After a few internal promotions, he left Nokia Malaysia in 1999 as Jiang Xi's province network planning manager.

Moving on, he joined ISB in 2001 and took on the role as Client Services Director. His job scope entails the implementation and streamlining of daily workflow processes in order to ensure timely and efficient communications with clients to deliver quality work of the highest standards. He plays a critical role in the account management for many of our clients, due to his vast experience in the campaign management of large-scale projects. He also works closely with the R&D team to ensure development efforts are consistent with prospective client requirements.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Seah Kum Loong, 36, was appointed as our Executive Director on 28 April 2008. He obtained an Advanced Diploma in Advertising and Design from the Lim Kok Wing Institute of Creative Technology. Following his graduation, he joined Asia Connect Sdn Bhd as a design executive from 1996 to 1998. In 1998, he moved on to Mcities Sdn Bhd, a leading online music entertainment portal as their Creative Director. He later joined Labtyd Sdn. Bhd., a leading local advertising agency, as an Art Director, where he was part of a team in designing and producing advertisements catering to specific customer needs. He has vast experience in multiple aspects of the design process, encompassing traditional branding, brand identity and packaging to conceptual interface development.

In 2001, he joined ISB and was appointed as Creative Director. He currently heads the design department and is in charge of leading and managing the various designers to ensure consistent design output of the finest quality. He is also actively involved with our Group's R&D efforts due to his insights of the ad creation process, current online advertising design trends and the technologies used to create these ads. His job requires him to communicate and fully understand specific needs of clients and then designing an advertisement that accurately represents the client's business.

Shamsul Ariffin Bin Mohd Nor, 61, was appointed as our Independent Non-Executive Director on 30 April 2008. He holds a Bachelor of Arts (Honours) degree from Universiti Sains Malaysia and a Masters in Business Administration from Universiti Kebangsaan Malaysia. He has served in various capacities in the public service including as Assistant Secretary and Principal Assistant Secretary to the Ministry of Land & Regional Development, Senior Assistant Director to the Director General Land & Mine Department and Director of Enforcement Road Transport Department, Malaysia. He was also a board member of Perbadanan Niaga FELDA, NARSCO Bhd, NASPRO Sdn Bhd, NARSCO Properties Sdn Bhd, NARSCO Management Services Sdn Bhd and Commercial Vehicle Licensing Board. He is currently the Executive Director of See Hup Consolidated Berhad and also holds directorship in several private companies.

Robert Lim Choon Sin, 51, was appointed as our Independent Non-Executive Director on 30 April 2008. He graduated with a Bachelor of Science (Honours) Degree in Computer Science from Brighton Polytechnics, UK in 1982. He was previously the Chief Technology Officer of Rexit Berhad and the Asia-Pacific Vice President of Technical Services at Consortio Corporation, a Seattle-based system integration company specialising in building e-communities and B2B portals.

He has more than 25 years experience in ICT, end user environment and consultancy services. His expertise covers a wide-area ranging from amongst others, product development, consulting and solution architect, designing and managing IT strategies and infrastructure, large project management, building and managing infrastructures such as data-centres, corporate networks and office-automation projects.

He is currently the Head of Technical Services for a foreign financial institution in Malaysia and is responsible for the delivery of IT client services including telephony for business applications and technical infrastructure throughout the entire institution and its network of branches.

Abd Malik Bin A Rahman, 59, was appointed as our Independent Non-Executive Director on 30 April 2008. He is a Fellow of the Association of Chartered Certified Accountants (UK) and a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Management and Chartered Management Institute (UK). He is also a Certified Financial Planner (USA).

He joined Kelang Multi Terminal Sdn Bhd (now known as Westports Malaysia Sdn Bhd) in 1994 as a Financial Controller and was the General Manager of Corporate Services Department before his retirement in 2003. He has extensive working experience in areas of finance and corporate services from his previous employment with Peat Marwick Mitchell (now known as KPMG), Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Berhad and Fima Metal Box Berhad.

He is currently an independent non-executive director of CYL Corporation Berhad and also holds directorship in several private companies.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

6.2.2 Directors' shareholdings in our Company

Our Board and their respective shareholdings in our Company before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	Nationality	Before the Public Issue and Bonus Issue		After the Public Issue and Bonus Issue					
			<-----Direct-----> No. of Shares	<-----Indirect-----> No. of Shares	<-----Direct-----> No. of Shares	<-----Indirect-----> No. of Shares				
Phang Chee Leong	Executive Chairman	Malaysian	10,449,789	21.23	-	-	20,044,599 ⁽¹⁾	15.93	-	-
Looa Hong Tuan	Managing Director	Malaysian	9,868,953	20.05	-	-	18,941,011 ⁽¹⁾	15.05	-	-
Wong Kok Woh	Executive Director	Malaysian	11,030,585	22.41	-	-	21,148,112 ⁽¹⁾	16.81	-	-
Seah Kum Loong	Executive Director	Malaysian	8,707,320	17.69	-	-	16,733,908 ⁽¹⁾	13.30	-	-
Shamsul Ariffin Bin Mohd Nor	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Robert Lim Choon Sin	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Abd Malik Bin A Rahman	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

Note:

(1) Assuming full subscription of the Issue Shares reserved for the eligible Directors of our Group pursuant to the pink form allocation

Our Executive Chairman, Managing Director and Executive Directors have served on our Board since 28 April 2008 whilst our Independent Non-Executive Directors were appointed to our Board on 30 April 2008 and at the first Annual General Meeting ("AGM") of the Company, all the Directors shall retire from office, and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

6.2.3 Directors' directorships and/or substantial shareholdings in other public corporations for the past 2 years

Save as disclosed below, none of our Directors have any directorships and/or substantial shareholdings in other public corporations for the past 2 years preceding 30 April 2008.

Name	Name of public company	Date of appointment/ (resignation) as a director	Shareholdings as at 30 April 2008			
			Direct No. of shares	%	Indirect No. of shares	%
Shamsul Ariffin Bin Mohd Nor	See Hup Consolidated Berhad	19 April 2001	-	-	-	-
Abd Malik Bin A Rahman	CYL Corporation Berhad	16 September 2002	-	-	-	-

6.2.4 Directors' remuneration, fees and material benefits-in-kind

For the FYE 31 December 2007, the aggregate remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid to our Directors for services rendered in all capacities were approximately RM471,595. For the FYE 31 December 2008, the amount payable to our Directors is estimated to be approximately RM620,205. Details of the aggregate remuneration, fees and material benefits-in-kind for each of our Directors are as follows:

Directors	FYE 31 December	
	2007	2008
Phang Chee Leong	B	C
Looa Hong Tuan	B	B
Wong Kok Woh	B	B
Seah Kum Loong	B	B
Shamsul Ariffin Bin Mohd Nor	-	A
Robert Lim Choon Sin	-	A
Abd Malik Bin A Rahman	-	A

Notes:

Band A – Below RM50,000 per annum

Band B – Between RM100,001 and RM150,000 per annum

Band C – Between RM150,001 and RM200,000 per annum

6.2.5 Involvement of our Executive Directors in other business and corporations

As at 30 April 2008, none of our Executive Directors are involved in the operations of other businesses or corporations.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

6.2.6 Description of other Board committees

(i) Audit Committee

The Audit Committee, established on 30 April 2008, is responsible for the recommendation to our Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by our Group's external auditors and reviews and evaluates our Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties. The current members of our Audit Committee are as follows:

Name	Designation	Directorship
Shamsul Ariffin Bin Mohd Nor	Chairman	Independent Non-Executive Director
Robert Lim Choon Sin	Member	Independent Non-Executive Director
Abd Malik Bin A Rahman	Member	Independent Non-Executive Director

(ii) Remuneration Committee

Our Remuneration Committee, established on 30 April 2008, was appointed by our Board and comprises 3 members, a majority of whom are Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The Remuneration Committee is primarily charged with the responsibility of recommending to our Board the policy and framework for our Directors' remuneration including the remuneration and terms of service of our Executive Directors in all its forms, drawing from outside advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration the Remuneration Committee's recommendations. The current members of our Remuneration Committee are set forth below.

Name	Designation	Directorship
Robert Lim Choon Sin	Chairman	Independent Non-Executive Director
Shamsul Ariffin Bin Mohd Nor	Member	Independent Non-Executive Director
Phang Chee Leong	Member	Executive Chairman

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

(iii) Nomination Committee

Our Nomination Committee, established on 30 April 2008, was appointed by our Board and comprises 3 members, who are all Independent Non-Executive Directors. Our Nomination Committee is primarily responsible for proposing new nominees for our Board as well as our Directors to fill the seats on board committees, and assessing our Directors on an ongoing basis.

In particular, our Board through this Committee would review on an annual basis the required mix of skills and experience and other core qualities, including core competencies, which our Non-Executive Directors should bring to our Board. The current members of our Nomination Committee are set forth below.

Name	Designation	Directorship
Robert Lim Choon Sin	Chairman	Independent Non-Executive Director
Abd Malik Bin A Rahman	Member	Independent Non-Executive Director
Shamsul Ariffin Bin Mohd Nor	Member	Independent Non-Executive Director

6.3 Key management and technical personnel

6.3.1 Profiles

Our management team is headed by our Executive Chairman, Phang Chee Leong, and is assisted by a team of key management and technical personnel. Save for the profile of Phang Chee Leong, Looa Hong Tuan, Wong Kok Woh and Seah Kum Loong, which are as set out in Section 6.2.1 of this Prospectus, the profiles of the other key management and technical personnel of our Group are as follows:

Chow Tat Kee, 42, is the financial controller of ISB. He obtained a Diploma in Financial Accounting from Kolej Damansara Utama in 1990. From 1991 to 1994, he worked as an auditor with Kassim Chan & Co (now known as Deloitte KassimChan), where he was involved in the auditing of companies in various industries such as trading and services, manufacturing, banking and finance, stock broking, petroleum and property development. In 1994, he left Kassim Chan & Co as an Audit Senior to join Pilecon Engineering Berhad as the Personal Assistant to the Operations Director. Subsequently he joined Syarikat Binaan Budi Sawmill Berhad (now known as SBBS Consortium Berhad) in 1996 as an accountant. He left in 1997 to join Cheetah Holdings Berhad as the Finance and Administration Manager. In 2005, he joined ISB and is currently responsible for the overall financial management and internal controls of our Group.

Ting Seng Ning, 30, is the Senior Interactive Designer of ISB. He holds a First Class Diploma in Graphic Design majoring in Illustration, from the Malaysian Institute of Art. Upon graduation in 1998, he worked briefly with a publishing house before joining a local e-commerce company as a Web Designer, making him one of the pioneers in Web and Interactive Design locally. In 2006, he joined ISB as a Senior Interactive Designer, a title he holds to date. He is involved in idea-generation and conceptualisation of effective designs for online campaigns, and has worked in numerous successful projects.

Chong Yee Yin, 29, is the Sales Manager of ISB. She graduated with a Bachelor of Art (Magna Cum Laude) degree majoring in Communication Studies and minor in Marketing from the Western Michigan University, USA in 2002. Upon her graduation, she joined Oriental Daily News as an advertising sales executive. Moving ahead, she joined ISB in 2004 as the Accounts Manager and was subsequently promoted to Sales Manager in 2006. Her current responsibilities include supervising the implementation of our Company's sales strategies and managing all functions within the sales and marketing team as well as leading liaison efforts with a number of our Company's online publishers and clients.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Ng Eng Tat, 24, is an Application Developer of ISB. He holds a Bachelor's (Hons) Degree in Software Design and Games Design from the Multimedia University. Upon his graduation in 2005, he worked as a programmer with Bubblegum Development Sdn Bhd, a company that specializes in mobile application development and web design. He left 6 months later to join Innity as an Application Developer specialising in Rich Media. His responsibilities include the development and building of Rich Media and Flash content for the AdVenue Platform of our Group.

Cha Khong Hau, 24, is an Application Developer of ISB. He graduated with a Bachelor's Degree in Computer Science and Information Technology from the University of Nottingham, Malaysia in 2005. Upon his graduation in 2005, he joined AN Technologies as an Application Developer. In 2007, he left to join ISB and specialises in web and database development. He has been actively involved with the R&D aspects of Innity's AdVenue Platform.

Tan Seng Gan, 32, is the Application Architect of ISB. He graduated with a Bachelor's (Hons) Degree in Computer Science and Information Systems from Sunway College. Upon his graduation in 2000, he joined ISB as the software engineer. He specializes in various programming languages and is involved in the development of our Company's core platform, the AdVenue Platform.

Michelle Ding Sue Yean, 24, is the Business Development Manager of ISB. She graduated with a Bachelor's Degree (Hons) in Multimedia majoring in Media Innovation and Management from Multimedia University, Malaysia in 2006. Upon graduation, she joined ISB as a Digital Media Specialist in the Business Development Team. Subsequently in 2007, she was promoted as the Business Development Manager of ISB, which she holds to date. Her current responsibilities include identification and acquisition of publishers for Innity's online advertising network and the development and management of client acquisition and retention programs.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

6.3.2 Key management's and technical personnel's shareholdings

The shareholdings of our key management and technical personnel in our Company before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	Nationality	Before the Public Issue and Bonus Issue			After the Public Issue and Bonus Issue		
			<-----Direct-----> No. of Shares	%	<-----Indirect-----> No. of Shares	<-----Direct-----> No. of Shares	%	<-----Indirect-----> No. of Shares
Phang Chee Leong	Executive Chairman	Malaysian	10,449,789	21.23	-	20,044,599 ⁽¹⁾	15.93	-
Looa Hong Tuan	Managing Director	Malaysian	9,868,953	20.05	-	18,941,011 ⁽¹⁾	15.05	-
Wong Kok Woh	Executive Director	Malaysian	11,030,585	22.41	-	21,148,112 ⁽¹⁾	16.81	-
Seah Kum Loong	Executive Director	Malaysian	8,707,320	17.69	-	16,733,908 ⁽¹⁾	13.30	-
Chow Tat Kee	Financial controller	Malaysian	-	-	-	200,000 ⁽¹⁾	0.16	-
Chong Yee Yin	Sales Manager	Malaysian	-	-	-	200,000 ⁽¹⁾	0.16	-
Ng Eng Tat	Application Developer	Malaysian	-	-	-	100,000 ⁽¹⁾	0.08	-
Ting Seng Ning	Senior Interactive Designer	Malaysian	-	-	-	100,000 ⁽¹⁾	0.08	-
Cha Khong Hau	Application Developer	Malaysian	-	-	-	15,000 ⁽¹⁾	0.01	-
Tan Seng Gan	Application Architect	Malaysian	-	-	-	200,000 ⁽¹⁾	0.16	-
Michelle Ding Sue Yearn	Business Development Manager	Malaysian	-	-	-	25,000 ⁽¹⁾	0.02	-

Note:

(1) Assuming full subscription of the Issue Shares reserved for the eligible Directors and employees of our Group pursuant to the pink form allocation

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (*Cont'd*)

6.3.3 Involvement of our key management and technical personnel in other business and corporations

None of our key management and technical personnel is involved in the operations of other businesses or corporations.

6.4 Confirmations from our Promoters, Directors, key management and technical personnel

None of our Promoters, Directors, key management or technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

6.5 Family relationships and associations

As at 30 April 2008, save for our Director, Wong Kok Woh, who is the brother-in-law of our substantial shareholder, Lee Chel Chan, there are no other family relationships and/or associations between/amongst our Promoters, substantial shareholders, Directors, key management and technical personnel.

6.6 Service agreements

None of our Directors, key management or technical personnel has any existing or proposed service agreements with our Group.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

6.7 Employees

As at 30 April 2008, our Group has a workforce of 45 employees. The employment structure of our Group is set out below:

Category of employees	Total employees	Average number of years of service
Management & Professionals	7	3
Technical and supervisory	9	1
Officers & Executives	17	1
Sale supervisors and representatives	12	1
Total	<u>45</u>	

None of the employees of our Group belong to any union nor have there been any major industrial disputes in the past. Our employees also enjoy a cordial relationship with us.

In line with the growth of our Group, we have been aggressively recruiting more employees from 26 persons in FYE 31 December 2006 to 40 persons in FYE 31 December 2007, representing an increase of 54%. As such, the new employees have resulted in the lower average number of years of service for certain categories of employees listed above.

Our Group values our human capital, as they are crucial to our Group's future performance and viability. In recognition of the importance of our workforce, we are providing an opportunity to our employees to participate in the equity of our Company via the pink form share allocation scheme as proposed under the Flotation Scheme. Our Group believes in investing in training for our employees either in-house or via external courses/seminars so that they are informed of the latest technology and developments in the market.

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7. APPROVALS AND CONDITIONS

7.1 Approvals from the relevant authorities

The Flotation Scheme has been approved by the SC and SC (under the FIC Guidelines) on 30 January 2008 and 21 April 2008.

Bursa Securities had on 9 May 2008 granted our Company the approval in-principle for the admission of our Company to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of Innity on the MESDAQ Market (which include the new Shares to be issued pursuant to the Bonus Issue).

7.2 Conditions to the approvals and compliance thereof

Details of the conditions imposed by the SC and status of compliance are as set out below:

Conditions imposed	Status of compliance																				
(i) Pursuant to paragraph 3.16 of the MESDAQ Guidelines, the moratorium on the shareholdings of Innity's promoters are as follows:	To be complied																				
<table border="1"> <thead> <tr> <th rowspan="2">Promoter</th> <th colspan="2">Innity Shares to be held under moratorium</th> </tr> <tr> <th>No. of Shares</th> <th>% of enlarged issued and paid-up capital of Innity</th> </tr> </thead> <tbody> <tr> <td>Phang Chee Leong</td> <td style="text-align: right;">14,770,500</td> <td style="text-align: right;">11.74</td> </tr> <tr> <td>Looa Hong Tuan</td> <td style="text-align: right;">13,949,692</td> <td style="text-align: right;">11.09</td> </tr> <tr> <td>Wong Kok Woh</td> <td style="text-align: right;">15,590,872</td> <td style="text-align: right;">12.39</td> </tr> <tr> <td>Seah Kum Loong</td> <td style="text-align: right;">12,308,515</td> <td style="text-align: right;">9.78</td> </tr> <tr> <td></td> <td style="text-align: right;">56,619,579</td> <td style="text-align: right;">45.00</td> </tr> </tbody> </table>	Promoter	Innity Shares to be held under moratorium		No. of Shares	% of enlarged issued and paid-up capital of Innity	Phang Chee Leong	14,770,500	11.74	Looa Hong Tuan	13,949,692	11.09	Wong Kok Woh	15,590,872	12.39	Seah Kum Loong	12,308,515	9.78		56,619,579	45.00	
Promoter		Innity Shares to be held under moratorium																			
	No. of Shares	% of enlarged issued and paid-up capital of Innity																			
Phang Chee Leong	14,770,500	11.74																			
Looa Hong Tuan	13,949,692	11.09																			
Wong Kok Woh	15,590,872	12.39																			
Seah Kum Loong	12,308,515	9.78																			
	56,619,579	45.00																			
(ii) Approvals to be obtained from other relevant authorities, if any;	Complied																				
(iii) Full compliance with all the relevant requirements in the MMLR and any other relevant requirements; and	To be complied																				
(iv) RHB Investment Bank / Innity to inform the SC upon completion of the Flotation Scheme.	To be complied																				

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7. APPROVAL AND CONDITIONS (Cont'd)

7.3 Moratorium on sale of our Shares

The SC, in approving our Listing, has imposed a moratorium on the disposal of 56,619,579 Shares held by our Promoters.

Accordingly, our Promoters, as listed in the table below, will not be allowed to sell, transfer or assign their shareholdings of 56,619,579 Shares representing 45% of our enlarged issued and paid-up share capital upon Listing within 1 year from the date of our admission to the Official List of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or assign up to a maximum of one-third per annum of their respective shareholdings under moratorium on a straight-line basis.

Promoters	Shareholdings after Public Issue and Bonus Issue		Shareholdings under moratorium	
	No. of Shares	% of enlarged issued and paid- up share capital	No. of Shares	% of enlarged issued and paid- up share capital
Phang Chee Leong	20,044,599 ⁽¹⁾	15.93	14,770,500	11.74
Looa Hong Tuan	18,941,011 ⁽¹⁾	15.05	13,949,692	11.09
Wong Kok Woh	21,148,112 ⁽¹⁾	16.81	15,590,872	12.39
Seah Kum Loong	16,733,908 ⁽¹⁾	13.30	12,308,515	9.78
	76,867,630	61.09	56,619,579	45.00

Note:

(1) Assuming full subscription of the Issue Shares reserved for the eligible Directors of our Group pursuant to the pink form allocation

The restriction is specifically endorsed on our share certificates representing the shareholdings of our Promoters, which are under moratorium to ensure that our Share Registrar does not register any transfer not in compliance with the moratorium restrictions imposed by the SC.

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8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

8.1 Related party transactions

Save as disclosed below, our Group does not have any other existing and/or proposed related party transactions entered into by our Group which involve the interest, direct or indirect, of our Directors, major shareholders and/or key management and technical personnel and/or persons connected to them as defined under the MMLR (where relevant), for the past 3 FYE 31 December 2007 and the financial period immediately preceding 30 April 2008.

Transacting parties	Interested related party	Nature of transaction	Nature of relationship	<-----Transaction value (RM)----->			
				FYE 31 December			4 months financial period ended ("FPE") 30 April 2008
				2005	2006	2007	
ISB and Nefion Communication Centre	Lee Chel Chan	ISB acquired the services of Nefion Communication Centre for the deployment of live SMS gateway server and to provide relevant training and development course to its employees	Lee Chel Chan is a substantial shareholder of our Company and a partner in Nefion Communication Centre	158,050	-	-	-
IM Innity and International Media Design & Promotion Pte Ltd	Tan Tian San	Sales to International Media Design & Promotion Pte Ltd	Tan Tian San is a director/ shareholder of IM Innity as well as International Media Design & Promotion Pte Ltd	-	-	101,085	SGD3,000 (equivalent to RM6,990 based on the exchange rate of RM2.33 per SGD1.00)

Our Directors are of the view that the aforesaid transactions are conducted on arms length basis and on terms not more favourable to the related party than those available to unrelated third parties.

International Media Design & Promotion Pte Ltd is principally involved in traditional advertising and not online advertising. As such, our Directors are of the view that there is no conflict of interest between our Group and International Media Design & Promotion Pte Ltd.

8.2 Interests in similar business

Our Directors and substantial shareholders do not have any interest, whether direct or indirect, in any businesses or companies carrying on a similar trade as our Group.

8.3 Transactions that are unusual in nature or condition

Save as disclosed in Section 17.6 of this Prospectus, our Group has not entered into any transactions that are unusual in nature or condition, involving goods, services, tangible or intangible assets, to which we or our subsidiary companies was a party in the past 3 FYE 31 December 2007 and the financial period immediately preceding 30 April 2008.

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

8.4 Outstanding loans

There are no outstanding loans and/or guarantees of any kind made by us or our subsidiary companies to or for the benefit of our related parties, for the past 3 FYE 31 December 2007 and the financial period immediately preceding 30 April 2008.

8.5 Promotion of any assets acquired/to be acquired

Save as disclosed in Section 5.3 of this Prospectus, none of our Directors or substantial shareholders has any interest, whether direct or indirect, in the promotion of, or in any material assets, acquired or disposed of by or leased to our Group or are proposed to be acquired or disposed of by or leased to our Group within the past 3 FYE 31 December 2007 and the financial period immediately preceding 30 April 2008.

8.6 Declaration by advisers

- (i) RHB Investment Bank confirms that there is no conflict of interest in its capacity as the Financial Adviser, Underwriter, Placement Agent and Sponsor for the Flotation Scheme.
- (ii) Messrs Russell Bedford LC & Company confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants for the Flotation Scheme.
- (iii) Messrs Tay & Helen Wong confirms that there is no conflict of interest in its capacity as the Solicitors for the Flotation Scheme.
- (iv) Protégé Associates Sdn Bhd confirms that there is no conflict of interest in its capacity as the Independent Market Researcher for the Flotation Scheme.

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9. OTHER INFORMATION

9.1 Information on properties

Details of properties owned and rented by our Group are as follows:

Registered owner	Postal address/ Title details	Description/ existing use	Tenure/ date of expiry of lease/ tenancy	Date of issuance of certificate of fitness	Approximate age of building (years)	Monthly rentals (for leased properties)	Built-up area (sq. ft)	Restrictions in interest/ encumbrances	Audited NBY as at 31 December 2007 (RM)
ISB	C-501, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot / Office	Leasehold/ 13 April 2089	27.11.2002	11 years	Not Applicable	1,301	This land cannot be transferred or leased except with the consent of the State Authority. First Purchasers are exempted from this restriction/ Assigned to Malayan Banking Berhad.	234,545
ISB	C-502, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Office Lot / Office	Leasehold/ 13 April 2089	27.11.2002	11 years	Not Applicable	1,371	This land cannot be transferred or leased except with the consent of the State Authority. First Purchasers are exempted from this restriction/ Assigned to Malayan Banking Berhad.	247,491

9. OTHER INFORMATION (Cont'd)

Lessor of property	Postal address/ Title details	Description/ existing use	Tenure/ date of expiry of lease/ tenancy	Date of issuance of certificate of fitness	Approximate age of building (years)	Monthly rentals (for leased properties)	Built-up area (sq. ft)	Restrictions in interest/ encumbrances	Audited NBV as at 31 December 2007 (RM)
Cyberview Sdn Bhd (405553-T)	A-G-17, Block A, Ground Floor, SME Technopreneur Centre Cyberjaya, 2270 Jalan Usahawan 2, 63000 Cyberjaya Selangor Darul Ehsan	Office Lot / Office	2 years (commencing from 1 June 2006) with an option to renew for a further 2 years	21.05.2005	1 year	RM1,650	660	-	Not applicable
Sea Siew Peng (670116-01-5152)	Master Title: H.S.(D) 7058 P.T. 12068, Mukim of Dengkil, Daerah of Sepang, State of Selangor	Office Lot / Office	2 years (commencing from 1 August 2007) with an option to renew for a further 1 year	27.11.2002	11 years	RM1,900	1,371	-	Not applicable
	C-602, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan								
	Master Title: PN 9936 Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor								

9. OTHER INFORMATION (Cont'd)

Lessor of property	Postal address/ Title details	Description/ existing use	Tenure/ date of expiry of lease/tenancy	Date of issuance of certificate of fitness	Approximate age of building (years)	Monthly rentals (for leased properties)	Built-up area (sq. ft)	Restrictions in interest/ encumbrances	Audited NBV as at 31 December 2007 (RM)
Tras House Pte Ltd (200512424N)	54 Tras Street #03-01, Singapore 078993	Shop Lot/ Office	2 years (commencing from 9 April 2007)	Certificate of Statutory Completion was issued on 1 October 1997	50 years	SGD2,625 (equivalent to RM6,116 based on the exchange rate of RM2.33 per SGD1.00)	1,047	-	Not applicable
	Land Title: Lot TS3574V								

Note:

There is no valuation undertaken on our Group's properties in respect of the listing exercise. The values of the properties are based on the audited NBV as at 31 December 2007

As far as our Directors are aware, none of the existing use of land in the above properties breaches the land-use condition or permissible land use.

We have not acquired any properties during the 2 years preceding the date of this Prospectus.

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10. HISTORICAL FINANCIAL INFORMATION

The following sections set out the summary of our Group's proforma financial statements. Our proforma consolidated financial statements are presented for illustrative purpose only and on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

Our proforma consolidated financial statements have been compiled on the basis consistent with the accounting policies adopted by our Group. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with applicable approved accounting standards in Malaysia. You should read the proforma consolidated financial statements together with our Management's Discussion and Analysis of Financial Condition and Results of Operations and the Reporting Accountants' letter on our Proforma Consolidated Financial Information as set out in Sections 11 and 13 of this Prospectus.

10.1 Proforma consolidated income statements

The following table is a summary of our proforma consolidated income statements for the FYE 31 December 2005 to 2007 which are prepared based on the assumption that our Group has been in existence throughout the financial years under review.

	<----- FYE 31 December ----->		
	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	5,030	8,953	9,297
Gross profit	2,259	2,614	4,485
Other operating income	14	109	32
EBITDA	1,173	1,533	2,915
Depreciation	(60)	(65)	(95)
Amortisation of development expenditure	-	(96)	(230)
Interest Expense	(3)	(10)	(21)
PBT	1,110	1,362	2,569
Tax Expense	(307)	65	(77)
PAT	803	1,427	2,492
MI	-	*	22
PATMI	803	1,427	2,514
Enlarged number of ordinary shares assumed in issue ('000) ⁽¹⁾	49,222	49,222	49,222
Gross EPS (sen) ⁽²⁾	2.26	2.77	5.22
Net EPS (sen) ⁽³⁾	1.63	2.90	5.11
Gross profit Margin (%)	44.91	29.20	48.24
PBT Margin (%)	22.07	15.21	27.63
PAT Margin (%)	15.96	15.94	26.80
Effective tax rate (%)	16	6	3

Notes:

(1) Based on the number of Shares before Public Issue and Bonus Issue

(2) Based on PBT

(3) Based on PATMI

(4) The results in all the financial years under review were not subject to auditors' qualifications

* Below RM1,000

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

The financial statements of our Group's subsidiary companies, namely IM Innity and Innity Ltd for the FYE 31 December 2007 are denominated in SGD and HKD, respectively. As our Group's reporting currency is in RM, the financial statements of IM Innity and Innity Ltd were translated to RM for consolidation purposes. As such, our Group faces translation risk in that any material fluctuation in SGD and HKD will have an effect on our consolidated financial statements which are presented in RM. For illustrative purposes, we have set out below the applicable historical exchange rates. All foreign exchange rates below are illustrated based on units of RM per 1 unit of foreign currency.

(a) Foreign exchange rate as at 30 April 2008

Foreign currency	Closing exchange rate as at 30 April 2008
HKD	0.41
SGD	2.33

(Source: Bloomberg)

(b) High and low exchange rates for each month for the 6 months preceding 30 April 2008

Months	HKD		SGD	
	High	Low	High	Low
2007				
November	0.43	0.42	2.34	2.29
December	0.43	0.42	2.31	2.29
2008				
January	0.42	0.41	2.30	2.27
February	0.41	0.41	2.29	2.27
March	0.41	0.40	2.32	2.28
April	0.41	0.40	2.33	2.30

(Source: Bloomberg)

(c) Average exchange rates for the FPE 31 December 2006 and the FYE 31 December 2007 calculated using the average of the exchange rates on the last day of each month during the financial period/year

Foreign currency	FPE 31 December 2006	FYE 31 December 2007
HKD	0.47 *	0.44
SGD	2.30 ^	2.28

(Source: Bloomberg)

Notes:

* From July 2006 to December 2006 as Innity Ltd was only incorporated on 14 July 2006

^ For the month of December 2006 as IM Innity was only incorporated on 8 December 2006

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

10.2 Proforma consolidated balance sheets

Our proforma consolidated balance sheets as at 31 December 2007 have been prepared on the assumption that the Flotation Scheme had been effected on 31 December 2007. You should read our proforma consolidated balance sheets together with the accompanying notes and assumptions in the Reporting Accountants' letter on our Proforma Consolidated Financial Information as set out in Section 13 of this Prospectus.

	Proforma I	Proforma II	Proforma III	Proforma IV
Audited balance sheet as at 31 December 2007 RM'000	After Acquisition and Transfer of Subscribers' Shares RM'000	After Proforma I and Rights Issue RM'000	After Proforma II and Public Issue and Utilisation of Proceeds RM'000	After Proforma III and Bonus Issue RM'000
Non current assets				
Property, plant and equipment	-	838	838	838
Development expenditure	-	1,608	1,608	6,108
Current assets				
Trade receivables	-	3,923	3,923	3,923
Other receivables, deposits and prepayments	422	492	492	492
Fixed deposits with a licensed bank	-	330	330	330
Cash and bank balances	*	535	2,535	5,885
	442	5,280	7,280	10,630
Current liabilities				
Trade payables	-	1,140	1,140	1,140
Amount due to a director of a subsidiary	-	64	64	64
Other payables and accruals	448	436	436	436
Short term borrowings	-	200	200	200
Tax payable	-	10	10	10
	448	1,850	1,850	1,850
Net current assets/(liabilities)	(6)	3,430	5,430	8,780
Non current liabilities				
Long term loans	-	(429)	(429)	(429)
	-	(429)	(429)	(429)
	(6)	5,447	7,447	15,297
Represented by:				
Share capital	*	2,922	4,922	12,582
Share premium	-	-	-	6,150
Retained profits/(losses)	(6)	2,513	2,513	2,513
Equity attributable to equity holders of the Company	(6)	5,435	7,435	15,285
MI	-	12	12	12
Total equity	(6)	5,447	7,447	15,297

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

	Proforma I	Proforma II	Proforma III	Proforma IV
Audited balance sheet as at 31 December 2007 RM'000	After Acquisition and Transfer of Subscribers' Shares RM'000	After Proforma I and Rights Issue RM'000	After Proforma II and Public Issue and Utilisation of Proceeds RM'000	After Proforma III and Bonus Issue RM'000
NA	(6)	5,447	7,447	15,297
Less: Intangible assets	-	(1,608)	(1,608)	(6,108)
NTA	(6)	3,839	5,839	9,189
NA per Share (sen)	^	18.6	15.1	23.1
NTA per Share (sen)	^	13.1	11.9	7.3

Notes:

* Represents RM2

^ Represents 30,000 sen

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10. HISTORICAL FINANCIAL INFORMATION (Cont'd)**10.3 Proforma consolidated cash flow statement**

Our proforma consolidated cash flow statement for the FYE 31 December 2007 is set out below. You should read the proforma consolidated cash flow statement together with our Management's Discussion and Analysis of Financial Condition and Results of Operations in Section 11 of this Prospectus.

	Proforma year ended 31 December 2007 RM'000
Cash flows from/(used in) operating activities	
Profit before tax	2,569
Adjustments for:	
Amortisation of development expenditure	230
Depreciation	95
Interest expense	21
Interest income from fixed deposits	(10)
Operating profit before working capital changes	2,905
Decrease in trade and other receivables	141
Decrease in trade and other payables	(1,390)
Cash generated from operations	1,656
Income tax paid	(54)
Net cash from operating activities	1,602
Cash flows from/(used in) investing activities	
Development expenditure paid	(5,284)
Increase in fixed deposit pledged	(45)
Interest received	10
Purchase of plant and equipment	(181)
Subscription of additional shares in a subsidiary	28
Acquisition of a subsidiary	6
Net cash used in investing activities	(5,466)
Cash flows from/(used in) financing activities	
Interest paid	(21)
Proceeds from issuance of new shares	11,350
Listing expenses paid	(1,500)
Repayments of term loans	(36)
Net cash from financing activities	9,793
Net increase in cash and cash equivalents	5,929
Cash and cash equivalents at beginning of year	(212)
Cash and cash equivalents at end of year	5,717
Cash and cash equivalents comprise:	
Cash and bank balances	5,885
Fixed deposits with a licensed bank	330
Bank overdrafts	(168)
	6,047
Less: Fixed deposits pledged	(330)
	5,717

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)**10.4 Statement of assets and liabilities**

The statement of assets and liabilities of our proforma Group have been prepared based on the audited financial statements of our Company and ISB Group as at 31 December 2007 and on the assumption that the Flotation Scheme had been effected on 31 December 2007 and should be read in conjunction with the notes as set out in the Reporting Accountant's letter on our proforma consolidated financial information in Section 13 of this Prospectus.

	RM'000
Non current assets	
Property, plant and equipment	838
Development expenditure	6,108
Current assets	
Trade receivables	3,923
Other receivables, deposits and prepayments	492
Fixed deposits with a licensed bank	330
Cash and bank balances	5,885
	10,630
Current liabilities	
Trade payables	1,140
Amount due to a director of a subsidiary	64
Other payables and accruals	436
Short term borrowings	200
Tax payable	10
	1,850
Net current assets	8,780
Non current liabilities	
Long term loans	(429)
	(429)
	15,297
Represented by:	
Share capital	12,582
Share premium	190
Retained earnings	2,513
Equity attributable to equity holders of the Company	15,285
MI	12
Total equity	15,297

10. HISTORICAL FINANCIAL INFORMATION (Cont'd)

10.5 Capitalisation and Indebtedness

The following table sets out our consolidated cash and cash equivalents, capitalisation and indebtedness as of 31 December 2007 based on the proforma consolidated balance sheets of our Group as of 31 December 2007, as adjusted to give effect to the Flotation Scheme.

This table should be read in conjunction with our Historical Financial Information as set out in Sections 10.1 to 10.4, our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 11 and the audited financial statements of our Company and our subsidiary companies and related notes thereto.

	Proforma assuming the Flotation Scheme had been effected on 31 December 2007 RM'000
Cash and cash equivalents	5,717
Short term borrowings:	
- Secured	200
- Unsecured	-
Long term borrowings:	
- Secured	429
- Unsecured	-
	<hr/>
Total indebtedness	629
Total equity attributable to equity holders of Innity	15,285
Total capitalisation and indebtedness	<u>15,914</u>

Save for RM167,851 secured, short term borrowings outstanding as at 31 December 2007, none of our borrowings are guaranteed.

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past 3 FYE 31 December 2007 as set out in Section 13 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the "Risk Factors" section as set out in Section 3 of this Prospectus.

11.1 Overview

We are principally an investment holding company and the core operations of our Group are mainly carried out by our subsidiary companies, namely ISB, IM Innity and Innity Vietnam, which are principally involved in providing technology-based online advertising services. ISB, a company incorporated in Malaysia was established on 8 December 1999 and is the major revenue contributor for our Group, contributing 97.60% towards our Group's revenue for the FYE 31 December 2007. In line with our Group's regional expansion, IM Innity and Innity Vietnam were incorporated in Singapore and Vietnam respectively. IM Innity was incorporated due to the presence of many large MNCs in Singapore which would serve as a potentially lucrative market for our Group whilst Innity Vietnam was incorporated to capitalise on the booming economic condition in Vietnam, the relatively low internet penetration rate and the strong government support to increase internet usage among its populace.

IM Innity commenced operations in September 2007 but was loss making for the FYE 31 December 2007. Innity Vietnam on the other hand has commenced operations in January 2008. ISB, IM Innity and Innity Vietnam are expected to contribute 83.64%, 5.54% and 10.82% respectively to our Group's revenue for the FYE 31 December 2008. In terms of PATMI, ISB, IM Innity and Innity Vietnam are expected to contribute 88.09%, 3.13% and 8.78% respectively to our Group's PATMI for the FYE 31 December 2008.

As our Group is principally involved in the online advertising business, our Group is subject to risks inherent in the advertising industry. These risks include amongst others, competition, technological changes, shortage in skilled professionals and economic, political and regulatory risks. Although our Group seeks to limit these risks through its regional expansion plans, continuous R&D activities to remain at the forefront of the online advertising technology and continuous recruitment of skilled professionals, no assurance can be given that any changes involving these factors will not have any material adverse effect on our Group's business, operating results and financial condition.

11.2 Factors affecting our results of operations

Our Group's financial condition and results of operations have been, and will continue to be, affected by, amongst other things, the key factors set out below.

(i) Competition

The online advertising market in Malaysia is relatively small, at an estimated RM32.2 million in 2007 with only a handful of specialised players in the market. The market consists of local online advertising companies, foreign online advertising companies, and local publishers who sell their online ad inventory directly to media buying agencies. Currently, the foreign online advertising companies that are present in Malaysia are relatively small, and the threat of larger, multinational online advertising companies entering the Malaysian market is not significant as the market is not yet large enough to justify such moves. However, the market is forecasted to grow rapidly at an estimated CAGR of 52% across the forecasted period of 2008 – 2012, and the high growth and lucrative opportunities available will spur the entry of new competitors, be they local or foreign, into the market.

(Source: Protégé Associates Report)

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Increasing competition locally and in the other countries in which we operate and which we intend to grow our business in the future, including, Singapore, Vietnam, Hong Kong and India is expected to have an impact on our Group's revenue.

According to Protégé Associates Report, our Group enjoys a market share of approximately 42% in 2006 (based on revenue), and is poised to remain as the market leader for the near term. Our Directors believe that our focus on *inter-alia*, technology development and R&D, our track record, our ability to provide one-stop solution, as well as our strong network of online publishers and customer base will enable our Group to remain as a major player in the online advertising market in Malaysia. Please refer to section 5.4.6 of this Prospectus for details of our Competitive Advantage. Nevertheless, no assurance can be given that our Group will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not have material adverse effects on our business, financial condition and results of operations.

(ii) Technology advancement or development

Our Group operates in an environment, which is subject to inherent risks due to changes in technology and customer requirements, introduction of new solutions and enhancement of existing solutions.

Technology is a crucial component for companies competing within the online advertising market. Online technological advancements are often rapid and volatile; historically, there have been numerous instances of new companies emerging with innovative solutions that outperform existing technology, resulting in potentially disastrous consequences for unprepared players. Our Group's competitive edge therefore depends substantially upon our ability to keep pace with technological changes to address our customers' needs, failing which, our revenue will be affected.

The objective of our Group's R&D team is to maintain our Group's competitive edge over our competitors by:

- (i) continuously enhancing existing technology and applications as part of continuous improvement efforts; and
- (ii) developing new technology for new solutions to meet greater variety of customer demands.

Our Group aims to develop more advanced technology and solutions to provide greater benefits to clients in terms of functionality as well as usability. Our Group is committed to produce new and innovative technologies coupled with improved interactivity that provides a richer media experience to advertisers and consumers. Please refer to Section 5.4.11 for our Group's R&D activities.

Nevertheless, no assurance can be given that our Group's R&D programmes will be successful in producing commercially viable new solutions or enhanced existing solutions, which are within budget and on timely basis in accordance with market requirements and expectations.

(iii) Trends in the online advertising industry

In Malaysia, internet usage have generally started to become common as the level of consumer awareness and interest in the internet grew accordingly. However, we believe there remain opportunities for further growth in the country as the online advertising market in Malaysia is currently in its infancy stage and is beginning to move into the growth stage as higher rates of broadband penetration, increasingly common internet usage, and the proliferation of corporate websites and online marketing campaigns firmly drive the growth of the market.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

In Singapore, although the internet penetration rate compared to Malaysia and Vietnam is on the higher side of 66.3% based on current estimates, our Directors believe that the presence of many large MNCs in Singapore would serve as a potentially lucrative market for our Group apart from the Singapore office serving as a springboard for further regional expansion and assist us in developing a more robust regional network of clients and online publishers.

In Vietnam, where the proportion of internet users to the general population remains relatively low, the number of internet users have grown rapidly in recent years, contributing to higher revenue in addition to the country's government indicating its strong support of increasing internet usage among its populace.

As prevailing conditions in the various markets in which we operate differs significantly and are subject to influences and developments within and across markets, which are outside the control of our Group, it is difficult for us to predict the overall trends in our operating performance.

(iv) Changes in economic conditions in the countries in which we operate and occurrence of major events

The Online Advertising Market in Malaysia is a sub-sector of the general advertising market in Malaysia. The growth and expansion of the advertising market is generally correlated with the overall performance of the economy and also tied to the occurrence of any major events taking place. It normally follows an exaggerated trend that mirrors the country's economic cycle - when GDP growth falls, advertising falls further, but when GDP growth recovers, the advertising growth rate catches up and typically exceeds GDP growth across 3 to 4 years. The occurrence of major events like the Olympics and the World Cup typically boosts advertising spending, while events like higher oil prices and the recent bird-flu epidemic have negative influences on the advertising market.

(Source: Protégé Associates Report)

As such, we believe that our business and financial condition and results of operations is affected and will continue to be affected by changes in economic conditions in the countries in which we operate and occurrence of major events. Although our Group seeks to limit these risks through our regional expansion plans, no assurance can be given that any changes involving these factors will not have any adverse effect on our Group's results.

(v) Foreign Exchange Fluctuation

For the FYE 31 December 2007, a significant amount of our revenue was generated locally. Our Group's Singapore operations contributed approximately 2.40% of our Group's revenue for the FYE 31 December 2007. Our Group commenced operations in Vietnam in early 2008 and its operations are expected to contribute approximately 10.82% to our Group's revenue for the FYE 31 December 2008. As part of our Group's proposed business development plans, we plan to expand to countries such as India and Hong Kong in the near future. Hence, our Group may be significantly exposed to foreign exchange risks, depending on the revenue contribution by our Group's foreign subsidiaries.

In the normal course of our business, we have business transactions in foreign currencies, which include purchases of online publisher sites and sales to advertisers and/or media agencies. Nevertheless, these foreign purchases (which are denominated in SGD) and sales (which are also denominated in SGD) are not substantial and only accounted for 1.95% of our total Group's purchases and 2.40% of our total Group's revenue respectively for the FYE 31 December 2007. Accordingly, our exposure to foreign exchange fluctuation is still minimal. Currently, our Group has a natural hedge as our SGD purchases can be paid with revenue received in SGD. To the extent that there are timing differences between collections and payments and for those amounts, which are not covered by the natural hedge, we may be exposed to any adverse fluctuations of the SGD against the RM.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Our management will continue to monitor our Group's foreign currency exposure and will take necessary steps to minimise the exchange rate exposure whenever deemed appropriate such as implementing a hedge policy. However, no assurance can be given that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material adverse impact on our Group's business, operating results and financial condition.

(vi) Change in or Lost of Pioneer Status

ISB was granted MSC status on 30 September 2005. By virtue of its MSC status, ISB was granted pioneer status on 30 September 2005 for an initial 5 year period by MDeC pursuant to Section 6 of the Promotion of Investments Act, 1986. Approval of ISB's pioneer status can be extended for a further 5 years upon the expiry of the first 5 years. This is given at the discretion of MITI with the concurrence of the MoF. By virtue of this pioneer status, certain statutory income of the company from pioneer activities during the pioneer period is exempted from income tax.

Presently, all MSC status companies are granted financial and non-financial incentives. The MDeC is the body responsible for monitoring all MSC designated companies. MDeC has the right to revoke any company's MSC status at any time. Our Group intends to mitigate this risk by ensuring that all conditions of the MSC and pioneer status are adhered to.

Nevertheless, no assurance can be given that ISB will be able to retain its MSC and pioneer status, or that ISB will continue to enjoy or not experience delays in enjoying the MSC and pioneer status incentives, all of which could materially and adversely affect our Group's business, operating results and financial position.

(vii) Changes in fee sharing arrangement with online publishers

Presently, for the AdVenue Rich Media, AdVenue Performance and AdVenue Online Media solutions, our Group has a fee sharing arrangement with our online publishers at a predetermined rate. As competition increases, there is no assurance that the present fee sharing arrangement will remain the same. An unfavourable variation in the fee sharing arrangement could materially and adversely affect our Group's business, operating results and financial position. Nevertheless, our Directors are of the view that the present fee sharing structure has been in place for several years and, barring any unforeseen circumstances, should remain the same for the foreseeable future.

(viii) Expansion into New Regional Markets

In line with our Group's regional expansion, IM Innity was incorporated due to the presence of many large MNCs in Singapore which would serve as a potentially lucrative market for our Group whilst Innity Vietnam was incorporated to capitalise on the booming economic condition in Vietnam, the relatively low internet penetration rate and the strong government support to increase internet usage among its populace. As part of our future plans, our Group also intends to expand to Hong Kong and India. Like any other foreign investment, our Group's operations in Singapore and Vietnam and in the countries that we intend to expand into i.e. Hong Kong and India would be subjected to the political and economic climate, business conditions and investment policies in these countries.

Whilst our Directors are of the view that these new markets will contribute positively to our Group's profits, there is no assurance that our Group's expansion efforts in the new markets would be profitable or continue to be profitable.

In mitigating the above, our Group will carefully implement our expansion plans. Our management will continue to monitor closely our Group's operating and financial performance in our overseas subsidiaries and will invest in the new markets only after feasibility studies have been carried out to determine the viability of such investments.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

(ix) Impact of Inflation

Up until the FYE 31 December 2007, we do not believe that inflation has had a material impact on our business, financial condition or results of operations of our Group. However in the future, the escalating inflation rate in Vietnam may affect our Group's Vietnam operations which recently commenced in January 2008 if we are not able to fully offset such higher costs through higher prices. Our failure or inability to do so could adversely affect our business, financial condition and results of our operations.

Save for the above, there are no other significant factors including unusual or infrequent events or new developments that will materially affect our Group's financial condition and results of operations. Please refer to the "Risk Factors" section as set out in Section 3 of this Prospectus for further information on other factors, which may directly or indirectly affect our Group's financial condition and results of operations.

11.3 Our Group's overview of revenue and costs

The following tables set out the breakdown of our Group's revenue and PBT by companies and by solutions, for the last 3 FYE 31 December 2007.

Revenue by companies:

	<----- FYE 31 December ----->					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
ISB	5,030	100.00	8,953	100.00	9,074	97.60
Innity Ltd	-	-	-	-	-	-
IM Innity	-	-	-	-	223	2.40
Innity Vietnam	-	-	-	-	-	-
Total	5,030	100.00	8,953	100.00	9,297	100.00

Revenue by solutions provided by our Group:

	<----- FYE 31 December ----->					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Technology based online advertising solutions						
AdVenue Rich Media	-	-	318	3.55	2,422	26.05
AdVenue Performance	-	-	57	0.64	58	0.62
AdVenue Online Media	3,999	79.50	7,876*	87.97	4,482	48.21
Online Ad Production	271	5.39	110	1.23	867	9.33
Other internet related services						
Content Creation, Multimedia & E-Commerce development	760	15.11	592	6.61	1,468	15.79
Total	5,030	100.00	8,953	100.00	9,297	100.00

Note:

* Revenue from AdVenue Online Media includes an ad-hoc transaction, i.e Malaysian Tourism Board (due to Visit Malaysia Year 2007) of RM3.71 million

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

PBT by companies:

	<----- FYE 31 December ----->					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
ISB	1,110	100.00	1,375	100.95	2,694	104.62
Innity Ltd	-	-	(10)	(0.73)	(7)	(0.27)
IM Innity	-	-	(3)	(0.22)	(44)	(1.71)
Innity Vietnam	-	-	-	-	(24)	(0.93)
Consolidation adjustment	-	-	-	-	(44)	(1.71)
Total	1,110	100.00	1,362	100.00	2,575	100.00

PBT by solutions provided by our Group:

	<----- FYE 31 December ----->					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Technology based online advertising solutions						
AdVenue Rich Media	-	-	166	12.19	766	29.75
AdVenue Performance	-	-	30	2.20	16	0.62
AdVenue Online Media	604	54.41	800	58.74	455	17.67
Online Ad Production	133	11.98	57	4.18	498	19.34
Other internet related services						
Content Creation, Multimedia & E-Commerce development	373	33.61	309	22.69	840	32.62
Total	1,110	100.00	1,362	100.00	2,575	100.00

11.3.1 Our Group's overview of revenue

Technology based online advertising solutions

(i) AdVenue Rich Media

AdVenue Rich Media is a solution designed and developed by our Group to provide Rich Media online advertising services to advertisers, agencies, and web publishers.

AdVenue Rich Media service according to ad formats due to different formats requiring different tracking metrics as well as different timeframes needed to create the content. Pricing also varies by campaign because fees are generally charged according to the timeframe, impressions, and other metrics the client specifies. We have 3 sources of revenue for AdVenue Rich Media solutions:

- (a) Content production - Clients are charged for the production of Rich Media content according to the type of format that is requested.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

- (b) Ad servings - This includes the price of the space on web publisher websites, for which the collected revenue will be shared with online publishers at a pre-determined percentage. Also, the client can be charged for the campaign through a variety of cost parameters, such as CPM (cost per thousand impressions), CPC (cost per clickthrough), or CPA (cost per qualifying action, such as sales or signups).
- (c) Performance costs - This is charged when clients request for additional services that include features such as SMS or MMS mobile messaging. Charges are made based on the medium selected or provided.

We collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages. This gives us control over payment made by our clients and reduces the risk of non-payment to online publishers.

(ii) AdVenue Performance

AdVenue Performance is designed as a simpler, more functional ad, though AdVenue Performance ads can also support images and animations to a limited extent.

This category of ads has been designed to provide quick impact and increase user interactions, while the pricing of these ads depends on the client's positioning and strategy. Our Group charges advertisers based on the amount of interactions that the advertisers want completed.

One of the key functions of the AdVenue Performance solution is that the ads contain inbuilt areas where the target audience can input certain particulars such as email addresses or mobile phone numbers, or even interact with the ad. This feature is especially important, as the main revenue generator for AdVenue Performance is the performance cost. Advertisers will be charged different rates for the types of performance that they choose, for example, sending of information or messages by email will be charged lower than those sent by SMS.

As these messages are sent by email or SMS, advertisers will be charged (in local currency) based on the performance cost that ranges from RM0.25 to RM1.00 per email or SMS sent, depending on the type of performance chosen. Advertisers also have the option to pay in terms CPM or on the total numbers of coupons downloaded or sent. Clients are typically allocated certain amount of credit and are deducted as interactions are realised, or after the campaign is concluded. We collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages. AdVenue Performance ads remain online until the specified numbers of signups are reached.

(iii) AdVenue Online Media

This solution offers advertisers less technology intensive forms of online advertising such as static banners and other non-interactive online advertisements.

Our Group also offers the following services under our AdVenue Online Media solution:

- (a) **Email & SMS/MMS Permission Marketing** - clients are charged a fixed rate per SMS/MMS that is sent out to the target audience for our SMS/MMS Permission Marketing Service. Clients are charge on an annual 'package' basis that is dependant on the fees charged for setting up an email database as well as the number of emails sent throughout the duration of the package
- (b) **Search Engine Marketing** – the client is charged a fee for planning, strategising and executing the Search Engine Marketing Campaign.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Our AdVenue Online Media solution generates revenue in a similar way to our Group's AdVenue Rich Media solution, i.e. we collect the campaign fees from the clients, and subsequently pay the online publishers based on the agreed percentages.

(iv) Online Ad Production

We also offer online ad production services to clients as part of our range of unified digital solutions. This complements our Group's online ad hosting and delivery services, as it enlarges our range of solutions so that we are able to provide end-to-end online advertising services to our clients.

Our Online Ad Production solution generates revenue through the production of online advertisement for clients. Clients are generally charged based on the technical complexity of the online ads that they desire, with the amounts charged usually varying from case to case.

(v) Other internet related services

Our Group provides website design and maintenance services as well as the design and implementation of e-commerce solutions for clients. Innity's Online Content Creation Services generates revenue through the production of online content for clients. Similar to our Online Ad Production solution, clients are generally charged based on the technical complexity of the content that they desire, with the amounts charged varying from case to case.

11.3.2 Our Group's overview of cost

The following table sets out the principal components of our subsidiary companies' operating costs, also expressed as a percentage of total operating costs, for the last 3 FYE 31 December 2007.

	<----- FYE 31 December ----->					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Operating costs						
Purchases	2,771	70.44	6,339	82.33	4,812	71.25
Staff costs	698	17.74	754	9.79	1,070	15.84
Depreciation	60	1.53	65	0.84	95	1.41
Amortisation of development expenditure	-	-	96	1.25	230	3.41
Other operating expenses	402	10.22	436	5.66	526	7.78
Interest expense	3	0.07	10	0.13	21	0.31
Total operating costs	3,934	100.00	7,700	100.00	6,754	100.00

Purchases

Purchases include online media purchases, Rich Media commission and performance network commission as described below:

- (i) Online media purchases are costs incurred to acquire advertisement space or media inventory from the online publishers to fulfil the advertising orders from advertisers and/or media agencies.
- (ii) Rich Media commission represents the online publishers' portion of the revenue arising from the sale of our Rich Media inventory to advertisers and/or media agencies. The commission is payable by us to online publishers for serving our Rich Media inventory on their websites.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Cont'd)*

- (iii) Performance network commission represents the online publishers' portion of the revenue arising from the sale of our AdVenue Performance solution to advertisers and/or media agencies. The commission is payable by us to online publishers for serving our AdVenue Performance solution on their websites.

Staff costs

Staff costs consist of Directors' remuneration, salaries, wages, bonus, contributions to defined contribution plan, sales commission and other employee related expenses.

Depreciation

Our Group's depreciation expense consists of depreciation for long term leasehold shop office, furniture, fittings, office equipment, computer, peripherals and renovations.

Amortisation of development expenditure

Capitalised development expenditure is amortised from the commencement of the income recognition to which it relates on the straight line basis over the period of expected benefit of five years. The expenditure capitalised includes salary costs of technical employees, cost of server deployment for specific development projects and internet bandwidth usage for development activities.

Other operating expenses

Other operating expenses mainly consist of advertisement and promotions, audit fees, utilities, office expenses, office rentals, telephone charges, travelling and accommodation expenses, internet server's expenses and entertainment expenses.

Interest expense

Interest expense comprises of interest on bank overdraft and term loans.

11.3.3 Our Group's overview of other operating income and tax expense

Other operating income

Other operating income consists mainly of gain on foreign exchange and interest from fixed deposits.

Tax expense

Tax expense includes current and deferred tax. ISB was granted pioneer status by MDeC under provisions of the Promotion of Investments Act, 1986 with effect from 30 September 2005. By virtue of this pioneer status, certain statutory incomes of ISB from pioneer activities during the pioneer period from 30 September 2005 to 29 September 2010 are exempted from income tax.

The effective tax rates for our Group is 16%, 6% and 3% for the FYE 31 December 2005, 2006 and 2007 respectively.

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.4 Review of our Group's past operational results

The following table is a summary of our proforma consolidated income statements for the FYE 31 December 2005 to 2007 which are prepared based on the assumption that our Group has been in existence throughout the financial years under review.

	<----- FYE 31 December ----->		
	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	5,030	8,953	9,297
Operating cost	(3,934)	(7,700)	(6,760)
Other operating income	14	109	32
PBT	1,110	1,362	2,569
Tax Expense	(307)	65	(77)
PAT	803	1,427	2,492
MI	-	*	22
PATMI	803	1,427	2,514

Note:

* Below RM1,000

FYE 31 December 2007 compared to FYE 31 December 2006

Revenue

Our Group recorded a higher revenue of RM9.30 million for the FYE 31 December 2007 as compared to RM8.95 million in the FYE 31 December 2006, representing an increase of RM0.35 million or approximately 3.84%. The increase in sales is mainly attributable to the continuing growth of the online advertising market in Malaysia and the contribution from our Group's Singapore operations during second half of the year.

The two major contributor to our Group's revenue is AdVenue Rich Media and AdVenue Online Media, accounting for 26.05% and 48.21% of our Group's revenue, respectively whilst Content Creation, Multimedia & E-Commerce development contributed 15.79% of our Group's revenue for the FYE 31 December 2007. Our Group's AdVenue Rich Media recorded a 661.6% jump in revenue from RM0.32 million in FYE 31 December 2006 to RM2.42 million in FYE 31 December 2007. AdVenue Rich Media which was only launched in FYE 31 December 2006 begun to gain recognition and market acceptance among online advertisers in FYE 31 December 2007. This has prompted us to shift our business focus to promote AdVenue Rich Media in FYE 31 December 2007 and in the near future.

On the other hand, our AdVenue Online Media recorded a significant decrease of 43.1% from FYE 31 December 2006. However, this is due to a major AdVenue Online Media account secured in 2006 of RM3.71 million from Malaysian Tourism Board due to the Visit Malaysia Year 2007 campaign. Excluding this ad-hoc transaction, revenue from AdVenue Online Media for FYE 31 December 2006 is RM4.17 million.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Our Content Creation, Multimedia & E-Commerce development recorded a 147.9% jump in revenue from RM0.6 million in FYE 31 December 2006 to RM1.5 million in FYE 31 December 2007. The increase in revenue from this solution is mainly due to more portals and website owners embarking on major web revamps in order to realise the full potential of online advertising.

Operating Cost**Purchases**

Despite the increase in revenue of 3.84% in FYE 31 December 2007 as compared to FYE 31 December 2006, purchases decreased by 24.08%, from RM6.34 million to RM4.81 million. This is mainly due to the significant increase in revenue from AdVenue Rich Media, Online Ad Production and Content Creation and E-Commerce solutions, which require relatively less purchases as compared to AdVenue Online Media. As such, gross profit margin increased from 29.20% in FYE 31 December 2006 to 48.24% in FYE 31 December 2007.

Staff cost

Staff cost increased by 41.19% from RM0.75 million in FYE 31 December 2006 to RM1.07 million in FYE 31 December 2007. The increase was due to the expansion of business in ISB and commencement of the Singapore operations, which saw the staff force increase from 26 persons in FYE 31 December 2006 to 40 persons in FYE 31 December 2007.

Depreciation

Depreciation in FYE 31 December 2007 increased by 46% from FYE 31 December 2006 due to depreciation on new computers and peripherals, furniture, fittings and office equipment acquired during the year, mainly for the setting up of our Singapore office in FYE 31 December 2007.

Amortisation of development expenditure

Amortisation of development expenditure increased by 139.1% from RM0.09 million in FYE 31 December 2006 to RM0.23 million in FYE 31 December 2007. The higher amortisation in FYE 31 December 2007 is due to the completion of modules for our AdVenue Platform in FYE 31 December 2006 which resulted in higher amortisation in FYE 31 December 2007.

Other operating expenses

Other operating expenses increased by 20.64% or approximately RM0.1 million, from RM0.44 million in FYE 31 December 2006 to RM0.53 million in FYE 31 December 2007. The increase is mainly attributable to higher office rentals and operating expenses attributed to the Singapore office, which commenced operations in September 2007.

Interest expense

Interest expense in FYE 31 December 2007 increased by more than 100% as compared to FYE 31 December 2006 as drawdown of our Group's term loan for its properties was only made in September 2006. In 2007 we incurred full year interest expenses as compared to approximately 3 months in 2006.

Other operating income

Other operating income decreased by RM0.08 million to RM0.03 million in FYE 31 December 2007 from RM0.1 million in FYE 31 December 2006. This is due to higher foreign exchange gains made in FYE 31 December 2006 as the RM strengthened in the second half of 2007.

PBT

For the FYE 31 December 2007, our Group's PBT of RM2.57 million is higher than the PBT of RM1.36 million for the previous year, representing an increase of RM1.21 million or approximately 88.62%. The increase in our Group's PBT is mainly due to higher gross profit margin recorded for FYE 31 December 2007 of 48.24% compared to FYE 31 December 2006 of 29.20% due to the significant increase in revenue of AdVenue Rich Media, Online Ad Production and Content Creation, Multimedia & E-Commerce development, which have a relatively higher gross profit margin compared to AdVenue Online Media.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Tax expense

In FYE 31 December 2007, our Group had a tax expense of RM76,864 as compared to a negative tax expense of RM64,833 in FYE 31 December 2006. The negative tax expense in FYE 31 December 2006 arose as a result of RM144,000 reversal of deferred tax.

Our Group's effective tax rate for FYE 31 December 2007 of 3% is lower than that of 6% in FYE 31 December 2006. The relatively lower effective tax rate is due to certain statutory income of ISB being exempted from income tax pursuant to the pioneer status granted to ISB on 30 September 2005.

PATMI

For the FYE 31 December 2007, our Group's PATMI of RM2.51 million is higher than the PATMI of RM1.43 million for the previous year, representing an increase of RM1.08 million or approximately 76.17%. This increase in our Group's PATMI is in line with our higher revenue and higher gross profit margin recorded for the year.

FYE 31 December 2006 compared to FYE 31 December 2005**Revenue**

Our Group recorded a higher revenue of RM8.95 million for the FYE 31 December 2006 as compared to RM5.03 million in the FYE 31 December 2005, representing an increase of RM3.92 million or approximately 77.99%.

For the FYE 31 December 2005, our Group's revenue of RM5.03 million was derived from AdVenue Online Media, Online Ad Production and Content Creation, Multimedia & E-Commerce development. Our Group launched its AdVenue Rich Media and AdVenue Performance solutions only in FYE 31 December 2006. Our Group's revenue from AdVenue Online Media recorded a 96.95% increase from RM3.99 million in FYE 31 December 2005 to RM7.87 million for FYE 31 December 2006 mainly due to an ad-hoc transaction with Malaysian Tourism Board of approximately RM3.71 million in respect of the Visit Malaysia Year 2007 campaign.

Operating costs**Purchases**

Purchases increased by RM3.57 million or 128.76%, from RM2.77 million in FYE 31 December 2005 to RM6.34 million in FYE 31 December 2006. This is mainly due to the significant increase in revenue from AdVenue Online Media arising from the ad-hoc transaction to Malaysian Tourism Board, which has a comparatively lower gross profit margin.

Staff cost

Staff cost increased by 8.02% from RM0.70 million in FYE 31 December 2005 to RM0.75 million in FYE 31 December 2006. The increase was mainly due to the expansion of ISB's business, which saw the staff force of our Group increase from 21 persons in FYE 31 December 2005 to 26 persons in FYE 31 December 2006.

Depreciation

Depreciation in FYE 31 December 2006 increased by approximately 8% from FYE 31 December 2005 due to additional depreciation on new computers and peripherals, furniture, fittings and office equipment acquired by ISB for business expansion during the year.

Amortisation of development expenditure

AdVenue Rich Media and AdVenue Performance were only launched in FYE 31 December 2006. As such, amortisation of development expenditure for these solutions only commenced in FYE 31 December 2006.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Other operating expenses

Other operating expenses increased by 8.46% or approximately RM0.03 million, from RM0.40 million in FYE 31 December 2005 to RM0.44 million in FYE 31 December 2006. The increase is mainly attributable to higher travelling expenses, accommodation expenses and subscription to broadband internet fees. The higher travelling and accommodation expenses arose as our Group was expanding its business locally and to Singapore.

Interest expense

Interest expense in FYE 31 December 2006 increased by more than 100% as compared to FYE 31 December 2005 as term loans and bank overdraft for financing our Group's office premises and working capital respectively were only drawn down and utilised in FYE 31 December 2006.

Other operating income

Other operating income in FYE 31 December 2006 of RM0.11 million increased by 678.6% as compared to RM0.01 million in FYE 31 December 2005. The increase is mainly due to higher foreign exchange gains in FYE 31 December 2006 as a result of favourable foreign exchange differences arising from payments made to foreign online publishers.

PBT

For the FYE 31 December 2006, our Group's PBT of RM1.36 million is higher than the PBT of RM1.11 million for the previous year, representing an increase of RM0.25 million or approximately 22.70%. However, PBT margin for FYE 31 December 2006 of 15.21% is lower than the PBT margin for FYE 31 December 2005 of 22.07%. This is mainly due to the significant increase in revenue from AdVenue Online Media arising from the ad-hoc transaction to Malaysian Tourism Board in 2006, which has a comparatively lower gross profit margin.

Tax expense

In FYE 31 December 2006, our Group registered a negative tax expense of RM64,833 compared to a tax expense of RM307,000 in FYE 31 December 2005. The negative tax expense in FYE 31 December 2006 arose as a result of RM144,000 reversal of deferred tax. Despite PBT margin for FYE 31 December 2006 being lower than that in FYE 31 December 2005, PAT margin remain the same at approximately 16% for both years due to the lower effective tax rate in FYE 31 December 2006.

Our Group's effective tax rate for FYE 31 December 2006 of approximately 6% is lower than that of 16% in FYE 31 December 2005. The significantly lower effective tax rate for FYE 31 December 2006 is due to certain statutory income of ISB being exempted from income tax pursuant to the pioneer status granted to ISB on 30 September 2005. As the pioneer status only came into effect from 30 September 2005, there was no income being exempted from tax in FYE 31 December 2005, hence the higher effective tax rate for FYE 31 December 2005.

PATMI

For the FYE 31 December 2006, our Group's PATMI of RM1.43 million is higher than the PATMI of RM0.80 million for the previous year, representing an increase of RM0.63 million or approximately 77.71%. This increase in our PATMI is mainly in line with the higher revenue.

11.5 Commentary on our Group's liquidity and capital resources

Our Group's principal sources of liquidity have been cash from operations, short-term borrowings in the form of overdraft and term loans as well as long-term borrowings. As at 31 December 2007, our Group has RM0.5 million in cash and bank balance, RM0.6 million in the form of borrowings and approximately RM0.75 million of available credit facilities that may be used for any unforeseen capital or other requirements.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.5.1 Material sources of liquidity

The following summarises the various sources of cash flow of our Group for the FYE 31 December 2007:

	RM
Net cash generated from/(used in):	
- Operating activities	1,602,312
- Investing activities	(965,779)
- Financing activities	(56,635)
- Exchange difference	(659)
Net increase in cash and cash equivalents	<u>579,239</u>

Cash flows from operating activities

Net cash generated from our operating activities of RM1.60 million in the FYE 31 December 2007 was mainly due to collection from trade debtors of RM10.22 million. Payment to trade creditors amounted to RM6.32 million. Also, included in the net cash generated from our operating activities was payment of staff costs and other operating expenses amounting to RM2.25 million. Taxation paid for the FYE 31 December 2006/2007 amounted to approximately RM0.05 million.

Cash flows used in investing activities

Net cash used in our investing activities of RM0.97 million in the FYE 31 December 2007 was mainly for R&D expenditure such as, *inter-alia*, salary costs of technical employees and cost of server deployment for specific development projects, which amounted to approximately RM0.78 million and acquisition of new computers and peripherals, furniture, fittings and office equipment and renovation cost for the setting up of the Singapore office amounting to approximately RM0.18 million.

Cash flows from financing activities

Net cash used in our financing activities of RM0.06 million in the FYE 31 December 2007 was mainly for repayment of term loans taken up by our Group to finance the purchase of our office premises and payment of interest charges incurred from utilising our Group's credit facilities.

Cash flows used in exchange difference

Cash flows arising from the exchange difference is due to the loss in foreign currency conversion upon consolidation of our foreign subsidiary companies into our Group's financial statements.

Our Directors are of the view that there are no legal, financial or economic restriction on the ability of our subsidiary companies to transfer funds to Innity in the form of cash dividends and/or loans or advances.

Our Directors are of the opinion that after taking into account the existing level of cash and cash equivalents, credit facilities currently available, the expected funds to be generated from our operations and the net proceeds from the Public Issue, our Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.5.2 Borrowings

As at 30 April 2008 (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), our Group's total outstanding borrowings amounted to RM449,194, all of which are interest bearing and denominated in RM, as set out below.

Types of borrowings	Maturity Date	Interest rate (%)	Payable within 12 months	Payable after 12 months	Total
			RM	RM	
Term loans*	Term Loan I (last instalment in September 2021)	First year – Fixed at 3.88% per annum on monthly rest	36,070	413,124	449,194
	Term Loan II (last instalment in September 2026)	Second year – Fixed at 5.00% per annum on monthly rest Thereafter – BLR +0.80% per annum on monthly rest			
			36,070	413,124	449,194

Note:

* Breakdown of our Group's term loans, which commenced in September 2006 are set out below:

- (a) Term Loan I is to part finance the acquisition of Innity's head office in Kelana Square
(b) Term Loan II is to part finance the renovation costs for the above

Our Group has no borrowings in foreign currency.

Our Group is exposed to interest rate fluctuations on interest earned on cash and bank balances and fixed deposits, all of which are denominated in RM. Our Group's debts of overdrafts and term loans are also exposed to interest rate fluctuations. However our exposure is minimal, as our Group does not have any significant borrowings and any interest rate fluctuation will not have a material effect on our Group's financial position.

Our Group's gearing ratio is 0.03 times computed based on the outstanding borrowings of RM0.45 million and the proforma shareholders' funds as at 31 December 2007 of RM15.3 million (after the Flotation Scheme and utilisation of proceeds).

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout FYE 31 December 2007 and for the financial period up to 30 April 2008.

11.5.3 Key financial ratios

Our Group's relevant key financial ratios achieved for the past 3 FYE 31 December 2007 are as follows:

	← FYE 31 December →		
	2005	2006	2007
Trade receivables' collection period (months) ⁽¹⁾	4.5	6.0	5.1
Trade payables' payment period (months) ⁽²⁾	4.4	5.1	2.8
Current ratio (times)	1.2	1.5	2.9

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Notes:

- (1) *Our normal credit period granted to our customers range from 90 to 120 days. As our Group strengthens our position in the online advertising industry, which is still in its infancy stage, we place more emphasis on capturing wider market share rather than imposing stringent collection policies on clients. This is to foster good business relationship as well as gain trustworthiness from our customers. Nevertheless, our Group has formalised a series of credit assessment policy which includes, inter-alia, close monitoring of the receivables aging report to identify slow paying customers and undertake more proactive action to recover any abnormal overdues. Our Group has in the past experienced minimal bad debts of only RM24,000*
- (2) *The credit period granted to us by our suppliers ranges from 60-90 days*

11.5.4 Material capital commitment

As at 30 April 2008 (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), our Directors are not aware of any material capital commitment incurred or known to be incurred by our Group that may have a substantial impact on our results or financial position.

11.5.5 Contingent liability

As at 30 April 2008 (being the latest practicable date of which such amounts could be determined prior to the registration of this Prospectus), our Directors are not aware of any contingent liabilities, which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Company or subsidiary companies to meet our obligations as and when they fall due.

11.5.6 Material litigation

We and our subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiary companies and our Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position of our Company or our subsidiary companies as at 30 April 2008.

Save as disclosed above and in Section 11.2 of this Prospectus, as at 30 April 2008, we are not aware of any known trends, demands, commitments, events or uncertainties that:

- (i) have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group; and
- (ii) would cause the historical financial statements to be not necessarily indicative of future financial information.

12. FUTURE FINANCIAL

12.1 Consolidated profit forecast and assumptions

The table below sets out our Group's proforma consolidated profit forecast for the FYE 31 December 2008 which is prepared on the basis of the assumptions made and is presented on a basis consistent with the accounting principles adopted and disclosed in the audited financial statements of our Company and our subsidiary companies for the FYE 31 December 2007. Our Directors forecast that our proforma consolidated profit forecast for the FYE 31 December 2008 would be as follows:

FYE 31 December 2008	RM'000
Revenue	15,751
Consolidated PBT before MI	4,720
<i>Less: Taxation</i>	<i>(83)</i>
Consolidated PAT before MI	4,637
MI	(148)
Consolidated PATMI	4,489
<i>Less: Pre-acquisition profit</i>	<i>(791)</i>
Consolidated PATMI after pre-acquisition profit attributable to equity holders of Innity	3,698
Weighted average number of shares in issue ('000) ⁽¹⁾	110,369
Enlarged issued and paid up share capital ('000)	125,821
<i>Based on consolidated PATMI after pre-acquisition profit and weighted average no. of ordinary shares in issue</i>	
Net EPS (sen)	3.35
Net PE multiple (times) ⁽²⁾	8.63
<i>Based on consolidated PATMI before pre-acquisition profit and enlarged no. of ordinary shares in issue</i>	
Net EPS (sen)	3.57
Net PE multiple (times) ⁽²⁾	8.11

Notes:

- (1) *Based on the weighted average number of shares in issue for the FYE 31 December 2008 based on the completion date of the Acquisition and Rights Issue of 28 April 2008 and 5 May 2008 respectively and on the assumption that the Public Issue and Bonus Issue are completed on 15 June 2008*
- (2) *Based on theoretical ex-bonus price of RM0.289 per Share*

Please refer to Section 12.5 of this Prospectus for detailed information on the principal bases and assumptions upon which our consolidated profit forecast have been made.

12. FUTURE FINANCIAL (Cont'd)

12.2 Directors' comments on the consolidated profit forecast

Our Group is expected to record higher revenue for the FYE 31 December 2008 by approximately 69.4% to RM15.75 million from RM9.29 million in the previous financial year, mainly due to the anticipated rapid growth in the online advertising market in Malaysia. In specific, our Malaysian operations through ISB is expected to record a higher revenue of 45.2%. According to *Protégé Associates*, the online advertising market in Malaysia is expected to grow from its current size of RM32.2 million in 2007 to RM269.5 million in 2012, registering a CAGR of 52% across the forecasted period of 2008 - 2012. Further, the online advertising market in Malaysia is expected to register a 55% growth rate in 2008.

The increase in revenue of 69.4% in 2008 is reasonable considering the increase in revenue in the previous year from 2006 to 2007 of 77.2% (excluding ad-hoc transaction, i.e Malaysian Tourism Board due to Visit Malaysia Year 2007).

Our Directors are of the view that the forecast for the FYE 31 December 2008 is achievable based on, *inter-alia*, the following reasons:

- (a) The CAGR of the online advertising market in Malaysia of 52% from 2008-2012 and the upcoming UEFA European Football Championship and Beijing Olympics in June and August 2008 respectively, which is expected to boost advertising spending. In addition, the online advertising market in Malaysia is expected to register a 55% growth rate in 2008 (Source: *Protégé Associates Report*); and
- (b) The listing exercise is expected to increase publicity and garner more interest in online advertising, resulting in increase sales.

For the FYE 31 December 2008, Malaysia will still be the largest contributor to our Group's revenue, followed by Vietnam and Singapore. Our Group's Vietnam operation has commenced and is expected to record sales of approximately RM1.7 million for the FYE 31 December 2008. In view of the booming economic condition in Vietnam, the relatively low internet penetration rate and the strong government support to increase internet usage among its populace, our management is confident of the prospects of our Vietnam operations.

The analysis of revenue by companies and by solutions is as follows:

Turnover by Companies

	Historical		Forecast	
	FYE 31 December 2007		FYE 31 December 2008	
	RM'000	%	RM'000	%
Innity	-	-	-	-
ISB	9,074	97.60	13,174	83.64
Innity Ltd	-	-	-	-
IM Innity	223	2.40	872	5.54
Innity Vietnam	-	-	1,705	10.82
	9,297	100.00	15,751	100.00