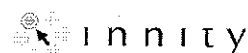


# Innity Corporation Berhad

(Company No. 764555-D)  
(Incorporated in Malaysia)



## Quarterly report on results for the 3rd Quarter ended 30 September 2008 CONDENSED CONSOLIDATED INCOME STATEMENTS

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter For the period	Preceding year corresponding quarter	Current year For the period 29 April 2008 (Date of acquisition of subsidiary companies) to 30 September 2008 RM'000	Preceding year corresponding period 30 September 2007 RM'000
	1 July 2008 to 30 September 2008 RM'000	30 September 2007 RM'000		
Revenue	2,651	N/A	4,157	N/A
Direct costs	(1,370)	N/A	(2,245)	N/A
Gross profit	1,281	N/A	1,912	N/A
Other operating income /(charges)	15	N/A	18	N/A
Operating expenses	(1,030)	N/A	(1,597)	N/A
Share of loss of associate company	(25)	N/A	(25)	N/A
Finance cost	(6)	N/A	(9)	N/A
Profit before taxation	235	N/A	299	N/A
Tax expense	(13)	N/A	(13)	N/A
Net profit for the period	222	N/A	286	N/A
Attributable to:				
Shareholders of the Company	168	N/A	249	N/A
Minority interest	54	N/A	37	N/A
Net profit for the period	222	N/A	286	N/A
Basic Earnings Per Share (sen)	0.53	N/A	0.50	N/A

### Notes:

The condensed consolidated income statement is prepared based on the consolidated results of Innity Corporation Berhad ("ICB") and its subsidiary companies ("ICB Group" or "Group") for the quarter ended 30 September 2008 and is to be read in conjunction with the Prospectus dated 04 June 2008.

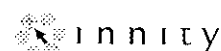
ICB completed the acquisition of its subsidiary companies on 28 April 2008. The above presentation for the results of cumulative quarters reflects only the post acquisition results.

No comparative figures are available for the preceding year quarter / period as ICB was listed on 30 June 2008.

The accompanying notes are an integral part of this quarterly report.

# Innity Corporation Berhad

(Company No. 764555-D)  
(Incorporated in Malaysia)



## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### CONDENSED CONSOLIDATED BALANCE SHEET

*(The figures have not been audited)*

	As at 30 September 2008 RM'000	As at 30 September 2007 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,133	-
Development expenditure	2,028	-
Investment in associated company	30	-
	<u>3,191</u>	<u>-</u>
<b>Current assets</b>		
Trade receivables	4,076	-
Other receivables, deposit and prepayments	72	-
Amount due from associated equity	13	-
Fixed deposits with a licensed bank	375	-
Cash and cash equivalents	9,893	-
	<u>14,429</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>17,620</u>	<u>-</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	12,582	-
Reserves	(2,235)	-
Retained Profits	5,202	-
<b>Total equity attributable to shareholders of the Company</b>	<u>15,549</u>	<u>-</u>
<b>Minority interest</b>	<u>118</u>	<u>-</u>
<b>Total equity</b>	<u>15,667</u>	<u>-</u>
<b>Non-current liabilities</b>		
Borrowings	410	-
	<u>410</u>	<u>-</u>
<b>Current liabilities</b>		
Trade payables	1,309	-
Amount due to a director of a subsidiary company	48	-
Other payables and accruals	148	-
Borrowings	25	-
Tax payable	13	-
<b>Total current liabilities</b>	<u>1,543</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,953</u>	<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>17,620</u>	<u>-</u>
<b>Net assets per share (sen)</b>	<u>12.36</u>	<u>N/A</u>

Notes:

The condensed consolidated balance sheet is prepared based on the consolidated results of the Group for the quarter ended 30 September 2008 and is to be read in conjunction with the Prospectus dated 04 June 2008.

ICB completed the acquisition of its subsidiary companies on 28 April 2008.

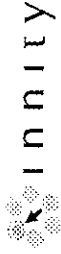
No comparative figures are available for preceding year quarter / period as ICB was listed on 30 June 2008.

Net Assets per share for the current quarter is arrived at based on the Group's Net Assets attributable to shareholders of the Company of RM15.5 Million over the number of ordinary shares of 125,821,287 shares of RM0.10 each.

The accompanying notes are an integral part of this quarterly report.

# Innity Corporation Berhad

(Company No. 764555-D)  
(Incorporated in Malaysia)



## Quarterly report on results for the 3rd Quarter ended 30 September 2008 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Non-distributable			Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
			Reverse Reserve	Acquisition Reserve	Translation Reserve				
Balance as at 28 April 2008	410	-	-	-	(12)	4,959	5,357	79	5,436
Arising from reverse acquisition	2,512	-	-	(2,512)	-	-	-	-	-
Rights issue of shares	2,000	-	-	-	-	-	2,000	-	2,000
Public issue of shares	1,700	7,650	-	-	-	-	9,350	-	9,350
Bonus issue of shares	5,960	(5,960)	-	-	-	-	-	-	-
Share issue expense	-	(1,397)	-	-	-	-	(1,397)	-	(1,397)
Goodwill written off	-	-	-	-	-	(6)	(6)	-	(6)
Translation difference	-	-	-	-	(4)	-	(4)	2	(2)
Net profit for the financial period	-	-	-	-	-	249	249	37	286
Balance as at 30 September 2008	12,582	293	-	(2,512)	(16)	5,202	15,549	118	15,667

Notes:

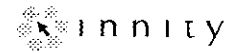
The condensed consolidated statement of changes in equity is prepared based on the consolidated results of the Group for the quarter ended 30 September 2008 and is to be read in conjunction with the Prospectus dated 04 June 2008.

ICB completed the acquisition of its subsidiary companies on 28 April 2008.

The accompanying notes are an integral part of this quarterly report.

# Innity Corporation Berhad

(Company No. 764555-D)  
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## Quarterly report on results for the 3rd Quarter ended 30 September 2008 CONDENSED CONSOLIDATED CASH FLOW STATEMENT

*(The figures have not been audited)*

	Current year For the period 29 April 2008 (Date of acquisition of subsidiary 30 September 2008 RM'000	Preceding year corresponding period 30 September 2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	299	N/A
Adjustments for :		
Depreciation of property, plant and equipment	56	N/A
Amortisation of development expenditure	161	N/A
Share of loss in associated equity	25	
Interest income from fixed deposits	(18)	N/A
Interest expense	9	N/A
Operating profit before working capital changes	532	N/A
Changes in working capital:		
Decrease in trade and other receivables	977	N/A
Decrease in trade and other payables	(742)	N/A
Cash generated from operating activities	767	N/A
Income tax paid	(29)	N/A
Net cash generated from operating activities	738	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(330)	N/A
Payment of capitalised development expenditure	(412)	N/A
Investment in associated company	(55)	
Interest received	18	
Net cash used in investing activities	(779)	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from rights issue of shares	2,000	N/A
Proceeds from public issues	9,350	
Share issue expenses	(1,397)	
Interest paid	(9)	N/A
Repayment of term loans	(23)	
Net cash used in financing activities	9,921	N/A
Exchange difference	(8)	N/A
Net increase in cash and cash equivalents	9,872	N/A
Cash and cash equivalents at beginning of period	21	N/A
Cash and cash equivalents at end of period	9,893	N/A
	<b>30-Sep-08</b>	<b>28-Apr-08</b>
<b>Cash and cash equivalents consist of:</b>		
Fixed deposits with licenced banks	375	330
Cash and cash equivalents	9,893	110
Bank overdraft	-	(89)
	10,268	351
Less: Fixed deposits pledged	(375)	(330)
	9,893	21

**Notes:**

The condensed consolidated cash flow statement is prepared based on the consolidated results of the Group for the quarter ended 30 September 2008 and is to be read in conjunction with the Prospectus dated 04 June 2008.

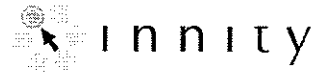
ICB completed the acquisition of its subsidiary companies on 28 April 2008.

No comparative figures are available for preceding year quarter / period as ICB was listed on 30 June 2008.

The accompanying notes are an integral part of this quarterly report.

# Innity Corporation Berhad

(Company No. 764555-D)  
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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### A NOTES TO INTERIM FINANCIAL REPORT

#### A1 Basis of preparation of Interim Financial Report

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") No. 134: Interim Financial Reporting, and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR").

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to and understanding the changes in the financial position and performance of Innity Corporation Berhad ("ICB") and its subsidiary companies ("Group") for the financial period ended 30 September 2008.

The accounting policies and methods of computation adopted by ICB and its subsidiary companies, Innity Sdn Bhd ("ISB"), Innity Limited, IM Innity Pte Ltd and Innity Vietnam Company Limited, in the preparation of this interim financial statements are consistent with those adopted in the latest audited financial statements for the period ended 31 December 2007 except for the adoption of the new/revised Financial Reporting Standard ("FRS") as outlined below:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of FRS 101, 108, 110, 116, 121, 124, 127, 132, 133, 136, 138 does not have significant financial impact on the Group in the current quarter under review. The principal effect of the changes in accounting policies is from the adoption of FRS 3.

#### **FRS 3: Business Combinations**

Pursuant to FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities, and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is recognized immediately in the income statement.

#### Reverse Acquisition

The Company completed the acquisition of the entire equity interest in ISB and its subsidiary companies ("ISB Group") via the issuance of 29,221,710 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.10 per share on 28 April 2008.

Upon completion of the acquisition of ISB, the Company became the legal holding company of ISB. Due to the relative values of ISB and the Company, the former shareholders of ISB became the majority shareholders through the issuance of 29,221,710 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share in the Company (controlling about 100% of

# Innity Corporation Berhad

(Company No. 764555-D)  
(Incorporated in Malaysia)



## Quarterly report on results for the 3rd Quarter ended 30 September 2008

the issued and paid-up share capital of the Company). Further, the Company's continuing operations and key executive management are those of ICB. Accordingly, the substance of the business combination is that ISB acquired the Company in a reverse acquisition.

### **A2 Auditors' report on preceding annual financial statements**

There were no preceding annual financial statements as the Group will have its first consolidated audited financial statement for the financial year ending 31 December 2008.

### **A3 Seasonal or cyclical factors**

In general, online advertising activities would pick up during second half of the calendar year especially towards year end. Hence the review of current quarter performance should be conducted in that perspective.

### **A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year-to-date.

### **A5 Material changes in estimates**

There were no changes in estimates that have a material effect in the current financial quarter and financial year-to-date results.

### **A6 Debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter.

### **A7 Dividend paid**

There were no dividends paid by the Company during the current financial quarter.

### **A8 Segmental information**

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. A secondary format is not presented as the Group's activities in each geographical location is similar.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments and related revenue, corporate assets and head office expenses, tax assets and liabilities.

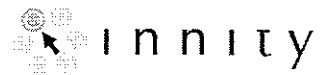
#### ***Geographical segments***

The Group comprises the following main geographical segments:

Malaysia  
Singapore  
Vietnam

# Innity Corporation Berhad

(Company No. 764555-D)  
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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

Cumulative Quarter Ended 30/09/2008

(The figures have not been audited)

Geographical Segments	Malaysia RM'000	Singapore RM'000	Vietnam RM'000	Group RM'000
Revenue from external customers	3,527	540	90	4,157
Inter-segment revenue	0	0	0	0
Total revenue	<u>3,527</u>	<u>540</u>	<u>90</u>	<u>4,157</u>
<b>Segment result</b>				
Results from operating activities	224	104	5	333
Share of loss from associated company	(25)	0	0	(25)
Finance Costs	(9)	0	0	(9)
Profit before taxation	<u>190</u>	<u>104</u>	<u>5</u>	<u>299</u>
Tax expense	0	(13)	0	(13)
Profit for the period	<u>190</u>	<u>91</u>	<u>5</u>	<u>286</u>
Segment assets	16,861	445	314	17,620
Total assets				<u>17,620</u>
Segment liabilities	1,575	185	193	1,953
Total liabilities				<u>1,953</u>

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

There was no valuation of the property, plant and equipment in the current financial quarter.

**A10 Material events subsequent to the end of the quarter**

Save as disclose in Note B2, there were no material events subsequent to the end of the current reporting period.

# Innity Corporation Berhad

(Company No. 764555-D)  
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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

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

There were no material changes in the composition of the Group for the current financial quarter save as disclosed in Note B6.

**A12 Contingent liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

**A13 Capital commitments**

As at 30 September 2008, the Group has no material capital commitments in respect of property, plant and equipment.

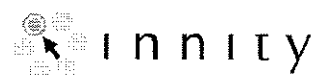
**A14 Significant related party transactions**

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions save for recurrent related party transaction which would have a significant impact on the financial position and business of the Group.



# Innity Corporation Berhad

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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### **B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**

#### **B1 Review of performance**

For the current quarter ended 30 September 2008, ICB Group recorded a profit after taxation ("PAT") of RM0.22 million on the back of revenue of RM2.65 million mainly from the provision of technology based online advertising solutions. Net profit attributable to shareholders of the Company for the current quarter was RM0.17 million.

#### **B2 Variation of results against immediate preceding quarter**

	<b>Current Quarter 30 Sep 2008 RM'000</b>	<b>Preceding Quarter 30 Jun 2008 RM'000</b>
Revenue	2,651	1,506
Profit before tax	235	64

The current quarter has shown improvements in results as compared to the preceding quarter with revenue and profit before tax increased by approximately 76% and 267% respectively. This is due to the fact that online advertising activities generally picks up during second half of the year. In addition, current quarter represents a full 3 months operational period whereas the preceding quarter only consists of 2 months period (being post acquisition results).

#### **B3 Prospects for the financial year ending 31 December 2008**

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's prospects for the financial year ending 31 December 2008 will be challenging in view of the current financial crisis.

#### **B4 Profit forecast, profit guarantee and internal targets**

ICB had provided a consolidated profit forecast for the financial year ending 31 December 2008 in its Prospectus dated 04 June 2008. An explanatory note on variance between actual PAT and the forecast PAT will be provided in its fourth (4th) quarter announcement.

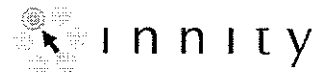
#### **B5 Income tax expense**

	<b>Current year quarter 30-Sept-2008 RM'000</b>	<b>Current year to date 30-Sept-2008 RM'000</b>
Income tax based on the results for the period under review	<u>13</u>	<u>13</u>

The Group's effective tax rate is approximately 6% for the current period under review, which is lower than the statutory tax rate. This is due to certain statutory income of its subsidiary company, ISB, being exempted from income tax pursuant to the pioneer status granted to the company for a period of 5 years commencing 30 September 2005.

# Innity Corporation Berhad

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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### B6 Unquoted investments and properties

On 16<sup>th</sup> July 2008, the Group acquired 49% of the entire issued and paid up share capital of Innity Online Company Limited ("IOCL"), a newly incorporated company in Thailand, comprising 10,000 ordinary shares of 100 Baht each for a total consideration of RM51,499. This results in IOCL becoming an associate of the Group.

Other than the above, there were no changes in the unquoted investments and properties of the Group for the current financial quarter and financial year-to-date.

### B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the current financial quarter and financial year-to-date.

### B8 Group's borrowings and debt securities

The Group's borrowings as at 30 September 2008 are as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings:-			
Term Loans	25	-	25
Long Term borrowings:-			
Term Loans	410	-	410
Total	435	-	435

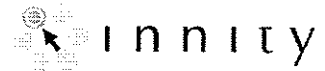
The Group does not have any foreign currency borrowings.

### B9 Off balance sheet financial instruments

As at reporting date, the Group does not have any off balance sheet financial instruments.

# Innity Corporation Berhad

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(Incorporated in Malaysia)



## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (Cont'd)

#### B10 Material litigation

As at reporting date, neither the Company nor its subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the 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 position or business of the Company or its subsidiary companies.

#### B11 Dividends

There was no dividend declared for the current quarter and the financial year to date.

#### B12 Earnings per share

	Current year quarter		Current year to date	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
Profit after taxation after minority interest (RM'000)	168	-	249	-
Weighted Average Number of ordinary shares in issue ('000)				
- Balance at beginning	18,279		-	
- Weighted additions for the quarter/period	31,455		49,734	
- Balance at end	49,734		49,734	
Basic earnings per share (sen)	0.53	-	0.50	-

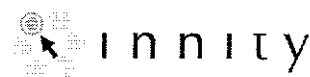
Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 September 2008.

#### B13 Status of corporate proposals

There were no corporate proposals announced but not yet completed as at the date of this announcement.

# Innity Corporation Berhad

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## Quarterly report on results for the 3rd Quarter ended 30 September 2008

### B14 Status of Utilisation of Proceeds

ICB raised gross proceeds of RM11.35 million from the rights issue and public issue and has utilised approximately 32.8% of the proceeds as at 30 September 2008:

	Proposed RM'000	Actual RM'000	Balance RM'000	Intended time frame for utilisation from listing date
R&D expenditure	4,500	(412)	4,088	Within 24 months
Set up cost of regional offices	1,500	(120)	1,380	Within 24 months
Marketing expenditure	1,000	(49)	951	Within 18 months
Working Capital	2,850	(1,740)	1,110	Within 24 months
Defrayment of listing expenses	1,500	(1,397)	103	Within 6 months
	<u>11,350</u>	<u>(3,718)</u>	<u>7,632</u>	

### B15 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the Board of Directors' meeting held on 20 November 2008.

On Behalf of the Board

**Phang Chee Leong**  
Executive Chairman

Date: 20-Nov-2008