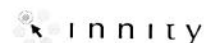


Innity Corporation Berhad

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



Quarterly report on results for the 1st Quarter ended 31 March 2011 CONDENSED CONSOLIDATED INCOME STATEMENT

(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	Preceding year corresponding period
	1 January 2011 to 31 March 2011 RM'000	1 January 2010 to 31 March 2010 RM'000	1 January 2011 to 31 March 2011 RM'000	1 January 2010 to 31 March 2010 RM'000
Revenue	6,504	4,778	6,504	4,778
Direct costs	(4,506)	(2,916)	(4,506)	(2,916)
Gross profit	1,998	1,862	1,998	1,862
Other operating income	29	35	29	35
Operating expenses	(2,491)	(1,751)	(2,491)	(1,751)
Profit/(Loss) from operations	(464)	146	(464)	146
Finance cost	(10)	(8)	(10)	(8)
Profit/(Loss) before taxation	(474)	138	(474)	138
Tax expense	-	-	-	-
Profit/(Loss) for the period	(474)	138	(474)	138
Attributable to:				
Shareholders of the Company	(465)	111	(465)	111
Minority interest	(9)	27	(9)	27
Profit/(Loss) for the period	(474)	138	(474)	138
Basic earnings/(loss) per share (sen)	(0.37)	0.09	(0.37)	0.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter For the period	Preceding year corresponding quarter	Current year For the period	Preceding year corresponding period
	1 January 2011 to 31 March 2011 RM'000	1 January 2010 to 31 March 2010 RM'000	1 January 2011 to 31 March 2011 RM'000	1 January 2010 to 31 March 2010 RM'000
Profit/(Loss) for the period	(474)	138	(474)	138
Other comprehensive income/(loss)				
Foreign currency translation differences for foreign operations	(72)	(88)	(72)	(88)
Other comprehensive loss for the period	(72)	(88)	(72)	(88)
Total comprehensive income/(loss) for the period	(546)	50	(546)	50
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(526)	36	(526)	36
Minority interests	(20)	14	(20)	14
Total comprehensive income/(loss) for the period	(546)	50	(546)	50

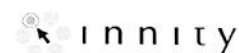
Notes:

The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income are prepared based on the consolidated results of Innity Corporation Berhad ("ICB") and its subsidiary companies ("Group") for the quarter ended 31 March 2011 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

Innity Corporation Berhad

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Quarterly report on results for the 1st Quarter ended 31 March 2011 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31 March 2011 RM'000	Audited As at 31 December 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,180	1,165
Development expenditure	2,673	2,642
	<u>3,853</u>	<u>3,807</u>
Current assets		
Trade receivables	9,816	9,669
Other receivables, deposit and prepayments	734	490
Amount due from an associate	462	372
Fixed and short term deposits	4,824	4,805
Cash and cash equivalents	1,059	1,866
	<u>16,895</u>	<u>17,202</u>
TOTAL ASSETS	<u><u>20,748</u></u>	<u><u>21,009</u></u>
EQUITY AND LIABILITIES		
Share capital	12,582	12,582
Reserves	(2,513)	(2,452)
Retained profits	3,621	4,086
Total equity attributable to owners of the Company	<u>13,690</u>	<u>14,216</u>
Minority interest	<u>97</u>	<u>117</u>
Total equity	<u><u>13,787</u></u>	<u><u>14,333</u></u>
Non-current liabilities		
Long term borrowings	350	351
Retirement benefits obligation	15	15
	<u>365</u>	<u>366</u>
Current liabilities		
Trade payables	5,367	5,056
Amount due to an associate	17	14
Other payables and accruals	844	730
Short term borrowings	306	445
Tax payable	62	65
Total current liabilities	<u>6,596</u>	<u>6,310</u>
Total liabilities	<u>6,961</u>	<u>6,676</u>
TOTAL EQUITY AND LIABILITIES	<u><u>20,748</u></u>	<u><u>21,009</u></u>
Net assets per share attributable to owners of the Company (sen)	<u><u>10.88</u></u>	<u><u>11.30</u></u>

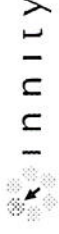
Notes:

The Condensed Consolidated Statement of Financial Position is prepared based on the consolidated results of the Group for the quarter ended 31 March 2011 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

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Quarterly report on results for the 1st Quarter ended 31 March 2011 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

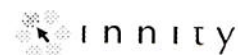
	Share Capital RM'000	Share Premium RM'000	Share Reverse Acquisition Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 January 2011	12,582	136	(2,512)	(76)	4,086	14,216	117	14,333
Total comprehensive (loss) for the period				(61)	(465)	(526)	(20)	(546)
Balance as at 31 March 2011	12,582	136	(2,512)	(137)	3,621	13,690	97	13,787
Balance as at 1 January 2010	12,582	136	(2,512)	(23)	3,884	14,067	40	14,107
Total comprehensive income/(loss) for the period	-	-	-	(75)	111	36	14	50
Acquisition of subsidiaries	-	-	-	-	-	-	27	27
Balance as at 31 March 2010	12,582	136	(2,512)	(98)	3,995	14,103	81	14,184

The Condensed Consolidated Statement of Changes in Equity is prepared based on the consolidated results of the Group for the quarter ended 31 March 2011 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

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Quarterly report on results for the 1st Quarter ended 31 March 2011 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Current year For the period	Preceding year corresponding period
	1 January 2011 to 31 March 2011 RM'000	1 January 2010 to 31 March 2010 RM'000
Net cash (used in) operating activities	(201)	(1,050)
Net cash (used in) investing activities	(366)	(158)
Net cash (used in)/generated from financing activities	(17)	49
Net decrease in cash and cash equivalents	<u>(584)</u>	<u>(1,159)</u>
Cash and cash equivalents at beginning of period	5,709	7,740
Effect of exchange rate changes on cash and cash equivalents	(72)	(88)
Cash and cash equivalents at end of period	<u><u>5,053</u></u>	<u><u>6,493</u></u>
	31 March 2011	31 March 2010
<u>Cash and cash equivalents consist of:</u>		
Cash and bank balances	1,059	797
Fixed and short term deposits	4,824	6,196
Less: Bank Overdraft	<u>(285)</u>	<u>-</u>
	5,598	6,993
Less: Fixed deposits pledged	<u>(545)</u>	<u>(500)</u>
	<u><u>5,053</u></u>	<u><u>6,493</u></u>

Notes:

The Condensed Consolidated Statement of Cash Flows is prepared based on the consolidated results of the Group for the quarter ended 31 March 2011 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

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Quarterly report on results for the 1st Quarter ended 31 March 2011

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 paragraph 9.22 of Bursa Malaysia Securities Berhad's ("Bursa Securities") ACE Market Listing Requirements ("ACE LR").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Innity Corporation Berhad ("ICB") and its subsidiary companies ("Group") for the financial period ended 31 March 2011.

The accounting policies and methods of computation adopted by ICB and its subsidiary companies, Innity Sdn Bhd ("ISB"), Innity Limited ("Innity Ltd"), Innity Singapore Pte Ltd ("Innity Singapore") (formerly known as IM Innity Pte Ltd), Innity Vietnam Company Limited ("Innity Vietnam"), Spiral Vibe Sdn Bhd ("SVSB"), Advenue Digital Advertising Sdn Bhd ("ADASB"), PT. Media Innity ("PTM"), Innity Software and Advertising Company Limited ("ISACL") and DoMedia Asia Sdn Bhd ("DoMedia") in the preparation of this interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new/revised FRSs and amendments to certain FRSs effective on 1 January 2011:-

FRS1(Revised)	First-time Adoption of Financial Reporting Standards
FRS3(Revised)	Business Combinations
FRS 127(Revised)	Consolidated and Separate Financial Statements
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 5	Non-current assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible assets
Amendments to FRS 7	Financial Instruments: Disclosure-Improving Disclosures about Financial Instruments
Improvements to FRSs (2010)	

These new/revised standards and amendments to published standards did not have any significant effects on the Interim financial report upon their initial application.

A2 Auditor's report on preceding annual financial statements

There was no audit qualification on the financial statements of the Group for the financial year ended 31 December 2010.

A3 Seasonal or cyclical factors

In general, online advertising activities would pick up during second half of the calendar year especially towards year end.

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 or 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 or financial year-to-date results.

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Quarterly report on results for the 1st Quarter ended 31 March 2011

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 shares 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 Segment Information

The Company's core activities operate principally for the provision of technology-based online advertising solutions and other internet related services. The Company operates mainly in four geographical areas namely Malaysia, Singapore, Vietnam and Indonesia. Therefore segment information is presented in respect of the Group's geographical segments which are based on the Group's management and internal reporting structure.

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.

Cumulative Quarter Ended 31/03/2011 (The figures have not been audited)

Geographical Segments	Malaysia	Singapore	Vietnam	Indonesia	Inter-segment Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Sales to external customers	4,336	678	1,142	348	-	6,504
Inter-segment revenue	56	-	-	27	(83)	-
Total revenue	4,392	678	1,142	375	(83)	6,504
Segment results						
Results from operating activities	(348)	9	(31)	(94)	-	(464)
Finance costs	(10)	-	-	-	-	(10)
Profit/(Loss) before tax	(358)	9	(31)	(94)	-	(474)
Tax expense	-	-	-	-	-	-
Profit/(Loss) for the period	(358)	9	(31)	(94)	-	(474)
Assets						
Segment assets	15,715	1,514	1,994	1,525	-	20,748
Liabilities						
Segments liabilities	4,953	446	631	931	-	6,961

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Quarterly report on results for the 1st Quarter ended 31 March 2011

- A9 Valuation of property, plant and equipment**
There was no valuation of property, plant and equipment in the current quarter.
- A10 Material events subsequent to the end of the quarter**
There were no material events subsequent to the end of the current reporting period.
- A11 Changes in the composition of the Group**
There were no material changes in the composition of the Group for the current financial quarter.
- 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 Commitment**
As at 31 March 2011, the Group has no material capital commitments in respect of property, plant and equipment.
- A14 Significant related party transactions**
The following were the significant related party transactions:-

**Cumulative
Year to date
31 March 2011
RM**

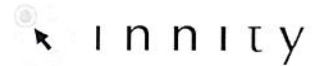
Purchase of advertisement space

34,232

The above transactions had been entered into in the ordinary course of business on normal commercial terms not materially different from those obtainable in transactions with unrelated parties.

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Quarterly report on results for the 1st Quarter ended 31 March 2011

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE ACE MARKET

B1 Review of performance

For the current quarter ended 31 March 2011, ICB Group recorded revenue of RM6.50 million, an increase of approximately 36% when compared to RM4.78 million in the corresponding period of the preceding year. The improvement was mainly attributable to newly set up operations in Vietnam which contributed revenue of RM1.14 million for the three (3) months period as compared to RM0.2 million for the preceding year corresponding period coupled with a higher sales volume from Malaysia and Singapore subsidiary.

Loss before tax ("LBT") of RM474,000 was recorded in the current quarter as compared to Profit before tax ("PBT") of RM138,000 in the corresponding period of preceding year. The loss incurred in the current quarter was mainly due to the increase in staff costs with staff recruitment in Indonesia and Vietnam, for the newly set up subsidiaries.

B2 Variation of results against immediate preceding quarter

	Current quarter 31 March 2011 RM'000	Preceding quarter 31 December 2010 RM'000
Revenue	6,504	7,627
PBT/(LBT)	(474)	649

The Group recorded revenue of RM6.50 million and LBT of RM0.47 million in the current quarter as compared to a revenue of RM7.6 million and PBT of RM0.65 million in the immediate preceding quarter, this representing a decrease in revenue and PBT of 15% and 173% respectively as compared to the immediate preceding quarter. The decrease in the revenue was due to the cyclical nature of the business, whereby sales in the first half of the calendar year are normally slower but is expected to improve in the second half of the year. The LBT of the current quarter as opposed to the PBT of the immediate preceding quarter is mainly due to the lower sales margin achieved resulting from more demanding media buying behavior in response to the tightening market conditions and increase in staff costs.

B3 Prospects for the financial year ending 31 December 2011

The Directors are cautiously optimistic for the Group's prospects for the financial year ending 31 December 2011 despite the strong performance in the previous quarter. The global economy is still rather uncertain with the continuance of sovereign debts issues in Europe and the deterioration of US Dollar against major currencies. This may result in contraction in advertising expenditure by most of the multinational companies whose parent companies are located in the US and Europe.

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Quarterly report on results for the 1st Quarter ended 31 March 2011

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE ACE MARKET

B4 Revenue or profit estimate

The Group did not previously announce or disclose any revenue or profit estimate, forecast, projection or internal targets for the financial period ended 31 March 2011.

B5 Income tax expense

	Current quarter 31 March 2011 RM'000	Current year to date 31 March 2011 RM'000
Foreign tax	-	-

No income tax was incurred for the financial quarter under review and financial year to date.

B6 Unquoted investments and properties

There were no sales of unquoted investments and/or properties of the Group during the current financial quarter or financial year to date.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the financial quarter under review.

B8 Group's borrowings and debt securities

The Group's borrowings as at 31 March 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Term Loans	21	-	21
Bank Overdraft	285	-	285
	<u>306</u>	<u>-</u>	<u>306</u>
Long Term borrowings:-			
Term Loans	350	-	350
Total	<u>656</u>	<u>-</u>	<u>656</u>

The Group does not have any foreign currency borrowings.

B9 Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at 13 May 2011 (being the date not earlier than 7 days before the date of this announcement).

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Quarterly report on results for the 1st Quarter ended 31 March 2011

B DISCLOSURE REQUIREMENT AS SET OUT IN APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS FOR THE ACE MARKET

B10 Material Litigation

As at 13 May 2011 (being the date not earlier than 7 days before the date of this announcement), 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 or the financial year to date.

B12 Earnings per share

	Current Quarter 31 March 2011	Current Year to Date 31 March 2011
Loss after tax and minority interest (RM '000)	(465)	(465)
Number of ordinary shares in issue ('000)	125,821	125,821
Basic loss per share (sen)	(0.37)	(0.37)

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 March 2011.

B13 Status of corporate proposals

There are no corporate proposals announced but not yet completed as at 13 May 2011 (being the date not earlier than 7 days before the date of this announcement).

B14 Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2011 and 31 December 2010 are analysed as follows:-

	As at 31 March 2011	As at 31 December 2010
Total retained profits of the Company and Subsidiaries		
-Realised	3,671,946	4,092,752
-Unrealised	-	(45,134)
	<hr/> 3,671,946,	<hr/> 4,047,618
Total share of accumulated losses from an associate		
-Realised	(51,524)	(51,524)
-Unrealised	-	-
	<hr/> 3,620,422	<hr/> 3,996,094
Less: Consolidation adjustments	-	89,519
Total Group retained profits	<hr/> 3,620,422	<hr/> 4,085,613

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Quarterly report on results for the 1st Quarter ended 31 March 2011

B15 Utilisation of proceeds

ICB raised gross proceeds of RM11.35 million from the rights issue and public issue during the initial public offering and has utilised approximately 67% of the proceeds as at 31 March 2011.

As announced on 13 November 2009, the Company had obtained Securities Commission's approval to revise the utilisation of proceeds raised during the initial public offering. The revised utilisation and actual utilisation as at 31 March 2011 are as follows:-

Purpose	Planned utilisation as stated in Prospectus	Revised Utilisation	Actual utilisation as at 31 March 2011	Balance Unutilised		Intended time frame for utilisation from listing date	Extended time frame for the balance unutilised
	(RM'000)			(RM'000)	(RM'000)		
Research and development expenditure	4,500	4,500	(2,805)	1,695	37.7	Within 24 months	30 June 2012
Set up cost of regional offices	1,500	1,500	(515)	985	65.7	Within 24 months	30 June 2012
Marketing expenditure	1,000	207	(207)	-	-	Within 18 months	-
Working capital	2,850	3,643	(2,548)	1,095	30.1	Within 24 months	30 June 2012
Defrayment of listing expenses	1,500	1,500	(1,500)	-	-	Within 6 months	-
Total	11,350	11,350	(7,575)	3,775	33.3		

B16 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 19 May 2011.

On Behalf of the Board

Phang Chee Leong
Executive Chairman

Date: 19 May 2011