

Innity Corporation Berhad

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



Quarterly report on results for the 2nd Quarter ended 30 June 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 Apr 2011 to 30 June 2011 RM'000	1 Apr 2010 to 30 June 2010 RM'000	1 Jan 2011 to 30 June 2011 RM'000	1 Jan 2010 to 30 June 2010 RM'000
Revenue	8,134	5,066	14,638	9,844
Direct costs	(4,884)	(3,144)	(9,390)	(6,060)
Gross profit	3,250	1,922	5,248	3,784
Other operating income	33	26	62	61
Operating expenses	(2,557)	(2,044)	(5,048)	(3,795)
Profit/(Loss) from operations	726	(96)	262	50
Finance cost	(9)	(7)	(19)	(15)
Profit/(Loss) before taxation	717	(103)	243	35
Tax expense	(26)	-	(26)	-
Profit/(Loss) for the period	691	(103)	217	35
Attributable to:				
Shareholders of the Company	675	(93)	209	18
Minority interest	16	(10)	8	17
Profit/(Loss) for the period	691	(103)	217	35
Basic earnings/(loss) per share (sen)	0.54	(0.07)	0.17	0.01

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 Apr 2011 to 30 June 2011 RM'000	1 Apr 2010 to 30 June 2010 RM'000	1 Jan 2011 to 30 June 2011 RM'000	1 Jan 2010 to 30 June 2010 RM'000
Profit/(Loss) for the period	691	(103)	217	35
Other comprehensive income/(loss)				
Foreign currency translation differences for foreign operations	31	30	(41)	(58)
Other comprehensive income/(loss) for the period	31	30	(41)	(58)
Total comprehensive income/(loss) for the period	722	(73)	176	(23)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	711	(64)	185	(28)
Minority interests	11	(9)	(9)	5
Total comprehensive income/(loss) for the period	722	(73)	176	(23)

Notes:

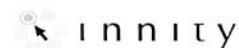
The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income are prepared based on the consolidated results of Innity Corporation Berhad ("ICB") and its subsidiary companies ("Group") for the quarter ended 30 June 2011 and is to be read in conjunction with 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

(Company No. 764555-D)

(Incorporated in Malaysia)



Quarterly report on results for the 2nd Quarter ended 30 June 2011 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30 June 2011 RM'000	Audited As at 31 December 2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,219	1,165
Development expenditure	2,710	2,642
	3,929	3,807
Current assets		
Trade receivables	11,817	9,669
Other receivables, deposit and prepayments	533	490
Amount due from an associate	564	372
Fixed and short term deposits	4,860	4,805
Cash and cash equivalents	1,219	1,866
	18,993	17,202
TOTAL ASSETS	22,922	21,009
EQUITY AND LIABILITIES		
Share capital	12,582	12,582
Reserves	(2,476)	(2,452)
Retained profits	4,295	4,086
Total equity attributable to owners of the Company	14,401	14,216
Minority interest	108	117
Total equity	14,509	14,333
Non-current liabilities		
Long term borrowings	335	351
Retirement benefits obligation	15	15
	350	366
Current liabilities		
Trade payables	6,563	5,056
Amount due to an associate	49	14
Other payables and accruals	967	730
Short term borrowings	457	445
Tax payable	27	65
Total current liabilities	8,063	6,310
Total liabilities	8,413	6,676
TOTAL EQUITY AND LIABILITIES	22,922	21,009
Net assets per share attributable to owners of the Company (sen)	11.45	11.30

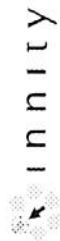
Notes:

The Condensed Consolidated Statement of Financial Position is prepared based on the consolidated results of the Group for the quarter ended 30 June 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 2nd Quarter ended 30 June 2011 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

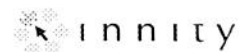
	Non-distributable						Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Reverse Acquisition Reserve	Translation Reserve	Retained Earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2011	12,582	136	(2,512)	(76)	4,086	14,216	117	14,333	
Total comprehensive income/(loss) for the period				(24)	209	185	(9)	176	
Balance as at 30 June 2011	<u>12,582</u>	<u>136</u>	<u>(2,512)</u>	<u>(100)</u>	<u>4,295</u>	<u>14,401</u>	<u>108</u>	<u>14,509</u>	
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	-	-	-	(46)	18	(28)	5	(23)	
Acquisition of subsidiaries	-	-	-	-	-	-	25	25	
Balance as at 30 June 2010	<u>12,582</u>	<u>136</u>	<u>(2,512)</u>	<u>(69)</u>	<u>3,902</u>	<u>14,039</u>	<u>70</u>	<u>14,109</u>	

The Condensed Consolidated Statement of Changes in Equity is prepared based on the consolidated results of the Group for the quarter ended 30 June 2011 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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Quarterly report on results for the 2nd Quarter ended 30 June 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 30 June 2011 RM'000	1 January 2010 to 30 June 2010 RM'000
Net cash generated from/(used in) operating activities	245	(1,869)
Net cash (used in) investing activities	(788)	(415)
Net cash (used in) financing activities	(33)	(29)
Net decrease in cash and cash equivalents	(576)	(2,313)
Cash and cash equivalents at beginning of period	5,709	7,740
Effect of exchange rate changes on cash and cash equivalents	(41)	(58)
Cash and cash equivalents at end of period	5,092	5,369
	30 June 2011	30 June 2010
<u>Cash and cash equivalents consist of:</u>		
Cash and bank balances	1,219	651
Fixed and short term deposits	4,860	5,233
Less: Bank Overdraft	(427)	-
	5,652	5,884
Less: Fixed deposits pledged	(560)	(515)
	5,092	5,369

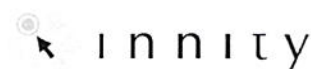
Notes:

The Condensed Consolidated Statement of Cash Flows is prepared based on the consolidated results of the Group for the quarter ended 30 June 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 2nd Quarter ended 30 June 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 30 June 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") (, 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

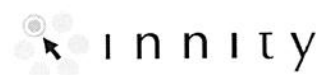
There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter or financial year-to-date.

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 2nd Quarter ended 30 June 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.

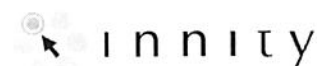
Cumulative Quarter Ended 30/06/2011

(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	9,712	1,840	2,020	1,066	-	14,638
Inter-segment revenue	275	-	-	33	(308)	-
Total revenue	9,987	1,840	2,020	1,099	(308)	14,638
Segment results						
Results from operating activities	(20)	431	(120)	(29)	-	262
Finance costs	(19)	-	-	-	-	(19)
Profit/(Loss) before tax	(39)	431	(120)	(29)	-	243
Tax expense	(1)	(25)	-	-	-	(26)
Profit/(Loss) for the period	(40)	406	(120)	(29)	-	217
Assets						
Segment assets	17,033	2,126	1,818	1,945	-	22,922
Liabilities						
Segments liabilities	6,046	748	813	806	-	8,413

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- 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 30 June 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 30 June 2011 RM
Purchase of advertisement space	53,235
Purchase of online recruitment services	594
	<hr/> 53,829 <hr/>

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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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 30 June 2011, ICB Group recorded revenue of RM8.13 million, an increase of approximately 60% as compared to RM5.07 million in the corresponding period of the preceding year due to a better market condition.

Profit before tax ("PBT") of RM717,000 was recorded in the current quarter as compared to a loss before tax ("LBT") of RM103,000 in the corresponding period of preceding year. The improvement was mainly due to the increase in revenue which was in line with a better market condition this year.

For the six months period ended 30 June 2011, the Group recorded a revenue of RM14.64 million and PBT of RM243,000 as compared to RM9.84 million of revenue and PBT of RM35,000 respectively in the same period in year 2010. These represent approximately 49% increase in revenue and 594% increase in PBT due to a better market condition and a better product feature introduced in year 2011.

B2 Variation of results against immediate preceding quarter

	Current quarter 30 June 2011 RM'000	Preceding quarter 31 March 2011 RM'000
Revenue	8,134	6,504
PBT/(LBT)	717	(474)

During the current quarter under review, the Group recorded revenue of RM8.13 million, representing 25% increase in revenue as compared in the immediate preceding quarter. Better sales strategy adopted was the major contributor to the increase in revenue in the current quarter.

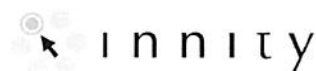
The Group recorded a PBT of RM0.72 million in the current quarter as compared to LBT of RM0.47 million in the immediate preceding quarter, attributed mainly by high revenue and better sales margin.

B3 Prospects for the financial year ending 31 December 2011

The Directors are cautiously optimistic on the Group's prospects for the financial year ending 31 December 2011 despite the encouraging performance in the current quarter. While the pace of the economy recovery accelerated in most of Asian and Latin American markets, the debts crisis issues in USA and Europe has affected consumers' confidence and spending habit. As such, this may result in lower advertising expenditure by most of the multinational companies whose parent companies are located in the US and/or Europe.

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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 30 June 2011.

B5 Income tax expense

	Current quarter 30 June 2011 RM'000	Current year to date 30 June 2011 RM'000
Malaysia and foreign income tax	26	26

A provision of taxation is provided in respect of a foreign subsidiary company which has no tax exemption and has fully utilised the tax losses brought forward. The Malaysia subsidiary has been awarded with MSC-Status, which allows it to be exempted from tax until year 2015. Although the Company's business income is exempted from tax, however the non business income is chargeable to tax based on the current year income tax rate.

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 30 June 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Term Loans	30	-	30
Bank Overdraft	427	-	427
	<u>457</u>	<u>-</u>	<u>457</u>
Long Term borrowings:-			
Term Loans	335	-	335
Total	<u>335</u>	<u>-</u>	<u>335</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 12 August 2011 (being the date not earlier than 7 days before the date of this announcement).

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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 12 August 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 30 June 2011	Current Year to Date 30 June 2011
Profit after tax and minority interest (RM '000)	675	209
Number of ordinary shares in issue ('000)	125,821	125,821
Basic earnings per share (sen)	0.54	0.17

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2011.

B13 Status of corporate proposals

There are no corporate proposals announced but not yet completed as at 12 August 2011 (being the date not earlier than 7 days before the date of this announcement).

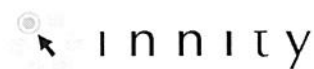
B14 Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 30 June 2011 and 31 December 2010 are analysed as follows:-

	As at 30 June 2011	As at 31 December 2010
Total retained profits of the Company and Subsidiaries		
-Realised	4,346,550	4,092,752
-Unrealised	-	(45,134)
	<hr/> 4,346,550,	<hr/> 4,047,618
Total share of accumulated losses from an associate		
-Realised	(51,524)	(51,524)
-Unrealised	-	-
	<hr/> 4,295,026	<hr/> 3,996,094
Less: Consolidation adjustments	-	89,519
Total Group retained profits	<hr/> 4,295,026	<hr/> 4,085,613

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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 69% of the proceeds as at 30 June 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 30 June 2011 are as follows:-

Purpose	Planned utilisation as stated in Prospectus	Revised Utilisation	Actual utilisation as at 30 June 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	(3,066)	1,434	31.9	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	(7,836)	3,514	31.0		

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 18 August 2011.

On Behalf of the Board

Phang Chee Leong
Executive Chairman

Date: 18 August 2011