

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

## Quarterly report on results for the 4th Quarter ended 31 December 2012

## A NOTES TO INTERIM FINANCIAL REPORT

## A1 Basis of preparation of Interim Financial Report

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS 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 statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

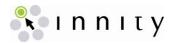
The condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant for 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 December 2012.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysia Financial Reporting Standards* ("MFRS 1") has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

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"), DoMedia Asia Sdn Bhd ("DoMedia"), Innity China Co Ltd ("ICCL") and Tresixtee Media Sdn Bhd ("Tresixtee") in the preparation of this condensed consolidated interim financial statements are consistent with those adopted in the audited consolidated financial statements for the year ended 31 December 2011.The following MFRS, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

Standard	Title	Effective date
MFRS 9	Financial Instruments	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint arrangements	1 January 2013
MFRS 12	Disclosures of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (as amended in 2011)	1 January 2013
MFRS 127	Separate Financial statements (as amended in 2011)	1 January 2013
MFRS 128	Investment in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production phase of a Surface Mine	1 January 2013

The Group has adopted the amendments to MFRS 101, which is effective for annual periods beginning on or after 1 July 2012. The adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.



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#### 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 2011.

## 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.

## 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

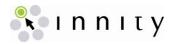
There were no dividends paid by the Company during the current financial quarter.

#### A8 Segment Information

The Company's core activities are principally for the provision of technology-based online advertising solutions and other internet related services. The segment information is presented in respect of the Group's geographical segments which are based on the Group's management and internal reporting structure.

The Group operates mainly in four geographical areas as follows:

- i) Malaysia;
- ii) Singapore;
- iii) Vietnam;
- iv) Indonesia; and
- v) Other non-reportable segment including subsidiary companies in Hong Kong and the Philippines.



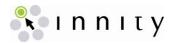
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## A8 Segment Information (Cont'd)

## Cumulative Quarter Ended 31/12/2012 (The figures have not been audited)

Geographical Segments	Malaysia	Singapore	Vietnam	Indonesia	Other	Inter-segment Eliminations	Group
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	23,198	8,287	1,530	4,662	952	-	38,629
Inter-Segment Revenue	1,109	244	114	137	65	(1,669)	-
Total Revenue	24,307	8,531	1,644	4,799	1,017	(1,669)	38,629
Segment Results Results from operating activities	1,836	954	(318)	866	(918)	-	2,420
Share of loss of equity- accounted investees, net of tax	(153)	-	-	-	-	-	(153)
Finance costs	(28)	-	-	-	-	-	(28)
Profit/(Loss) before tax	1,655	954	(318)	866	(918)	-	2,239
Tax expenses	(186)	(85)	-	(197)	-	-	(468)
Profit/(Loss) for the period	1,469	869	(318)	669	(918)	-	1,771
Assets Segments assets	20,498	5.655	1,248	4,214	1,853	-	33,468
Liabilities Segment Liabilities	5,826	1,384	463	1,880	453	-	10,006
 Cumulative Quarter End	led 31/12/20	11					
Revenue							
Revenue from external customers	22,175	6,157	2,960	2,327	-	-	33,619
Inter-Segment Revenue	941	29	112	238	-	(1,320)	-
Total Revenue	23,116	6,186	3,072	2,565	-	(1,320)	33,619
Segments Results Results from operating activities	1,780	1,259	(691)	63	(222)	-	2,189
Finance costs	(37)	-	-	-	-	-	(37)
Profit/(Loss) before tax	1,743	1,259	(691)	63	(222)	-	2,152
Tax expenses	(8)	(125)	-	(12)	-	-	(145)
	-						<u> </u>



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## A8 Segment Information (Cont'd)

Geographical segments	Malaysia (RM'000)	Singapore (RM'000)	Vietnam (RM'000)	Indonesia (RM'000)	Others (RM'000)	Inter- segment Elimination (RM'000)	Group (RM'000)
Profit/(Loss) for the period	1,735	1,134	(691)	51	(222)		2,007
Assets Segment assets	18,210	4,614	1,444	2,492	4	-	26,764
Liabilities Segment Liabilities	7,296	1,600	902	1,285	30	-	11,113

## 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

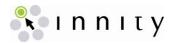
There were no changes in the composition of the Group during the quarter under review.

## 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 December 2012, the Group has no material capital commitments in respect of property, plant and equipment.



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#### A14 Significant related party transactions

The following were the significant related party transactions:-

	Cumulative Year to date		
	31 December 2012 RM	31 December 2011 RM	
Sales of advertisement space	5,000	-	
Purchase of advertisement space	284,952	169,002	
Purchase of online recruitment services	11,210	594	
The use of DAC Platform and "MarketOne" and "Yield One"	10,588	-	
	311,750	169,596	

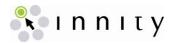
The above transactions had been entered into in the ordinary course of business on normal commercial terms not materially different from those obtainable in transactions with unrelated parties.

## A15 Prior year adjustments

Revenue from media commission and the corresponding purchases were erroneously recognized in the previous years upon billings to clients instead of when the related advertisements appear before the public. Retrospective adjustments have been made in 2012 to restate the figures reported in the previous years.

The effects of the above adjustments (with no tax effects) are as follows:

	As previously reported <u>RM'000</u>	Prior year adjustments RM'000	As restated RM'000
Statement of comprehensive income For the year ended 31 December 2011			
Revenue	34,301	(682)	33,619
Purchases	21,084	(423)	12,958
Other Operating expenses	10,913	7	10,920
Profit before tax/Net profit for the year	2,272	(265)	2,007
Statement of financial position as at 31 December 2011			
Current assets			
Trade receivables	15,906	(93)	15,813
Bank	1,810	(7)	1,803
<u>Current liabilities</u> Trade payables	8,404	(1,230)	7,174
Other payables and accruals	1,380	, ,	3,334
Other payables and accidats	1,300	1,954	3,334



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## A15 Prior year adjustments (Cont'd)

# Statement of financial position as at 1 January 2011

Current assets			
Trade receivables	9,670	(77)	9,593
Current liabilities			
Trade payables	5,056	(805)	4,251
Other payables and accruals	730	1,289	2,019
Statement of changes in equity			
Retained profits as at 1 January 2012	6,382	(825)	5,557
Retained profits as at 1 January 2011	4,086	(560)	3,526