

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

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 December 2012, the Group recorded revenue of RM8.88 million and profit before tax ("PBT") of RM0.47 million as compared to RM9.45 million of revenue and PBT of RM0.66 million respectively in the preceding year corresponding period. This represents 6% and 29% decrease in revenue and PBT respectively. The drop in revenue was mainly due to Malaysia and Singapore subsidiaries' performance. The drop in PBT was due to Singapore subsidiary in tandem with lower revenue and higher operating expenses incurred.

During the current quarter, Malaysia segment revenue was lower by 11% at RM5.55 million as compared to RM6.23 million in the preceding year's corresponding quarter. The lower revenue was mainly due to increased competition in Malaysia market resulting from lesser market share among online advertising budgets from the advertisers. The increase in PBT of 16% at RM766,000 as compared to RM662,000 in the corresponding quarter of the previous year was mainly attributable to gain on fair value adjustment made on financial assets.

The Singapore segment recorded revenue and PBT for the quarter of RM1.71 million and RM92,000 as compared to RM2.30 million and RM498,000 respectively in the same period last year, representing 26% reduction in revenue and 82% in PBT respectively. Growth is at a slower pace moving forward as we can see that the economy is slowing down and there are more DSP players entering the market, heralding a more cautious advertisers spending behavior in the last quarter of 2012. The drop in PBT was in tandem with the lower revenue achieved and higher operating expenses incurred.

For the quarter under review, Indonesia segment's revenue gained 69% to RM0.91 million from RM0.54 million in the previous corresponding quarter, on the back of stronger market share among online display advertising budget from the Advertisers. PBT for the quarter grew at 461% compared to the same period last year in tandem with the increased revenue.

The Vietnam segment recorded lower revenue and LBT for the quarter by 29% and 80% as compared to the corresponding quarter of the previous year. The decrease in revenue was due to competition especially on pricing and level of service in online advertising. The lower LBT was due to lower revenue.

B2 Variation of results against immediate preceding quarter

	Current quarter 31 December 2012 RM'000	Preceding quarter 30 September 2012 RM'000
Revenue	8,881	9,563
PBT	467	461

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

B2 Variation of results against immediate preceding quarter (Cont'd)

For the period ended 31 December 2012, Group revenue declined by 7% to RM8.88 million from RM9.56 million in the preceding quarter. The decrease in revenue was mainly due to the performance of the Indonesia and Singapore segments. Advertisers continue to adopt a cautious stance towards their advertising budget, by deferring their advertising budget to a later period.

Although revenue decreased but Group PBT was maintain at RM467,000 in the current quarter when compared to PBT of RM461,000 in the preceding quarter, this was due to the higher gross profit margin from cost-optimisation focus.

B3 Prospects for the next financial year

Given the headwinds in external market conditions especially the still unfolding Eurozone sovereign debt crisis and uncertainty in the United States, resulting in negative consumer sentiment, advertisers may reduce spending in anticipation of a period of tepid market demand. Further, advertising by multinational companies that receive their marketing budgets and directives from a global head office may also be adversely impacted.

Generally, digital media continues to make headway in the advertising and marketing industry as an effective communication tool. As such the future outlook for the regional digital advertising market remains strong in spite of the uncertain global economy growth. Much of the potential anticipated growth will come from the continued acceptance of digital online advertising as a mainstream media with customers switching from traditional advertising media.

We will continue to focus on our marketing efforts and drive brand awareness across the region with a particular focus on China and future overseas markets. Further to our commitment to deliver top-notch results to our clients, we expect to improve our offerings by partnering with D.A. Consortium – leading advertising powerhouse in Japan to develop new innovative Real-Time Bidding tools and services to retain our position as a leader in the industry.

As for Singapore market, we foresee increased competition with the entry of several new industry players.

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 December 2012.

B5 Profit for the period

	Quarter ended		Year-to-date ended	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Profit for the period is arrived at after (Crediting)/charging:				
Interest income	(52)	(36)	(117)	(122)
Other income				
-Foreign exchange gain	(12)	-	(61)	(7)
-Fair value through P&L	(169)	-	(169)	-
-Miscellaneous	(13)	2	(14)	(21)

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

B5 Profit for the period (Cont'd)

	Quarter ended		Year-to-date ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Interest expenses	6	8	28	37
Depreciation and amortisation	300	378	1,109	1,145
Impairment of Property, plant and equipment	(11)	-	13	-
Impairment losses on:				
Trade receivable	47	338	47	338
Other receivable	7	15	7	15
Foreign exchange loss	10	23	20	25

B6 Income tax expense

	Quarter ended		Year-to-date ended	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Current year income tax				
- Malaysia	(17)	(1)	10	4
- Oversea	208	87	296	138
Under provision in prior year				
- Malaysia	-	1	1	3
	<u>191</u>	<u>87</u>	<u>307</u>	<u>145</u>
Deferred tax expense				
Origination and reversal of temporary differences	175	-	175	-
Deferred tax assets	<u>(14)</u>	<u>-</u>	<u>(14)</u>	<u>-</u>
	<u>352</u>	<u>87</u>	<u>468</u>	<u>145</u>

The effective tax rate is lower than the statutory tax rate mainly due to the Malaysian subsidiary's MSC-Status which allows it to be exempted from tax until year 2015. However the non operating income is chargeable to tax based on the current year income tax rate. A provision of taxation is provided in respect of foreign subsidiaries which have fully utilised the tax losses brought forward.

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

B7 Group's borrowings and debt securities

	As at 31 December 2012	As at 31 December 2011
Short term borrowings:-		
Secured		
Term Loans	33	30
Bank overdrafts	-	92
	<u>33</u>	<u>122</u>
Long term Borrowings:-		
Secured		
Term Loans	286	319
	<u>286</u>	<u>319</u>

The Group does not have any foreign currency borrowings.

B8 Material Litigation

As at 18 February 2013 (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.

B9 Dividend

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

B10 Earnings per share

Basic earnings per ordinary share	Current Quarter 31 December 2012	Current Year to Date 31 December 2012
Profit after tax and non controlling interest (RM'000)	307	2,108
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	125,821	125,821
Effect of ordinary share issued	3,516	3,516
Weighted average number of ordinary shares at 31 December 2012	<u>129,337</u>	<u>129,337</u>
Basic earnings per ordinary share (sen)	<u>0.24</u>	<u>1.63</u>

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 December 2012.

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

B11 Status of corporate proposals

There are no corporate proposals announced but not yet completed as at 18 February 2013 (being the date not early than 7 days before the date of this announcement).

B12 Realised and Unrealised Profits/Losses Disclosure

The following analysis is prepared in accordance with Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The retained profits as at 31 December 2012 and 31 December 2011 are analysed as follows:-

	As at 31 December 2012	As at 31 December 2011
Total retained profits of the Company and Subsidiaries		
-Realised	6,820,469	4,837,166
-Unrealised	<u>(21,916)</u>	<u>(24,641)</u>
	6,798,553	4,812,525
Total share of accumulated losses from an associated Companies		
-Realised	(204,417)	(51,524)
-Unrealised	<u>-</u>	<u>-</u>
	6,594,136	4,761,001
Add: Consolidation adjustments	963,867	796,282
Total Group retained profits	<u>7,558,003</u>	<u>5,557,283</u>

The above disclosure of realised and unrealised profits and losses is strictly for the compliance of the disclosure requirements stipulated in the directive issued by Bursa Malaysia and should not be used for any other purposes.

B13 Utilisation of proceeds - initial public offering

ICB raised gross proceeds of RM11.35 million from the rights issue and public issue during the initial public offering and has utilised approximately 96% of the proceeds as at 31 December 2012.

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 December 2012 are as follows:-

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

B13 Utilisation of proceeds – initial public offering (Cont'd)

Purpose	Planned utilisation as stated in Prospectus	Revised Utilisation	Actual utilisation as at 31 December 2012	Balance Unutilised		Intended time frame for utilisation from listing date	Extended time frame for the balance unutilised
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	%		
Research and development expenditure	4,500	4,500	(4,499)	1	-	Within 24 months	30 June 2014
Set up cost of regional offices	1,500	1,500	(1,500)	-	-	Within 24 months	30 June 2014
Marketing expenditure	1,000	207	(207)	-	-	Within 18 months	-
Working capital	2,850	3,643	(3,138)	505	13.9	Within 24 months	30 June 2014
Defrayment of listing expenses	1,500	1,500	(1,500)	-	-	Within 6 months	-
Total	11,350	11,350	(10,844)	506	4.5		

B14 Utilisation of proceeds – 12,582,128 new ordinary shares subscription

On 20 September 2012, ICB raised gross proceeds of RM6.67 million from the proposed subscription of 12,582,128 new ordinary shares pertaining to the conditional Subscription Agreement (“SA”) with DAC, and has utilised approximately 7% of the proceeds as at 31 December 2012.

The gross proceeds raised from the Proposed Subscription are expected to be utilised in the following manner:

Purpose	Planned utilisation as stated in the circular	Actual utilisation as at 31 December 2012	Balance Unutilised		Intended time frame for utilisation from listing date
	(RM'000)	(RM'000)	(RM'000)	%	
Working capital	6,169	-	6,169	100.0	Within 24 months
⁽ⁱ⁾ Defrayment of listing expenses	500	(449)	51	10.2	Within 2 months
Total	6,669	(449)	6,220	93.3	

(i) Any surplus of funds following payment of listing expenses not being utilised within 2 months after the completion of the Proposed Subscription, will be utilised as working capital for the Group.

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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

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 25 February 2013.

On Behalf of the Board

Phang Chee Leong
Executive Chairman

Date: 25 February 2013