

Quarterly report on results for the 3rd Quarter ended 30 September 2013

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.

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 2012. 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.

The following MFRSs issued by the MASB have been adopted by the Group during the current period:-

Standard	Title	Effective date
Amendments to MFRS101	Presentation of items of Other Comprehensive Income	1 January 2013
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

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:-

Standard	Title	Effective date
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial instruments (2009)	1 January 2015
MFRS 9	Financial instruments (2010)	1 January 2015
Amendments to MFRS 7	Financial Instruments: Disclosure – Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2015

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A1 Basis of preparation of Interim Financial Report (Cont'd)

The adoption of the above new standards and amendments which are issued and effective for periods beginning on or after 1 January 2013 are not expected to have any material financial impact to the current and prior periods financial statements of the Group. The financial effects of the above MFRSs are still under assessment due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

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 2012.

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 five geographical areas as follows:

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

Innity Corporation Berhad

(Company No. 764555-D)

(Incorporated in Malaysia)



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A8 Segment Information (Cont'd)

Cumulative Quarter Ended 30/09/2013

(The figures have not been audited)

Geographical Segments	Malaysia	Singapore	Vietnam	Indonesia	Hong Kong	Other	Inter-segment Eliminations	Group
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	19,592	5,355	1,511	6,055	1,713	866	-	35,092
Inter-Segment Revenue	681	93	53	120	90	92	(1,129)	-
Total Revenue	20,273	5,448	1,564	6,175	1,803	958	(1,129)	35,092
Segment Results								
Results from operating activities	152	312	(138)	1,089	(337)	(101)	-	977
Share of loss of equity-accounted investees, net of tax	(296)	-	-	-	-	-	-	(296)
Finance costs	(20)	-	-	-	-	-	-	(20)
Profit/(Loss) before tax	(164)	312	(138)	1,089	(337)	(101)	-	661
Tax expenses	(9)	(25)	-	(109)	-	-	-	(143)
Profit/(Loss) for the period	(173)	287	(138)	980	(337)	(101)	-	518
Assets								
Segments assets	21,761	5,008	1,838	6,925	1,901	1,200	-	38,633
Liabilities								
Segment Liabilities	8,126	1,191	1,049	3,375	540	513	-	14,794

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A8 Segment Information (Cont'd)

Cumulative Quarter Ended 30/09/2012
(The figures have not been audited)

Geographical Segments	Malaysia	Singapore	Vietnam	Indonesia	Hong Kong	Other	Inter-segment Eliminations	Group
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	17,650	6,575	1,245	3,751	170	357	-	29,748
Inter-Segment Revenue	830	128	77	89	2	47	(1,173)	-
Total Revenue	18,480	6,703	1,322	3,840	172	404	(1,173)	29,748
Segment Results								
Results from operating activities	1,062	863	(233)	689	(487)	(98)	-	1,796
Share of loss of equity-accounted investees, net of tax	(2)	-	-	-	-	-	-	(2)
Finance costs	(22)	-	-	-	-	-	-	(22)
Profit/(Loss) before tax	1,038	863	(233)	689	(487)	(98)	-	1,772
Tax expenses	(28)	(67)	-	(21)	-	-	-	(116)
Profit/(Loss) for the period	1,010	796	(233)	668	(487)	(98)	-	1,656
Assets								
Segments assets	22,481	6,129	1,415	4,156	311	1,094	-	35,586
Liabilities								
Segment Liabilities	6,492	1,722	583	2,054	63	334	-	11,248

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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

A Corporate guarantee was given to a licensed bank for banking facility granted to our Subsidiary amounting to RM2.0 million as at 30 September 2013.

Save as disclosed above, there are no other contingent liabilities that may have a material impact on the financial position and business of the Group as at reporting date.

A13 Capital Commitment

As at 30 September 2013, 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 September 2013	30 September 2012
	RM	RM
The use of DAC Platform and "MarketOne" and "Yield One"	540,493	10,146
Sales of advertisement space	814,644	5,000
Purchase of advertisement space	68,451	197,314
Purchase of online recruitment services	6,279	5,247
	<u>1,429,867</u>	<u>217,707</u>

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.