

Quarterly report on results for the 4th Quarter ended 31 December 2013

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 2013, the Group's recorded revenue was RM12.53 million and Profit Before Tax ("PBT") of RM2.18 million as compared to revenue of RM8.92 million and PBT of RM587,000 respectively in the preceding year corresponding quarter, representing approximately 40% increase in revenue and 273% increase in PBT. Generally all the segments have contributed higher revenue and PBT.

During the current quarter, Malaysia's segment revenue was 19% higher at RM6.48 million compared to RM5.43 million in the preceding year's corresponding quarter. Besides the steady revenue contribution from existing advertisers, the new clientele have contributed towards higher revenue. Despite the increase in operating cost by 24% as compared to corresponding quarter of the previous year, the positive result in PBT was in tandem with the increase in revenue.

For the quarter, the Singapore segment recorded revenue and PBT of RM1.99 million and RM240,000 respectively, representing 6% and 161% improvement in revenue and PBT. The increase in revenue was mainly due to the additional new clientele gained in the current quarter, which contributed towards higher revenue. The increase in PBT was mainly due to the saving in operating costs.

Indonesia segment achieved RM2.68 million revenue and RM883,000 PBT, representing 194% and 238% increase respectively as compared to previous year's corresponding quarter. The segment continues to benefit from additional source of income from Japanese clientele arising from Business Alliance with DAC. The increase in PBT was in tandem with the increase in revenue.

The Vietnam segment recorded a slight increase of revenue by 6% and PBT by 373% respectively as compared to the corresponding quarter of the previous year. The slight increase of sales was mainly due to higher advertising spending from one of existing clients in the current quarter. The increase in PBT was due to the increase in revenue coupled with cost optimization focus.

During the current quarter, China segment revenue was recorded at RM494,000, an increase by 161% from RM189,000 reported in the preceding year's corresponding quarter. The increase in revenue came mainly from the newly set up Subsidiary in Shanghai. The segment incurred a Loss before tax ("LBT") at RM231,000 in the current quarter as compared to LBT at RM291,000 in the same quarter in previous year, representing a 21% decline in LBT. The decrease in LBT was due to the revenue generated from Shanghai Subsidiary.

For the quarter under review, Philippines segment revenue gained 152% to RM599,000 from RM238,000 in the previous year corresponding quarter. The attractive trading agreement signed has effectively impacted the advertiser's increased spending towards the year end. PBT for the current quarter grew at 356% compared to the same period last year and it was mainly attributed to the increase in revenue.

B2 Variation of results against immediate preceding quarter

	Current quarter 31 December 2013 RM'000	Preceding quarter 30 September 2013 RM'000
Revenue	12,535	13,040
PBT	2,183	405

Innity Corporation Berhad

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



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B5 Profit for the period (Cont'd)

	Quarter ended		Year-to-date ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Interest expenses	5	6	25	28
Depreciation and amortisation	440	300	1,338	1,109
Impairment of Property, plant and equipment	6	(11)	6	13
Impairment losses on:				
Foreign exchange loss-realised	5	46	90	56
-unrealised	469	-	469	-
Trade receivables	(15)	47	-	47
Other receivables	-	7	-	7

B6 Income tax expense

	Quarter ended		Year-to-date ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Current year income tax				
- Malaysia	41	(15)	50	12
- Overseas	371	219	505	307
Under/(Over) provision in prior year				
- Malaysia	1	(1)	1	-
- Overseas	(11)	-	(11)	-
	402	203	545	319
Deferred tax liabilities / (assets)				
- Malaysia	107	107	107	107
- Overseas	(1)	(32)	(1)	(32)
Under/(Over) provision in prior year				
- Malaysia	-	68	-	68
- Overseas	-	(10)	-	(10)
	508	336	651	452

For Malaysia segment, the effective tax rate is lower than the statutory tax rate due to 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's income tax rate. A provision of taxation is provided in respect of the Indonesia, Singapore, Philippine and China segments which have no tax exemption during the period.

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B7 Group borrowings and debt securities

	As at 31 December 2013 RM'000	As at 31 December 2012 RM'000
Short term borrowings:-		
Secured		
Term Loans	34	33
Bank Overdrafts	-	-
	34	33
Long term Borrowings:-		
Secured		
Term Loans	252	286
	252	286

The Group does not have any foreign currency borrowings.

B8 Material Litigation

As at 20 February 2014 (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 2013	Current Year to Date 31 December 2013
Profit after tax and non controlling interest (RM'000)	1,677	2,406
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	125,821	125,821
Effect of ordinary share issued ('000)	12,582	12,582
Weighted average number of ordinary shares at 31 December 2013 ('000)	138,403	138,403
Basic earnings per ordinary share (sen)	1.21	1.74

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 December 2013.

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B11 Status of corporate proposals

There are no corporate proposals announced but not yet completed as at 20 February 2014 (being the date not early than 7 days before the date of this announcement).

B12 Realised and Unrealised Profit/(Losses) Disclosure

The retained profits as at 31 December 2013 and 31 December 2012 are analysed as follows:

	As at 31 December 2013	As at 31 December 2012
Total retained profits/(accumulated losses) of the Company and Subsidiaries		
-Realised	9,687,988	6,432,818
-Unrealised	(614,134)	65,450
	9,073,854	6,498,268
Total share of accumulated losses from an associate		
-Realised	(574,819)	(204,417)
	8,499,035	6,293,851
Add: Consolidation adjustments	1,612,147	1,411,388
Total Group retained profits	10,111,182	7,705,239

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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B13 Utilisation of proceeds – 12,582,128 new ordinary shares subscription

On 20 September 2012, ICB raised gross proceeds of RM6.67 million from the subscription of 12,582,128 new ordinary shares pertaining to the conditional Subscription Agreement (“SA”) with DAC, and has utilised approximately 25% of the proceeds as at 31 December 2013.

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

Purpose	Planned utilisation as stated in the circular	⁽ⁱ⁾ Change of utilisation	Revised utilisation	Actual utilisation as at 31 December 2013	Balance unutilised		Intended time frame for utilisation from listing date
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	%	
Working capital	6,169	51	6,220	(1,550)	4,670	75.1	Within 24 months
⁽ⁱⁱ⁾ Defrayment of listing expenses	500	(51)	449	(449)	-	-	Utilised
Total	6,669	-	6,669	(1,999)	4,670	75.1	

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

B14 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 27 February 2014.

On Behalf of the Board

Phang Chee Leong
Executive Chairman

Date: 27 February 2014