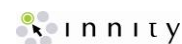


Innity Corporation Berhad

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



Quarterly report on results for the 2nd Quarter ended 30 June 2017 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

Financial review for current quarter and financial year to date

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter	Preceding year	Variance (%)	Current year	Preceding year	Variance (%)
	For the period	corresponding quarter	Favourable/ (Adverse)	For the period	corresponding period	Favourable/ (Adverse)
	1 April 2017 to 30 June 2017 RM'000	1 April 2016 to 30 June 2016 RM'000		1 January 2017 to 30 June 2017 RM'000	1 January 2016 to 30 June 2016 RM'000	
Revenue	27,154	22,634	20%	49,745	43,931	13%
Direct costs	(15,900)	(12,384)	-28%	(28,708)	(24,640)	-17%
Gross profit	11,254	10,250	10%	21,037	19,291	9%
Other operating income	71	778	-91%	321	1,767	-82%
Operating expenses	(10,150)	(8,831)	-15%	(24,036)	(19,587)	-23%
Profit/(loss) from operations	1,175	2,197	-47%	(2,678)	1,471	-282%
Finance cost	(3)	(10)	70%	(6)	(14)	57%
Share of profit of equity-accounted investees, net of tax	72	51	41%	233	260	-10%
Profit/(loss) before taxation	1,244	2,238	-44%	(2,451)	1,717	-243%
Tax expense	(248)	(570)	56%	(248)	(932)	73%
Profit/(loss) for the period	996	1,668	-40%	(2,699)	785	-444%
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	19	146	-87%	(175)	(283)	38%
Total other comprehensive income/(loss) for the period	19	146	-87%	(175)	(283)	38%
Total Comprehensive income/(loss) for the period	1,015	1,814	-44%	(2,874)	502	-673%
Income/(loss) attributable to:						
Owners of the Company	1,324	1,499	-12%	(2,213)	673	-429%
Non Controlling Interests	(328)	169	-294%	(486)	112	-534%
Income/(loss) for the period	996	1,668	-40%	(2,699)	785	-444%
Total Comprehensive income/(loss) attributable to:						
Owners of the Company	969	1,644	-41%	(2,735)	387	-807%
Non Controlling Interest	46	170	-73%	(139)	115	-221%
Total Comprehensive income/(loss) for the period	1,015	1,814	-44%	(2,874)	502	-673%
Basic loss per ordinary share (sen)	0.96	1.08	-12%	(1.60)	0.49	-429%

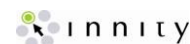
Notes:

The Condensed Consolidated Statement of Profit or Loss and Other 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 2017 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2016.

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 2017 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

Financial review for current quarter compared with immediate preceding quarter

	INDIVIDUAL QUARTER		
	Current year quarter For the period	Immediate Preceding quarter	Variance (%) Favourable/ (Adverse)
	1 April 2017 to 30 June 2017 RM'000	1 January 2017 to 31 March 2017 RM'000	
Revenue	27,154	22,591	20%
Direct costs	(15,900)	(12,808)	-24%
Gross profit	11,254	9,783	15%
Other operating income	71	250	-72%
Operating expenses	(10,150)	(13,886)	27%
Profit/(loss) from operations	1,175	(3,853)	-130%
Finance cost	(3)	(3)	-
Share of profit of equity-accounted investees, net of tax	72	161	-55%
Profit/(loss) before taxation	1,244	(3,695)	134%
Tax expense	(248)	-	-100%
Profit/(loss) for the period	996	(3,695)	127%
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	19	(194)	110%
Total other comprehensive income/(loss) for the period	19	(194)	110%
Total Comprehensive income/(loss) for the period	1,015	(3,889)	126%
Income/(loss) attributable to:			
Owners of the Company	1,324	(3,537)	137%
Non Controlling Interests	(328)	(158)	-108%
Income/(loss) for the period	996	(3,695)	127%
Total Comprehensive income/(loss) attributable to:			
Owners of the Company	969	(3,704)	126%
Non Controlling Interest	46	(185)	125%
Total Comprehensive income/(loss) for the period	1,015	(3,889)	126%
Basic loss per ordinary share (sen)	0.96	(2.56)	137%

Notes:

The Condensed Consolidated Statement of Profit or Loss and Other 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 2017 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2016.

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 2017 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Unaudited As at 30 June 2017 RM'000	Audited As at 31 December 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,105	1,940
Development expenditure	4,391	4,288
Goodwill	148	148
Investment in associates	815	530
Deferred tax assets	460	472
	<u>7,919</u>	<u>7,378</u>
Current assets		
Trade receivables	33,599	36,141
Other receivables, deposits and prepayments	4,557	4,049
Tax Recoverable	320	144
Fixed deposits with licensed bank	3,138	2,792
Other Financial assets	117	115
Cash and bank balances	15,316	18,992
	<u>57,047</u>	<u>62,233</u>
TOTAL ASSETS	<u><u>64,966</u></u>	<u><u>69,611</u></u>
EQUITY AND LIABILITIES		
Share capital	18,937	13,840
Reserves	13,726	21,558
Total equity attributable to owners of the Company	<u>32,663</u>	<u>35,398</u>
Non controlling interest	<u>371</u>	<u>510</u>
Total equity	<u><u>33,034</u></u>	<u><u>35,908</u></u>
Non-current liabilities		
Deferred tax liabilities	644	644
Long term borrowings	123	137
Retirement benefits obligation	253	260
	<u>1,020</u>	<u>1,041</u>
Current liabilities		
Trade payables	19,270	19,065
Other payables and accruals	10,998	12,187
Short term borrowings	31	616
Tax payable	613	794
Total current liabilities	<u>30,912</u>	<u>32,662</u>
Total liabilities	<u>31,932</u>	<u>33,703</u>
TOTAL EQUITY AND LIABILITIES	<u><u>64,966</u></u>	<u><u>69,611</u></u>
Net assets per share attributable to owners of the Company (sen)	<u>17.25</u>	<u>25.58</u>

Notes:

The Condensed Consolidated Statement of Financial Position is prepared based on the consolidated results of the Group for the quarter ended 30 June 2017 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2016.

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 2017 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Non-distributable					Retained Earnings	Equity attributable to owners of the Company	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Reverse acquisition reserve	Foreign currency translation reserve	Other reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000				
Balance as at 1 January 2017	13,840	5,097	(2,512)	876	248	17,849	35,398	510	35,908
Adjustments on effects of Companies Act 2016 (note a)	5,097	(5,097)					-		
Foreign currency translation differences for foreign operations	-	-	-	(522)	-	-	(522)	347	(175)
Total other comprehensive loss for the period	-	-	-	(522)	-	-	(522)	347	(175)
Loss for the period	-	-	-	-	-	(2,213)	(2,213)	(486)	(2,699)
Total comprehensive loss for the year	-	-	-	(522)	-	(2,213)	(2,735)	(139)	(2,874)
Balance as at 30 June 2017	18,937	-	(2,512)	354	248	15,636	32,663	371	33,034
Balance as at 1 January 2016	13,840	5,097	(2,512)	442	248	13,506	30,621	(139)	30,482
Foreign currency translation differences for foreign operations	-	-	-	(286)	-	-	(286)	3	(283)
Total other comprehensive income/(loss) for the period	-	-	-	(286)	-	-	(286)	3	(283)
Profit for the period	-	-	-	-	-	673	673	112	785
Total comprehensive income/(loss) for the period	-	-	-	(286)	-	673	387	115	502
Balance as at 30 June 2016	13,840	5,097	(2,512)	156	248	14,179	31,008	(24)	30,984

The Condensed Consolidated Statement of Changes in Equity is prepared based on the consolidated results of the Group for the quarter ended 30 June 2017 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The accompanying notes are an integral part of this quarterly report.

Note a

With the Companies Act 2016 ("New Act") coming into effect from 31 January 2017, the share premium account of RM5,097,190 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may utilise the credit standing amounts being transferred from share premium account within 24 months after the commencement of New Act. The Board of director will make a decision thereon by 31 Jan 2019.

Innity Corporation Berhad

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



Quarterly report on results for the 2nd Quarter ended 30 June 2017 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Current year For the period	Preceding year corresponding period
	1 January 2017 to 30 June 2017 RM'000	1 January 2016 to 30 June 2016 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	(2,451)	1,717
Adjustments for :		
Amortisation of development expenditure	682	570
Allowance for doubtful debts	2,174	-
Allowance for doubtful debts no longer required	(415)	-
Depreciation of property, plant and equipment	251	237
Property, plant and equipment written off	-	11
Gain on disposal of plant and equipment	-	(1)
Interest expense	6	14
Interest income	(95)	(84)
Share of profit in equity-accounted associates	(233)	(260)
Unrealised (gain)/loss on foreign exchange, net	211	683
Operating profit before working capital changes	130	2,887
Decrease in trade and other receivables	1,132	6,490
Decrease in trade and other payables	(2,567)	(879)
Cash generated from/(used in) operations	(1,305)	8,498
Income tax paid	(132)	(935)
Income tax refunded	-	4
Net cash generated from/(used in) operating activities	(1,437)	7,567
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Development expenditure paid	(793)	(775)
Increase in Fixed Deposits pledge	(190)	(51)
Interest received	95	85
Purchase of plant and equipment	(442)	(156)
Proceeds from disposal of plant and equipment	-	3
(Advances to)/ repayments from associates	(12)	103
Net cash used in investing activities	(1,342)	(791)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(6)	(14)
Repayment of term loans	(16)	(20)
Proceeds of subscription of shares by non controlling interest of the subsidiary	368	-
Net cash from/(used in) financing activities	346	(34)
Exchange difference	(503)	(291)
Net increase in cash and cash equivalents	(2,936)	6,451
Cash and cash equivalents at beginning of year	19,435	12,494
Cash and cash equivalents at end of year	16,499	18,945
	30 June 2017	30 June 2016
Cash and cash equivalents comprise:		
Cash and bank balances	15,316	17,331
Fixed deposits with a licensed bank	3,138	3,360
Other financial assets	117	114
	18,571	20,805
Less: Fixed deposits pledged	(2,072)	(1,860)
	16,499	18,945

Notes:

The Condensed Consolidated Statement of Cash Flows is prepared based on the consolidated results of the Group for the quarter ended 30 June 2017 and is to be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The accompanying notes are an integral part of this quarterly report.