

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
<b>Assets:</b>		
<b>Non-current</b>		
Property, plant and equipment	2,646	1,940
Development expenditure	5,090	4,288
Goodwill	148	148
Investment in associates	881	530
Deferred tax assets	587	472
	<hr/> 9,352	<hr/> 7,378
<b>Current</b>		
Trade receivables	38,188	36,141
Other receivables, deposits and prepayments	4,126	4,049
Tax recoverable	617	144
Fixed deposits with licensed banks	4,121	2,792
Other financial assets	118	115
Cash and bank balances	11,916	18,992
	<hr/> 59,086	<hr/> 62,233
<b>Total Assets</b>	<hr/> <b>68,438</b>	<hr/> <b>69,611</b>

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017 (CONT'D)**

	Note	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
<b>Liabilities:</b>			
<b>Non-current</b>			
Borrowings	B8	106	137
Deferred tax liabilities		519	644
Retirement benefits obligation		491	260
		<u>1,116</u>	<u>1,041</u>
<b>Current</b>			
Borrowings	B8	31	616
Trade payables		18,752	19,065
Other payables and accruals		11,490	12,187
Tax payable		767	794
		<u>31,040</u>	<u>32,662</u>
<b>Total Liabilities</b>		<u>32,156</u>	<u>33,703</u>
<b>Net Assets</b>		<u>36,282</u>	<u>35,908</u>
<b>Equity:</b>			
Share capital		18,937	13,840
Reserves		15,397	21,558
Total equity attributable to Owners of the Company		<u>34,334</u>	<u>35,398</u>
Non-controlling interests		1,948	510
<b>Total Equity</b>		<u>36,282</u>	<u>35,908</u>
<b>Net Assets per share attributable to Owners of the Company (sen)</b>		<u>24.81</u>	<u>25.58</u>

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Current quarter ended	Comparative quarter ended	Current year-to-date ended	Preceding year-to-date ended
Note	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Revenue</b>	<b>27,720</b>	26,055	<b>101,624</b>	95,651
Direct costs	<b>(12,498)</b>	(14,512)	<b>(55,755)</b>	(53,123)
Gross profit	<b>15,222</b>	11,543	<b>45,869</b>	42,528
Other operating income	<b>173</b>	381	<b>629</b>	1,136
Operating expenses	<b>(10,057)</b>	(10,726)	<b>(44,670)</b>	(37,081)
Profit from operations	<b>5,338</b>	1,198	<b>1,828</b>	6,583
Finance costs	<b>(15)</b>	(8)	<b>(24)</b>	(25)
Share of profit/(loss) of equity-accounted associates, net of tax	<b>60</b>	(142)	<b>351</b>	228
<b>Profit before tax</b>	<b>5,383</b>	1,048	<b>2,155</b>	6,786
Income tax expense	<b>(343)</b>	(166)	<b>(993)</b>	(1,846)
<b>Profit after tax</b>	<b>5,040</b>	882	<b>1,162</b>	4,940
<b>Other Comprehensive (Loss)/Income for the period, net of tax</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation	<b>(409)</b>	730	<b>(1,222)</b>	479
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement of retirement benefit obligations	<b>(58)</b>	7	<b>(58)</b>	7
<b>Total Other Comprehensive (Loss)/Income for the period, net of tax</b>	<b>(467)</b>	737	<b>(1,280)</b>	486
<b>Total Comprehensive Income</b>	<b>4,573</b>	1,619	<b>(118)</b>	5,426

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 (CONT'D)**

	Current quarter ended	Comparative quarter ended	Current year-to-date ended	Preceding year-to-date ended
Note	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	4,691	750	1,210	4,337
Non-controlling interests	349	132	(48)	603
	<b>5,040</b>	<b>882</b>	<b>1,162</b>	<b>4,940</b>
<b>Total Comprehensive Income/(Loss) attributable to:</b>				
Owners of the Company	4,332	1,427	149	4,777
Non-controlling interests	241	192	(267)	649
	<b>4,573</b>	<b>1,619</b>	<b>(118)</b>	<b>5,426</b>
<b>Earnings per share attributable to Owners of the Company (sen)</b>				
Basic	3.39	0.54	0.87	3.13

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Attributable to Owners of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Reverse acquisition reserve	Foreign exchange reserve	Other reserves	Retained profits			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>As at 1.1.2017</b>	<b>13,840</b>	<b>5,097</b>	<b>(2,512)</b>	<b>875</b>	<b>248</b>	<b>17,850</b>	<b>35,398</b>	<b>510</b>	<b>35,908</b>
Profit after tax	-	-	-	-	-	1,210	1,210	(48)	1,162
Other comprehensive loss	-	-	-	(1,009)	-	(52)	(1,061)	(219)	(1,280)
<b>Total Comprehensive (Loss)/Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,009)</b>	<b>-</b>	<b>1,158</b>	<b>149</b>	<b>(267)</b>	<b>(118)</b>
Acquisitions of non-controlling interests	-	-	-	(35)	-	(1,178)	(1,213)	1,705	492
Transfer pursuant to Companies Act 2016*	5,097	(5,097)	-	-	-	-	-	-	-
Total transactions with Owners and changes in ownership interests	5,097	(5,097)	-	(35)	-	(1,178)	(1,213)	1,705	492
<b>As at 31.12.2017</b>	<b>18,937</b>	<b>-</b>	<b>(2,512)</b>	<b>(169)</b>	<b>248</b>	<b>17,830</b>	<b>34,334</b>	<b>1,948</b>	<b>36,282</b>
<b>As at 1.1.2016</b>	<b>13,840</b>	<b>5,097</b>	<b>(2,512)</b>	<b>442</b>	<b>248</b>	<b>13,506</b>	<b>30,621</b>	<b>(139)</b>	<b>30,482</b>
Profit after tax	-	-	-	-	-	4,337	4,337	603	4,940
Other comprehensive income	-	-	-	433	-	7	440	46	486
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>433</b>	<b>-</b>	<b>4,344</b>	<b>4,777</b>	<b>649</b>	<b>5,426</b>
<b>As at 31.12.2016</b>	<b>13,840</b>	<b>5,097</b>	<b>(2,512)</b>	<b>875</b>	<b>248</b>	<b>17,850</b>	<b>35,398</b>	<b>510</b>	<b>35,908</b>

**Notes:**

\* Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Group may use the credit amount of the share premium within twenty-four months upon the commencement of Section 74 of the CA2016.

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Current year-to-date ended 31.12.2017 RM'000	Preceding year-to-date ended 31.12.2016 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	2,155	6,786
Adjustments for:		
Non-cash and non-operating items	4,069	2,266
Share of profits of equity-accounted associates, net of tax	(351)	(228)
Operating profit before working capital changes	<u>5,873</u>	8,824
Increase in trade and other receivables, deposits and prepayments	(3,367)	(1,992)
(Decrease)/Increase in trade and other payables and accruals	(1,683)	3,811
Cash generated from operations	<u>823</u>	10,643
Net income tax paid	(1,712)	(1,785)
Net cash (used in)/generated from operating activities	<u>(889)</u>	8,858
<b>Cash Flows From Investing Activities</b>		
Expenditure incurred on development expenditure	(2,179)	(1,661)
Increase in fixed deposits pledged	(53)	(71)
Net cash outflow on acquisition of a subsidiary	-	(291)
Proceeds from disposals of plant and equipment	*	3
Purchase of plant and equipment	(1,406)	(365)
Interest received	146	160
Repayments from associates	139	74
Subscription of shares in subsidiary companies by non-controlling interests	492	-
Net cash used in investing activities	<u>(2,861)</u>	(2,151)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(24)	(25)
Repayments of term loans	(33)	(35)
Net cash used in financing activities	<u>(57)</u>	(60)
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	<u>(3,807)</u>	6,647
Effects of exchange rate changes	(1,407)	294
<b>Cash and Cash Equivalents at beginning of period</b>	<u>19,435</u>	12,494
<b>Cash and Cash Equivalents at end of period</b>	<u>14,221</u>	19,435
<b>Cash and Cash Equivalents comprised:</b>		
Bank overdrafts	-	(583)
Cash and bank balances	11,916	18,992
Fixed deposits with licensed banks	4,121	2,792
Other financial assets	118	115
	<u>16,155</u>	21,316
Less: Fixed deposits pledged	(1,934)	(1,881)
	<u>14,221</u>	19,435

\* represents value below RM1,000.

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2016)

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

The unaudited interim financial report (“the quarterly report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Part K - Periodic Disclosures of the Listing Requirements of Bursa Malaysia Securities Berhad

**PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134: Interim Financial Reporting (“MFRS 134”) issued by the MASB****A1. Basis of preparation**

This quarterly report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016 and the accompanying explanatory notes, which provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

**A2. Significant accounting policies**

The significant accounting policies and methods of computation applied in preparing the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2016 except the application of the amendments to MFRSs which became effective for annual period beginning on 1 January 2017. The amendments to MFRSs do not result in material impact on the Group's accounting policies.

The following MFRSs and amendments to MFRSs were issued by MASB but not yet effective and has not been adopted by the Group: -

<u>Standard</u>	<u>Title</u>	<u>Effective date</u>
Amendment to MFRS 2	Classification and Measurement of share-based payment transactions	1 January 2018

The above-mentioned amendment to published standard does not resulted in significant changes to the Group's accounting policies upon their initial application except the following MFRSs: -

<u>Standard</u>	<u>Title</u>	<u>Effective date</u>
MFRS 1	Amendments to MFRS 1	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
	Clarifications to MFRS 15	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 128	Amendments to MFRS 128	1 January 2018
MFRS 16	Leases	1 January 2019

The Group is in the process of performing an assessment of what the impact of the above new standards is expected to be in the period of initial application.

**A3. Seasonality or cyclicity of interim operations**

In general, online advertising activities would pick up during the 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 because of their nature, size or incidence.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**A5. Changes in estimates of amounts reported previously**

There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect in the current financial period.

**A6. Issues, repurchases and repayments of debts and equity securities**

There were no issuance, cancellations, repurchases, resales and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and current year-to-date ended 31 December 2017.

**A7. Dividends paid**

There were no dividend paid by the Company during the current quarter and current year-to-date ended 31 December 2017.

**A8. Segmental information**

The Group'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 areas which are based on the Group's management and internal reporting structure.

The Group operates mainly in ten geographical areas as follows:-

- i) Malaysia;
- ii) Singapore;
- iii) Vietnam;
- iv) Indonesia;
- v) Hong Kong and China;
- vi) Philippines;
- vii) Taiwan;
- viii) South Korea;
- (ix) Cambodia; and
- (x) Myanmar.

The segment's financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rates of exchange ruling at the reporting date and income and expenses are translated at the dates of transactions. The exchange differences arising from the translation are taken directly to other comprehensive income. However, if the operation is a non wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.



**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017****A8. Segmental information (Cont'd)**

The principal exchange rates for every unit of foreign currency used are as follows:

	<b>31 December 2017</b>		<b>31 December 2016</b>	
	<b>Closing rate</b>	<b>Average rate</b>	<b>Closing rate</b>	<b>Average rate</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
1 Singapore Dollar	3.040	3.116	3.101	3.000
1 Hong Kong Dollar	0.520	0.552	0.578	0.534
1 Chinese Renminbi	0.624	0.635	0.646	0.624
1 US Dollar	4.064	4.294	-	-
100 Indonesian Rupiah	0.030	0.031	0.033	0.030
100 Thai Baht	-	12.946	-	11.742
100 Philippines Peso	8.133	8.534	9.040	8.720
100 Vietnamese Dong	0.018	0.019	0.020	0.020
100 New Taiwan Dollar	13.688	14.129	13.890	12.860
100 South Korean Won	0.381	0.380	-	-

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 31 December 2017**
Operating Segments

	Malaysia RM'000	Singapore RM'000	Vietnam RM'000	Indonesia RM'000	Hong Kong and China RM'000	Philippines RM'000	Taiwan RM'000	South Korea RM'000	Cambodia RM'000	Myanmar RM'000	Inter- segment eliminations RM'000	Group RM'000
<b><u>Revenue</u></b>												
Revenue from external customers	36,582	11,617	2,536	8,826	25,350	6,595	7,246	146	-	2,726	-	101,624
Inter-segment revenue	6,296	(30)	159	92	96	137	6	87	-	-	(6,843)	-
Total revenue	42,878	11,587	2,695	8,918	25,446	6,732	7,252	233	-	2,726	(6,843)	101,624
<b><u>Segment Results</u></b>												
Results from operating activities	(631)	782	(230)	553	1,989	103	(318)	(273)	(95)	(52)	-	1,828
Finance costs	(24)	-	-	-	-	-	-	-	-	-	-	(24)
Share of profits of equity- accounted associates, net of tax	351	-	-	-	-	-	-	-	-	-	-	351
(Loss)/Profit before tax	(304)	782	(230)	553	1,989	103	(318)	(273)	(95)	(52)	-	2,155
Income tax expense	(710)	-	-	(120)	(179)	58	(27)	-	-	(15)	-	(993)
(Loss)/Profit after tax	(1,014)	782	(230)	433	1,810	161	(345)	(273)	(95)	(67)	-	1,162
<b><u>Assets</u></b>												
Segment assets	25,985	6,144	2,399	6,980	11,172	7,922	3,957	917	33	2,929	-	68,438
<b><u>Liabilities</u></b>												
Segment liabilities	13,610	2,247	758	3,801	6,319	3,065	1,644	167	2	543	-	32,156

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 31 December 2017 (cont'd)**
Operating Segments (cont'd)

	Singapore SGD'000	Vietnam VND'Mil	Indonesia IDR'Mil	Hong Kong HKD'000	China CNY'000	Philippines PHP'000	Taiwan TWD'000	South Korea KRW'000	Cambodia USD'000	Myanmar USD'000
<b><u>Revenue</u></b>										
Revenue from external customers	3,728	13,347	28,473	45,876	41	77,284	51,285	38,511	-	635
Inter-segment revenue	(9)	836	295	173	-	1,610	44	22,939	-	-
Total revenue	3,719	14,183	28,768	46,049	41	78,894	51,329	61,450	-	635
<b><u>Segment Results</u></b>										
Results from operating activities	251	(1,212)	1,783	3,707	(91)	1,203	(2,249)	(71,787)	(22)	(12)
Finance costs	-	-	-	-	-	-	-	-	-	-
Share of profits of equity-accounted associates, net of tax	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) before tax	251	(1,212)	1,783	3,707	(91)	1,203	(2,249)	(71,787)	(22)	(12)
Income tax expense	-	-	(387)	(325)	-	682	(191)	-	-	(4)
Profit/(Loss) after tax	251	(1,212)	1,396	3,382	(91)	1,885	(2,440)	(71,787)	(22)	(16)
<b><u>Assets</u></b>										
Segment assets	2,021	13,327	23,268	20,768	598	97,404	28,909	240,735	8	721
<b><u>Liabilities</u></b>										
Segment liabilities	739	4,210	12,671	12,141	10	37,692	12,010	43,738	*	134

\* represents value below RM1,000.

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 31 December 2016**
Operating Segments (cont'd)

	Malaysia RM'000	Singapore RM'000	Vietnam RM'000	Indonesia RM'000	Hong Kong and China RM'000	Philippines RM'000	Taiwan RM'000	Inter- segment eliminations RM'000	Group RM'000
<b><u>Revenue</u></b>									
Revenue from external customers	31,518	8,242	2,926	12,025	27,988	10,636	2,316	-	95,651
Inter-segment revenue	8,476	147	327	119	109	39	-	(9,217)	-
Total revenue	39,994	8,389	3,253	12,144	28,097	10,675	2,316	(9,217)	95,651
<b><u>Segment Results</u></b>									
Results from operating activities	(328)	(160)	191	871	3,836	3,014	(841)	-	6,583
Finance costs	(20)	-	(5)	-	-	-	-	-	(25)
Share of profits of equity-accounted associates, net of tax	228	-	-	-	-	-	-	-	228
(Loss)/Profit before tax	(120)	(160)	186	871	3,836	3,014	(841)	-	6,786
Income tax expense	(115)	-	-	(170)	(638)	(912)	(11)	-	(1,846)
(Loss)/Profit after tax	(235)	(160)	186	701	3,198	2,102	(852)	-	4,940
<b><u>Assets</u></b>									
Segment assets	29,388	5,912	2,772	8,430	12,436	9,057	1,616	-	69,611
<b><u>Liabilities</u></b>									
Segment liabilities	13,630	2,626	1,179	3,514	8,200	3,884	670	-	33,703

**QUARTERLY REPORT FOR THE FOURTH QUARTER 2017**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 31 December 2016 (cont'd)**
Operating Segments (cont'd)

	Singapore SGD'000	Vietnam VND'Mil	Indonesia IDR'Mil	Hong Kong HKD'000	China CNY'000	Philippines PHP'000	Taiwan TWD'000
<b><u>Revenue</u></b>							
Revenue from external customers	2,747	14,630	40,083	52,356	47	121,985	18,008
Inter-segment revenue	49	1,635	397	205	-	441	-
Total revenue	2,796	16,265	40,480	52,561	47	122,426	18,008
<b><u>Segment Results</u></b>							
Results from operating activities	(53)	955	2,903	7,289	(91)	34,571	(6,540)
Finance costs	-	(25)	-	-	-	-	-
Share of profits of equity-accounted associates, net of tax	-	-	-	-	-	-	-
(Loss)/Profit before tax	(53)	930	2,903	7,289	(91)	34,571	(6,540)
Income tax expense	-	-	(567)	(1,195)	-	(10,462)	(86)
(Loss)/Profit after tax	(53)	930	2,336	6,094	(91)	24,109	(6,626)
<b><u>Assets</u></b>							
Segment assets	1,906	13,860	25,546	20,612	808	100,188	11,632
<b><u>Liabilities</u></b>							
Segment liabilities	847	5,893	10,650	14,096	82	42,970	4,825

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**A9. Valuation of property, plant and equipment**

There were no valuation of property, plant and equipment in the current quarter and current year-to-date ended 31 December 2017.

**A10. Material events subsequent to the end of the current quarter that have not been reflected in this quarterly report**

There were no material events subsequent to the end of the current quarter.

**A11. Effects of changes in the composition of the Group for the current year-to-date**

**(a) Incorporation of Innity Korea Co., Ltd**

On 4 April 2017, Innity Sdn Bhd (“ISB”), a wholly-owned subsidiary of Innity Corporation Berhad (“ICB”), incorporated a wholly-owned subsidiary in the Republic of Korea, namely Innity Korea Co., Ltd (“Innity Korea”). The registered capital is South Korean Won 240,000,000.

The principal activity of Innity Korea is to provide online advertising and digital solutions.

The incorporation of Innity Korea did not have any material effect on the share capital, shareholding structure, net assets per share and earnings per share of ICB.

**(b) Issuance of 1,600 new share in PT. Media Innity**

On 13 April 2017, PT. Media Innity (“PTM”), a 95% direct owned subsidiary company of ISB, which is also a 95% indirect owned subsidiary company of the Company, issued additional 1,600 new ordinary shares with total capital contribution of IDR1,649,400,000 (*or equivalent to RM494,820 at the exchange rate of IDR1: RM0.0003*) for the purpose of compliance with Local Government Laws and Regulations.

ISB subscribed additional 376 shares with cash consideration of IDR422,930,000 (*or equivalent to RM126,879 at the exchange rate of IDR1: RM0.0003*). The remaining 1,224 shares, with consideration of IDR1,226,470,000 (*or equivalent to RM367,941 at the exchange rate of IDR1: RM0.0003*), were subscribed by an Indonesian non-controlling interest.

Arising from the above acquisitions, the Company’s effective equity interest in shares of PTM is diluted from 95% to 51%.

**(c) Acquisitions of equity interests by non-controlling interest in Innity Philippines, Inc.**

On 18 July 2017, ISB disposed its 43,000 unit of capital stock in Innity Philippines, Inc. (“IPI”), a 99.999% indirect owned subsidiary company of the Company, to a Malaysian non-controlling interest via a cash consideration of RM124,050.

Upon completion of the disposal of shares, the remaining shares of IPI in ISB is 816,995 units and the Company’s effective equity interest in IPI is reduced from 99.999% to 94.999%.

**(d) Share transfer of OfferStation Sdn Bhd by ISB to Appsploration Sdn Bhd**

On 20 July 2017, ISB transferred its 40,000 unit of ordinary shares in OfferStation Sdn Bhd (“OfferStation”), an indirect wholly-owned subsidiary company of the Company to Appsploration Sdn Bhd (“Appsploration”), a 75% indirect owned subsidiary company, via a cash consideration of RM40,000. However, the said cash consideration is not reflected in Consolidated Financial Statements as the transaction was merely an intercompany transaction.

Upon completion of the share transfer, the effective equity interest of the Company in OfferStation was reduced from 100% to 90%.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**A11. Effects of changes in the composition of the Group for the current year-to-date (Cont'd)**

**(e) Incorporation of Innity (Cambodia) Co., Ltd**

On 3 October 2017, ISB incorporated a wholly-owned subsidiary in Cambodia, namely Innity (Cambodia) Co., Ltd (“Innity Cambodia”). The registered capital is US Dollar 50,000.

The principal activity of Innity Cambodia is to provide online and digital advertising and marketing solutions.

The incorporation of Innity Cambodia did not have any material effect on the share capital, shareholding structure, net assets per share and earnings per share of ICB.

**(f) Incorporation of Innity Myanmar Company Limited**

On 20 October 2017, ISB incorporated a wholly-owned subsidiary in Myanmar, namely Innity Myanmar Company Limited (“Innity Myanmar”). The registered capital is US Dollar 50,000.

The principal activity of Innity Myanmar is to provide online and digital advertising and marketing solutions.

The incorporation of Innity Myanmar did not have any material effect on the share capital, shareholding structure, net assets per share and earnings per share of ICB.

Saved as disclosed above, there were no changes in the composition of the Group in the current quarter and current year-to-date ended 31 December 2017 under review.

**A12. Changes in contingent liabilities or contingent assets**

The Directors are of the opinion that the Group has no contingent liabilities or contingent assets which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

**A13. Significant unrecognised contractual commitments**

The Group has no material contractual capital commitments in respect of property, plant and equipment.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017****A14. Significant related party transactions**

The following were the significant related party transactions: -

	<b>Current year-to-date ended 31.12.2017 <u>RM</u></b>	Preceding year-to-date ended 31.12.2016 <u>RM</u>
The use of DAC Platform and "MarketOne" and "Yield One"	-	55,315
Sales of advertisement space	<b>(774,032)</b>	(582,799)
Purchase of advertisement space	<b>93,695</b>	243,878
Purchase of online recruitment services	<b>2,126</b>	2,890
Bookkeeping fees	<b>(12,000)</b>	-
Royalty fees	<b>(184,596)</b>	-
Referral fees in relation to sales of advertisement spaces	<b>1,041,909</b>	-
Management fees in relation to backend support staff costs which include Corporate Strategy, Finance, Business Development, Operation and Creative team based on time allocation of each individual	<b>(199,323)</b>	-
	<b><u>(32,221)</u></b>	<b><u>(280,716)</u></b>

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



**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**
**PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, Part A of Appendix 9B, of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")**
**B1. Performance analysis of the Group for the current quarter and year-to-date**

The Group's review of financial performance are analysed as follows:

	<b>Current quarter ended 31.12.2017 RM'000</b>	<b>Comparative quarter ended 31.12.2016 RM'000</b>	<b>% change</b>	<b>Current year-to-date ended 31.12.2017 RM'000</b>	<b>Preceding year-to-date ended 31.12.2016 RM'000</b>	<b>% change</b>
<b>Overall performance analysis</b>						
Revenue	<b>27,720</b>	26,055	6%	<b>101,624</b>	95,651	6%
Profit from operations	<b>5,338</b>	1,198	346%	<b>1,828</b>	6,583	(72%)
Finance costs	<b>(15)</b>	(8)	(88%)	<b>(24)</b>	(25)	4%
Share of profit/(loss) of equity-accounted associates, net of tax	<b>60</b>	(142)	142%	<b>351</b>	228	54%
Profit before tax	<b>5,383</b>	1,048	414%	<b>2,155</b>	6,786	(68%)
Profit after tax	<b>5,040</b>	882	471%	<b>1,162</b>	4,940	(76%)
Profit attributable to Owners of the Company	<b>4,691</b>	750	525%	<b>1,210</b>	4,337	(72%)

*Current Year-To-Date ("12M17") compared with Preceding Year-To-Date ("12M16")*
**(i) Group's overview of Revenue, Gross Profit and Profit Before Tax**

The Group registered total revenue of RM101.62 million in 12M17, an increase of RM5.97 million or 6% compared with RM95.65 million in 12M16. The increase in revenue was mainly contributed by Malaysia, followed by Taiwan, Singapore and newly incorporated companies in South Korea and Myanmar segments. Despite the growth in revenue, the profit before tax ("PBT") dropped by RM4.63 million or 68% from RM6.79 million in 12M16 to RM2.16 million in 12M17. The decline in PBT was primarily due to higher operating expenses incurred and losses from unfavourable foreign exchange rates in 12M17 as compared with 12M16.

**(ii) Group's overview of Other Income and Operating Expenses**
**Other income**

Other income dipped by RM0.51 million or 45% from RM1.14 million in 12M16 to RM0.63 million in 12M17. The decline in other income was mainly attributed to lower realised and unrealised foreign exchange gains.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)**

*Current Year-To-Date ("12M17") compared with Preceding Year-To-Date ("12M16") (Cont'd)*

**(ii) Group's overview of Other Income and Operating Expenses (cont'd)**

**Operating expenses**

The Group's other operating expenses consist of staff costs, amortisation and depreciation costs, selling and distribution costs and administration expenses.

Operating expenses increased by RM7.59 million or 20% from RM37.08 million in 12M16 to RM44.67 million in 12M17. The increase was primarily impacted by higher staff costs, allowance of doubtful debts owing from LeSports HK, the additional marketing and sales resources incurred specifically on expanding core product offerings and market share, unfavourable foreign exchange rates and withholding tax expenses borne by the Malaysia segment.

**(iii) Group's overview of Liquidity and Financial Ratio**

The Group's principal sources of liquidity are cash from operations and borrowings including overdraft and term loans.

The following summarises the various sources of cash flows as at 31 December 2017 against 31 December 2016:

	<b>Current year- to-date ended 31 December 2017 <u>RM'000</u></b>	Preceding year- to-date ended 31 December 2016 <u>RM'000</u>
Net cash (used in)/generated from		
- Operating activities	(889)	8,858
- Investing activities	(2,808)	(2,080)
- Financing activities	(57)	(60)
- Exchange difference	(1,407)	294
Net (decrease)/increase in cash and cash equivalents	<b>(5,161)</b>	7,012

The Group has cash and cash equivalents amounting to RM14.22 million as at 31 December 2017 as compared with RM19.44 million as at 31 December 2016. The debts to equity ratio has decreased from 0.021 to 0.004.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**
**B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)**

*Current Quarter ("4Q17") compared with Comparative Quarter of Preceding Year ("4Q16")*

**(i) Group's overview of Operating Segments**

	Revenue		% change	Profit/(Loss) before tax		
	Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000		Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000	% change
<b>Operating segments</b>						
- Malaysia	<b>8,100</b>	8,421	(4%)	<b>2,771</b>	1,340	107%
- Singapore	<b>2,828</b>	2,654	7%	<b>(151)</b>	(178)	15%
- Vietnam	<b>511</b>	1,277	(60%)	<b>(2)</b>	249	(101%)
- Indonesia	<b>2,859</b>	2,474	16%	<b>99</b>	(316)	131%
- Hong Kong and China	<b>6,836</b>	8,594	(20%)	<b>2,358</b>	510	362%
- Philippines	<b>957</b>	1,941	(51%)	<b>124</b>	(52)	338%
- Taiwan	<b>2,877</b>	694	315%	<b>413</b>	(505)	182%
- South Korea	<b>26</b>	-	100%	<b>(83)</b>	-	(100%)
- Cambodia	<b>-</b>	-	-	<b>(95)</b>	-	(100%)
- Myanmar	<b>2,726</b>	-	100%	<b>(51)</b>	-	(100%)
	<b>27,720</b>	26,055	6%	<b>5,383</b>	1,048	414%

The Group registered a revenue of RM27.72 million in 4Q17, an increase of RM1.66 million or 6% as compared to RM26.06 million in 4Q16. The PBT of RM5.38 million for 4Q17 was RM4.33 million or 414% greater than PBT in 4Q16 of RM1.05 million. The positive percentage increase in revenue in 4Q17 from Singapore, Indonesia, Taiwan, South Korea and newly incorporated company in Myanmar segments beat the revenue contribution from Malaysia, Vietnam, Hong Kong, China and Philippines segments. The improvement in PBT was mainly due to higher product margin achieved by most of the segments and savings in staff costs.

Malaysia segment posted a revenue of RM8.10 million in 4Q17, a decrease of RM0.32 million or 4% from revenue in 4Q16 of RM8.42 million. The marginal decline in revenue was due to the absence of export sales generated from a Myanmar customer. Prior to the incorporation of Innity Myanmar, all the revenue generated from the Myanmar customer was recognised under Malaysia Segment. Subsequent to the incorporation of Innity Myanmar in 4Q17, revenue from the Myanmar customer was transferred and recognised under Myanmar segment. The segment's PBT strengthen by RM1.43 million or 107% from RM1.34 million in 4Q16 to RM2.77 million in 4Q17. This was mainly due to higher margin campaign awarded in 4Q17.

Singapore segment in 4Q17 recorded revenue and loss before tax ("LBT") of RM2.83 million and RM0.15 million respectively, compared with revenue of RM2.65 million and LBT of RM0.18 million in the 4Q16, representing 7% increase in revenue and 17% improvement in profit. This segment continues to benefit from the increase of digital advertising spending from existing clientele which was attributable to the past servicing and product strategy restructuring efforts started in the previous quarters.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017****B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)***Current Quarter ("4Q17") compared with Comparative Quarter of Preceding Year ("4Q16") (Cont'd)***(i) Group's overview of Operating Segments (cont'd)**

For the 4Q17, Vietnam segment registered a revenue of RM0.51 million and LBT of approximately RM2,000 compared with RM1.28 million in revenue and PBT of RM0.25 million in 4Q16. The 60% or RM0.77 million drop in revenue was mainly due to reduced digital advertising spending from the existing clientele in 4Q17. Nevertheless, Vietnam segment is undergoing extensive training to equip the new sales team with existing and new product knowledge to service all its clientele, which we believe will regain the local market share. The LBT was in tandem with the decrease in revenue.

In 4Q17, Indonesia segment recorded revenue and PBT of RM2.86 million and RM0.10 million respectively, as compared to RM2.47 million in revenue and LBT of RM0.32 million for 4Q16, representing RM0.39 million or 16% increase in revenue and RM0.42 million or 131% improvement in PBT. The increase in revenue was due to digital advertising spending generated from a new key client. The PBT was in tandem with the increase in revenue and product margin.

Hong Kong and China segment recorded revenue of RM6.84 million and PBT of RM2.36 million in 4Q17 as compared with revenue of RM8.59 million and PBT of RM0.51 million in 4Q16, representing a decline of RM1.75 million or 20% in revenue and a surge of RM1.85 million or 363% in PBT. The lower revenue generated in 4Q17 was mainly due to loss of digital advertising spending from a key client. Despite the reduction in revenue, Hong Kong segment had in place a control in the operating costs and pushing through higher margin campaign which eventually resulted in the improvement of PBT. China segment revenue and PBT did not contribute significantly to the Group's result as a whole and it remains challenging as the segment is experiencing a transitional period in the process of revising its business strategy and streamlining operations by minimising costs.

Philippines segment recorded a lower revenue in 4Q17 at RM0.96 million as compared with revenue of RM1.94 million in 4Q16, representing a reduction by about half of the revenue generated in 4Q16. Despite the drop in revenue, the PBT improved by RM0.17 million from LBT of RM0.05 million to PBT of RM0.12 million in 4Q17. This segment is still making progress in realigning both new sales force and new product strategy, with a goal to regain higher spending from existing key and new clientele. The positive PBT was derived from improved margin campaigns and savings in staff costs.

Taiwan segment's revenue had improved significantly from RM0.69 million to RM2.88 million and recorded a PBT of RM0.41 million in 4Q17 as compared with LBT of RM0.51 million in 4Q16. This encouraging result was attributable to the increased digital advertising spending from existing clientele coupled with a number of new clientele. The PBT was in tandem with the increase in revenue and product margin.

For the South Korea, Cambodia and Myanmar segments, since their operations only began in year 2017, therefore, there is no comparable figures for the current quarter.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**
**B2. Commentary on current quarter compared with immediate preceding quarter**

The Group's review of financial performance are analysed as follows:

	<b>Current quarter ended 31.12.2017 RM'000</b>	Immediate preceding quarter ended 30.9.2017 RM'000	% change
<b>Overall performance analysis</b>			
Revenue	<b>27,720</b>	24,159	15%
Profit/(Loss) from operations	<b>5,338</b>	(832)	742%
Finance costs	<b>(15)</b>	(3)	(400%)
Share of profits of equity-accounted associates, net of tax	<b>60</b>	58	3%
Profit/(Loss) before tax	<b>5,383</b>	(777)	793%
Profit/(Loss) after tax	<b>5,040</b>	(1,179)	527%
Profit/(Loss) attributable to Owners of the Company	<b>4,691</b>	(1,268)	470%

For 4Q17, the Group's revenue grew to RM27.72 million from RM24.16 million in 3Q17, representing an increase of 15%. Generally, all the segments contributed positively except Malaysia, Philippines and Vietnam segments.

The Group recorded PBT of RM5.38 million in 4Q17 as compared with LBT of RM0.78 million in 3Q17. The increase was due to better product margin and lower operating expenses incurred.

**B3. Commentary on current year prospects and progress on previously announced revenue or profit forecast**
**(a) Prospects for the financial year ended 31 December 2018**

Due to the volatility of current economic and foreign exchange situation in the global market, the Board is cautious in its business outlook in the medium term. However, in the longer term, the Board remains optimistic and will continue to innovate and deliver effective data-driven online marketing ad solutions. The solutions will mainly focus on content marketing and programmatic solutions to help advertisers engage with their audience, improve targeting, and ROI for their campaigns.

Additionally, we will continue to focus on pushing our services across the region with a particular focus on Malaysia, Hong Kong, Philippines, Indonesia, and Singapore. Also, in line with our commitment to deliver top-notch results to our clients, we expect to improve our content marketing solutions by developing our influencer platform to help brands connect with the right influencer and share compelling brand stories.

**(b) Progress and steps to achieve revenue or profit estimate, forecast, projection or internal targets previously announced**

There was no revenue or profit forecast previously announced by the Company.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**
**B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast previously announced by the Company.

**B5. Profit forecast/profit guarantee previously announced**

There was no profit forecast or profit guarantee previously announced by the Company.

**B6. Profit before tax**

	Note	Current quarter ended 31.12.2017 RM'000	Comparative quarter ended 31.12.2016 RM'000	Current year-to-date ended 31.12.2017 RM'000	Preceding year-to-date ended 31.12.2016 RM'000
<b>Profit before tax is arrived at after charging:</b>					
Amortisation of development expenditure	(i)	339	326	1,360	1,179
Allowance for doubtful debts	(i)	179	218	2,328	218
Bad debts written off	(i)	29	16	29	16
Depreciation	(i)	155	129	552	490
Impairment loss on goodwill	(i)	-	295	-	295
Interest expense					
- bank overdraft	(i)	12	5	12	11
- term loans	(i)	3	3	12	14
Loss on disposal of plant and equipment	(i)	-	(11)	-	-
Loss on foreign exchange					
- realised		260	(215)	805	164
- unrealised	(i)	325	(239)	839	328
Property, plant and equipment written off	(i)	-	12	57	12
Retirement benefits	(i)	183	79	183	79
<b>And (crediting):</b>					
Allowance for doubtful debts no longer required	(i)	(304)	(129)	(982)	(129)
Gain on disposal of plant and equipment	(i)	-	-	*	(1)
Gain on foreign exchange					
- realised		3	(488)	(30)	(743)
- unrealised	(i)	(55)	222	(175)	(86)
Interest income	(i)	(26)	(40)	(146)	(160)
Other income					
- miscellaneous		(95)	(75)	(278)	(146)

(i) represents non-cash and operating items for Statements of Cash Flows.

\* represents value below RM1,000.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**
**B7. Tax expense**

	<b>Current quarter ended 31.12.2017 RM'000</b>	Comparative quarter ended 31.12.2016 RM'000	<b>Current year-to- date ended 31.12.2017 RM'000</b>	Preceding year-to- date ended 31.12.2016 RM'000
In respect of the current year				
Malaysian income tax	225	140	567	231
Outside Malaysia	368	126	382	1,852
Under/(Over) provision in respect of prior years				
Malaysian income tax	25	25	319	(112)
Outside Malaysia	(11)	-	(11)	-
Deferred taxation	(264)	(125)	(264)	(125)
Tax expense	<b>343</b>	166	<b>993</b>	1,846

Malaysian segment's effective tax rate for the period is higher than the statutory tax rate primarily due to certain expenses not deductible for tax purposes and some of the loss-making companies under this segment are not qualified to recognise unabsorbed capital allowance and unutilised tax losses as deferred tax assets due to it is not probable that taxable profit will be available by these companies in foreseeable future to utilise these tax benefits.

A tax provision is provided for Indonesia, Hong Kong and Philippines segments based on current year's income tax rate. Singapore segment's unabsorbed losses carried forward from previous year are sufficient to offset against tax arising from profit made for the financial period, therefore, there is no tax provision recorded in this segment.

**B8. Borrowings and debt securities as at the end of the reporting period**

The Group's borrowings and debt securities at the end of the current year-to-date, denominated in Ringgit Malaysia are as follows:

**(a) Borrowings**

	<b>Non-current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>As at 31.12.2017</b>			
<b>Secured</b>			
Term loans	106	31	137
<b>As at 31.12.2016</b>			
<b>Secured</b>			
Bank overdrafts	-	583	583
Term loans	137	33	170
	137	616	753

**(b) Commentaries on the Group borrowings and debt securities**

During the current year-to-date ended 31 December 2017, there were no material changes in debts and borrowings. The decrease in the borrowings were solely due to repayments of bank overdrafts and term loans only.



**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B9. Changes in material litigation**

As at 15 February 2018 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), saved as disclosed below, the Group was not engaged in any material litigation, claims nor arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

**(a) Claims made by Innity China Co., Limited (“ICCL”) (the “Plaintiff”) against LETV Sports Culture Develop (HK) Company Limited (“LeSports HK”) (the “Defendant”)**

The Company had on 11 May 2017 announced that ICCL, a subsidiary of the Company, had on 4 May 2017, via its solicitors, Messrs. Chau & Associates, filed a Writ of Summons and Statement of Claim and Mediation Certificate in the High Court of the Hong Kong Special Administrative Region at Hong Kong against LeSports HK (“the Defendants”) for the claim sum of HK\$3,849,755.55 in respect of outstanding advertising fees for services provided by ICCL. ICCL is also claiming interest on overdue advertising fees and costs of the litigation action against the Defendants. A sum of HK\$3,849,755.55 doubtful debts was provided in the 1st quarter 2017.

ICCL had on 16 June 2017 received an offer letter together with HKD515,000 settlement amount from LeSports HK, inclusive of HKD15,000 legal cost. The amount of HKD500,000 write back of trade receivable was effected in the quarter.

Subsequently, ICCL entered into a settlement agreement with LeSports HK which recorded the full and final settlement of ICCL claim on 19 June 2017. The said settlement is to be made over 3 installments: -

- (i) a sum of HKD515,000, inclusive of HKD15,000 legal costs, which was paid by LeSports HK by way of a cheque dated 15 June 2017(received on 16 June 2017);
- (ii) a sum of HKD1,674,877.78 of the outstanding sum to be paid by LeSports HK on or before 31 August 2017; and
- (iii) the balance of the outstanding sum in the sum of HKD1,674,877.78 to be paid by LeSports HK on or before 30 September 2017.

Within 3 working days from receiving payment under (iii) above, ICCL shall cause its solicitors to take all necessary steps to discontinue this litigation action, which includes the service of notice of discontinuance on LeSports HK.

Subject to and conditional upon the fulfilment of payment obligations under item (ii) and (iii) above by LeSports HK, ICCL undertakes to withhold further proceedings, and withhold from giving further instructions to its solicitors to proceed with this litigation action.

On 5 September 2017, LeSports HK had failed to perform their payment obligations in accordance with Clause 1(b) of the settlement agreement which stipulates that a sum of HKD1,674,877.78 of the Outstanding Sum to be paid by LeSports HK on or before 31 August 2017.

LeSports HK had subsequently requested and ICCL had consented to give an extension of time until 30 September 2017 to fully settle the balance of the Outstanding Sum amounting to HKD3,349,755.55.



**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B9. Changes in material litigation (Cont'd)**

**(a) Claims made by Innity China Co., Limited (“ICCL”) (the “Plaintiff”) against LETV Sports Culture Develop (HK) Company Limited (“LeSports HK”) (the “Defendant”) (cont'd)**

However, on 2 October 2017, LeSports HK had also failed to perform their payment obligations in accordance with Clause 1(a) and (b) of the settlement agreement which stipulate that the balance of the Outstanding Sum amounting to HKD3,349,755.55 is supposed to be fully settled on or before 30 September 2017.

Accordingly, the Company had on 17 October 2017 further announced that ICCL, had on 16 October 2017, via its solicitors, Messrs. Chau & Associates, re-filed a Writ of Summons and Amended Statements of Claim in the High Court of the Hong Kong Special Administrative Region at Hong Kong against LeSports HK.

The particulars of the Amended Statement of Claim under the Writ of Summons (“the Writ”) are as follows:

- (i) Repayment of the debt sum HK\$3,349,755.55 (after taking into account the partial settlement of HK\$500,000 by LeSports HK on the 15 June 2017);
- (ii) Interest pursuant to Section 48 and 49 of the High Court Ordinance of the Hong Kong Special Administrative Region, Cap.4 on any and all sums found to be due to it at such rate and for such periods as the Court deems fit and proper (the amount claimed is not stated in the Writ);
- (iii) Costs of this litigation action; and
- (iv) Further and other relief as the Court deems fit.

On 28 October 2017, LeSports HK after having acknowledged the service of ICCL's Writ of Summon, had on 29 November 2017, via its solicitors, Messrs. K&L Gates, filed an application for an Order in the High Court of the Hong Kong Special Administrative Region that the Defendant's obligation to file and serve its Defence to Counterclaim (if any) be extended for 28 days from the date of the order to be made.

Subsequently, on 2 January 2018, LeSports HK filed another application for an Order in the High Court of the Hong Kong Special Administrative Region via its solicitors, Messrs. K&L Gates that: -

- (i) The time for the Defendant to file and serve its Defence and Counterclaim (if any) pursuant to the Order of Master S.Lo dated 5 December 2017 be extended for 28 days from the date of the order to be made therein; and
- (ii) Costs of the application be charged to the Plaintiff.

The hearing of the above application on the part of the Defendant had been fixed on 8 January 2018.

ICCL and LeSports HK had on 5 January 2018, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Summons) in the High Court of the Hong Kong Special Administrative Region (“the Court”) that: -

- (i) Unless by 4.00 p.m. on 5 February 2018 the Defendant do file and serve its Defence and Counterclaims (if any), the Defendant be debarred from doing the same and the Plaintiff be at liberty to apply for judgment to be entered against the Defendant with costs;

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B9. Changes in material litigation (Cont'd)**

**(a) Claims made by Innity China Co., Limited (“ICCL”) (the “Plaintiff”) against LETV Sports Culture Develop (HK) Company Limited (“LeSports HK”) (the “Defendant”) (cont'd)**

ICCL and LeSports HK had on 5 January 2018, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Summons) in the High Court of the Hong Kong Special Administrative Region ("the Court") that: - (cont'd)

- (ii) The hearing of the Defendant's summons (the "Defendant's Summons") dated 2 January 2018 scheduled before Master Gary C C Lam on 8 January 2018 at 2.30 p.m. be vacated; and
- (iii) Costs of the Defendant's Summons and its application agreed at HK\$1,040 be paid by the Defendant to the Plaintiff.

The above Order was consented by the Court on the 8 January 2018.

On 5 February 2018, LeSports HK via its solicitors, Messrs. K&L Gates, filed and served its Defence in the High Court of the Hong Kong Special Administrative Region against ICCL's Amended Statement of Claim dated on 16 October 2017.

Accordingly, ICCL had caused its solicitors to take all necessary steps to continue this litigation action including the application for summary judgement, and any further material development of the matter will be announced in due course.

Subsequently, on 6 February 2018, ICCL and LeSports HK, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Order) in the High Court of the Hong Kong Special Administrative Region that all proceedings be stayed except for the purpose of carrying out the Consent Order and the agreed terms set forth thereto:

- (i) That the Defendant do pay the Plaintiff the sum of HK\$3,349,755.55 [the "Settlement Sum"] (inclusive of interest) in full and final settlement of the Plaintiff's claim in the following manner:
  - (a) HK\$500,000.00 on 5 February 2018 (received on 5 February 2018);
  - (b) HK\$1,424,878.00 on 15 March 2018; and
  - (c) HK\$1,424,877.55 on 15 April 2018.
- (ii) That Defendant do pay the Plaintiff's costs of this action from 16 June 2017 up to the date hereof on a party-and-party basis to be taxed, if not agreed; and
- (iii) That upon payment of the Settlement Sum including the payment of costs as aforesaid, the Plaintiff shall apply for leave to withdraw this action with no order as to costs and the Defendant shall give its respective consent to such application.

**QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2017****B10. Dividends**

There is no dividend declared for the current quarter or the current year-to-date ended 31 December 2017.

**B11. Earnings Per Share (“EPS”) attributable to Owners of the Company**

	<b>Current quarter ended 31.12.2017</b>	Comparative quarter ended 31.12.2016	<b>Current year-to-date ended 31.12.2017</b>	Preceding year-to-date ended 31.12.2016
<b>Basic earnings per share</b>				
Profit attributable to Owners of the Company (RM'000)	<b>4,691</b>	750	<b>1,210</b>	4,337
Weighted average number of ordinary shares in issue ('000)	<b>138,403</b>	138,403	<b>138,403</b>	138,403
<b>Basic EPS (sen)</b>	<b>3.39</b>	0.54	<b>0.87</b>	3.13

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 31 December 2017.

**B12. Audit report of preceding annual financial statements**

The audit report of the Group's annual financial statements for the preceding year were not subject to any qualification.

**B13. Status of corporate proposals**

There were no corporate proposals announced but not yet completed as at 15 February 2018 (being the date not earlier than 7 days before the date of this announcement).

**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 22 February 2018.

**By Order of the Board**

**Phang Chee Leong**  
**Executive Chairman**

22 February 2018