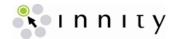


QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

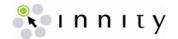
| | As at 31.3.2018 RM'000 | As at 31.12.2017 RM'000 |
|---|---------------------------|---------------------------------------|
| Assets: | | |
| Non-current | | |
| Property, plant and equipment | 2,477 | 2,646 |
| Intangible assets | 5,215 | 5,090 |
| Goodwill | 148 | 148 |
| Investment in associates | 980 | 881 |
| Deferred tax assets | 845 | 587 |
| | 9,665 | 9,352 |
| Current | | · · · · · · · · · · · · · · · · · · · |
| Trade receivables | 29,885 | 38,710 |
| Other receivables, deposits and prepayments | 3,668 | 3,604 |
| Tax recoverable | 667 | 617 |
| Fixed deposits with licensed banks | 2,073 | 4,121 |
| Other financial assets | 119 | 118 |
| Cash and bank balances | 18,712 | 12,902 |
| | 55,124 | 60,072 |
| Total Assets | 64,789 | 69,424 |



QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018 (CONT'D)

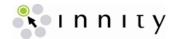
|] | Note | As at 31.3.2018 RM'000 | As at 31.12.2017 RM'000 |
|--|------|---------------------------|-------------------------|
| Liabilities: | | KWI 000 | KW 000 |
| Non-current | | | |
| Borrowings | B8 | 97 | 106 |
| Deferred tax liabilities | | 554 | 519 |
| Retirement benefits obligation | | 485 | 491 |
| | | 1,136 | 1,116 |
| Current | | | |
| Borrowings | B8 | 1,028 | 1,016 |
| Trade payables | | 17,919 | 18,809 |
| Other payables and accruals | | 9,809 | 11,435 |
| Tax payable | | 1,170 | 767 |
| | | 29,926 | 32,027 |
| Total Liabilities | | 31,062 | 33,143 |
| Net Assets | | 33,727 | 36,281 |
| Equity: | | | |
| Share capital | | 18,937 | 18,937 |
| Reserves | | 12,973 | 15,397 |
| Total equity attributable to Owners of the Company | | 31,910 | 34,334 |
| Non-controlling interests | | 1,817 | 1,947 |
| Total Equity | | 33,727 | 36,281 |
| Net Assets per share attributable to Owners of the Company (sen) | | 23.06 | 24.81 |



QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018

| | | Current | Comparative | Current | Preceding |
|---|------|-----------|-------------|--------------|--------------|
| | | quarter | quarter | year-to-date | year-to-date |
| | | ended | ended | ended | ended |
| | Note | 31.3.2018 | 31.3.2017 | 31.3.2018 | 31.3.2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 24,520 | 22,591 | 24,520 | 22,591 |
| Direct costs | | (14,254) | (12,808) | (14,254) | (12,808) |
| Gross profit | | 10,266 | 9,783 | 10,266 | 9,783 |
| Other operating income | | 216 | 250 | 216 | 250 |
| Operating expenses | | (11,071) | (13,886) | (11,071) | (13,886) |
| Loss from operations | | (589) | (3,853) | (589) | (3,853) |
| Finance costs | | (11) | (3) | (11) | (3) |
| Share in profit of equity-accounted associates, net of tax | | 99 | 161 | 99 | 161 |
| Loss before tax | B6 | (501) | (3,695) | (501) | (3,695) |
| Income tax expense | В7 | (460) | - | (460) | - |
| Loss after tax | | (961) | (3,695) | (961) | (3,695) |
| Other Comprehensive Loss for the period, net of tax | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translation | | (805) | (194) | (805) | (194) |
| Total Other Comprehensive Loss | | | | | |
| for the period, net of tax | | (805) | (194) | (805) | (194) |
| Total Comprehensive Loss | | (1,766) | (3,889) | (1,766) | (3,889) |



QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)

| | | Current | Comparative | Current | Preceding |
|--|------|-----------|-------------|--------------|--------------|
| | | quarter | quarter | year-to-date | year-to-date |
| | | ended | ended | ended | ended |
| | Note | 31.3.2018 | 31.3.2017 | 31.3.2018 | 31.3.2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit attributable to: | | | | | |
| Owners of the Company | | (1,052) | (3,537) | (1,052) | (3,537) |
| Non-controlling interests | | 91 | (158) | 91 | (158) |
| | | (961) | (3,695) | (961) | (3,695) |
| Total Comprehensive Loss | | | | | |
| attributable to: | | | | | |
| Owners of the Company | | (1,715) | (3,704) | (1,715) | (3,704) |
| Non-controlling interests | | (51) | (185) | (51) | (185) |
| | | (1,766) | (3,889) | (1,766) | (3,889) |
| Loss per share attributable to Owners of the Company (sen) | | | | | |
| Basic Basic | B11 | (0.76) | (2.56) | (0.76) | (2.56) |

% in nity

QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

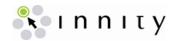
| _ | | | | | | | | | |
|--|---------|---------|-------------|----------|----------|----------|---------|-------------|---------|
| | | | Reverse | Foreign | | | | Non- | |
| | Share | Share | acquisition | exchange | Other | Retained | | controlling | Total |
| | capital | premium | reserve | reserve | reserves | profits | Total | interests | equity |
| · | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1.1.2018, as previously reported | 18,937 | - | (2,512) | (168) | 248 | 17,829 | 34,334 | 1,947 | 36,281 |
| Effects of adoption of MFRS 9 | - | - | - | - | - | (752) | (752) | (133) | (885) |
| Restated balance as at 1.1.2018 | 18,937 | - | (2,512) | (168) | 248 | 17,077 | 33,582 | 1,814 | 35,396 |
| (Loss)/Profit after tax | - | - | - | - | - | (1,052) | (1,052) | 91 | (961) |
| Other comprehensive loss | - | - | - | (663) | - | - | (663) | (142) | (805) |
| Total Comprehensive Loss | - | - | - | (663) | - | (1,052) | (1,715) | (51) | (1,766) |
| Acquisitions of non-controlling interest | _ | - | - | 7 | - | 36 | 43 | 54 | 97 |
| Total transaction with Owners and | | | | | | | | | - |
| changes in ownership interests | _ | - | - | 7 | - | 36 | 43 | 54 | 97 |
| Balance as at 31.3.2018 | 18,937 | - | (2,512) | (824) | 248 | 16,061 | 31,910 | 1,817 | 33,727 |
| Balance as at 1.1.2017 | 13,840 | 5,097 | (2,512) | 876 | 248 | 17,849 | 35,398 | 510 | 35,908 |
| Loss after tax | - | - | - | - | - | (3,537) | (3,537) | (158) | (3,695) |
| Other comprehensive loss | - | - | - | (167) | - | - | (167) | (27) | (194) |
| Total Comprehensive Loss | - | - | - | (167) | - | (3,537) | (3,704) | (185) | (3,889) |
| Transfer pursuant to Companies Act 2016* | 5,097 | (5,097) | - | - | - | - | - | - | - |
| Total transaction with Owners and | | | | | | | | | - |
| changes in ownership interests | 5,097 | (5,097) | - | - | - | - | - | - | - |
| Balance as at 31.3.2017 | 18,937 | • | (2,512) | 709 | 248 | 14,312 | 31,694 | 325 | 32,019 |

Notes:

(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 2017)

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^{*} 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.



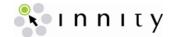
QUARTERLY REPORT FOR THE FIRST QUARTER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

| Cash Flows From Operating Activities (2,89) (2,80) | FOR THE LEXIOD ENDED 31 MARCH 2010 | | ~ | |
|---|--|-------|---------------------------------------|--------------|
| Residence of the properties of the properti | | | Current | Preceding |
| Cash Flows From Operating Activities (50) 31.3.2018 (A0000) Loss before tax (50) (3.695) Adjustments for: (50) (3.695) Non-cash non-operating items B6(i) 922 2.550 Share in profit of equity-accounted associates, net of tax (99) (161) Operating profit/(loss) before working capital changes 322 (1,306) Decrease in trade and other receivables, deposits and prepayments 6,656 8,385 Decrease in trade and other payables and accruals (66) (5,56) Cash generated from operating activities 4,079 1,516 Net income tax paid (66) (510) Net income tax paid (66) (515) Net income tax paid (66) (510) Net ash generated from operating activities (532) (434) Net cash generated from operating activities (532) (434) Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposads of plant and equipment (56) (52) (52) Purchase of plant and equipment | | | year-to-date | year-to-date |
| Ranfore Training Activities Cash Flows From Operating Activities (501) (3,695) Adjustments for: 86(1) 922 2,550 Non-cash and non-operating items B6(1) 922 2,550 Share in profit of equity-accounted associates, net of tax 6,65 8,385 Decrease in trade and other peayables and accruals 6,65 8,385 Decrease in trade and other payables and accruals 4,079 1,516 Cash generated from operating 4,079 1,516 Cash generated from operating activities 4,079 1,516 Net income tax paid 6,66 6,651 Net income tax paid 6,66 1,013 Net cash generated from operating activities 32 (4,04) Expenditure incurred on development expenditure 532 (434) Increase in fixed deposits pledged 6,6 (66 Proceeds from disposals of plant and equipment \$6 (60 Increase in fixed deposits pledged 1,135 293 Repayments from associates 1,135 293 Subscription of s | | | ended | ended |
| Cash Flows From Operating Activities (501) (3,695) Adjustments for: Non-cash and non-operating items B6() 922 2,550 Share in profit of equity-accounted associates, net of tax (99) (161) Operating profit/(loss) before working capital changes 322 (1,306) Decrease in trade and other receivables, deposits and prepayments 6,656 8,835 Decrease in trade and other payables and accruals 4,079 1,516 Cash generated from operations 4,079 1,516 Net income tax paid (66) (515) Net cash generated from operating activities 4,013 1,001 Net cash generated from operating activities 4,013 1,001 Net cash generated from operating activities (52) (434 Net cash generated from development expenditure (532) (434 Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposals of plant and equipment (56) (64 Interest received 2,0 (20 Repayments from associates 1,135 293 | | Note | 31.3.2018 | 31.3.2017 |
| Coss before tax | | | RM'000 | RM'000 |
| Coss before tax | Cash Flows From Operating Activities | | | |
| Non-cash and non-operating items | Loss before tax | | (501) | (3,695) |
| Non-cash and non-operating items B6(i) 922 2,558 Share in profit of equity-accounted associates, net of tax (99) (161) Operating profit/(loss) before working capital changes 322 (1,306) Decrease in trade and other receivables, deposits and prepayments 6,656 8,385 Decrease in trade and other payables and accruals (2,899) (5,563) Cash generated from operations 4,079 1,516 Net income tax paid (66) (515) Net cash generated from operating activities 4,013 1,001 Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposals of plant and equipment (56) (64) Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 11,15 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 11 (3 Re | Adjustments for: | | , , | , , |
| Share in profit of equity-accounted associates, net of tax (99) (161) Operating profit (loss) before working capital changes 322 (1,306) Decrease in trade and other receivables, deposits and prepayments 6,656 8,385 Decrease in trade and other payables and accruals (2,899) (5,553) Cash generated from operations 4,079 1,516 Net income tax paid (66) (515) Net cash generated from operating activities -4,013 1,001 Cash Flows From Investing Activities | | B6(i) | 922 | 2,550 |
| Operating profit/(loss) before working capital changes 322 (1,306) Decrease in trade and other receivables, deposits and prepayments 6,656 (8,385) Decrease in trade and other payables and accruals (2,899) (5,563) Cash generated from operations 4,079 (1,516) Net income tax paid (66 (515) Net cash generated from operating activities 4,013 (1,001) Cash Flows From Investing Activities Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposals of plant and equipment (56) (64) Increase in fixed deposits pledged (56) (64) Interest received 24 (2) (2) (2) Repayments from associates 1,135 (293) Subscription of shares in subsidiary company by non-controlling interest 97 (2) Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (9) (8) Interest paid (1) (3) Repayments of term loans (9) (8) Net cash lused in financing activities (20) (111) Net increase in Cash and Cash Equivalents 4, | | · / | (99) | |
| Decrease in trade and other receivables, deposits and prepayments 6,656 8,385 Decrease in trade and other payables and accruals (2,899) (5,563) Cash generated from operations 4,079 1,516 Net income tax paid (66) (515) Net cash generated from operating activities 4,013 1,001 Cash Flows From Investing Activities Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in | | | | |
| Decrease in trade and other payables and accruals (2,899) (5,563) Cash generated from operations 4,079 1,516 Net income tax paid (66) (515) Net ash generated from operating activities 4,013 1,001 Cash Flows From Investing Activities Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Expayments of term loans (9) (8) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents (9) (8) Effects of exchange rate changes (9) | | | | , , , |
| Cash generated from operations 4,079 1,516 Net income tax paid 666 (515) Net cash generated from operating activities 4,013 1,001 Cash Flows From Investing Activities 8 4,013 1,001 Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposals of plant and equipment * - - Purchase of plant and equipment (56) (64) 1 (64) 1 (64) 1 (64) 1 (64) 1 (64) 1 (64) | | | · · · · · · · · · · · · · · · · · · · | |
| Net income tax paid (66) (515) Net cash generated from operating activities 4,013 1,001 Cash Flows From Investing Activities 8 Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) (6) Proceeds from disposals of plant and equipment \$ - - Purchase of plant and equipment (56) (64) (62) | • • | | | |
| Net cash generated from operating activities 4,013 1,001 Cash Flows From Investing Activities (532) (434) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (111) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents comprised: 17,966 20,038 Effects of exchanges at end of period 18,712 20,413 | | | · · · · · · · · · · · · · · · · · · · | |
| Cash Flows From Investing Activities (532) (434) Expenditure incurred on development expenditure (6) (6) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (111) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents comprised: 8 (491) Cash and Cash Equivalents comprised: 8 (491) Cash and C | • | | | |
| Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities 465 (11) (3) Repayments of term loans 9 (8) Net cash used in financing activities (20) (11) Net cash used in financing activities 4,655 806 Effects of exchange rate changes (910) (203) Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at end of period 14,221 19,435 Cash and Cash Equivalents comprised: 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 | Net cash generated from operating activities | | 4,013 | 1,001 |
| Expenditure incurred on development expenditure (532) (434) Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities 465 (11) (3) Repayments of term loans 9 (8) Net cash used in financing activities (20) (11) Net cash used in financing activities 4,655 806 Effects of exchange rate changes (910) (203) Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at end of period 14,221 19,435 Cash and Cash Equivalents comprised: 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 | Cash Flows From Investing Activities | | | |
| Increase in fixed deposits pledged (6) (6) Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (9) (8) Net increase in Cash and Cash Equivalents 4,655 86 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents comprised: 19,966 20,038 Cash and Cash Equivalents comprised: 18,712 20,413 Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets< | | | (532) | (434) |
| Proceeds from disposals of plant and equipment * - Purchase of plant and equipment (56) (64) Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Dank Equivalents comprised: 80 (491) (491) Cash and Dank balances 18,712 20,413 (491) (491) (491) (491) (491) (491) (491) (491) (491) (491) (491) | | | | , , |
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| Interest received 24 27 Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Interest paid (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net cash used in financing activities (20) (11) Net cash used in financing activities (90) (8) Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) </td <td></td> <td></td> <td>(56)</td> <td>(64)</td> | | | (56) | (64) |
| Repayments from associates 1,135 293 Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Interest paid (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents comprised: 17,966 20,038 Cash and Cash Equivalents comprised: 8 (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | ` ′ | ` ′ |
| Subscription of shares in subsidiary company by non-controlling interest 97 - Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (111) (3) Interest paid (9) (8) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents comprised: 2 20,038 Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | |
| Net cash generated from/(used in) investing activities 662 (184) Cash Flows From Financing Activities (11) (3) Interest paid (9) (8) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | * * | | * | - |
| Cash Flows From Financing Activities Interest paid (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: Bank overdrafts (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | (184) |
| Interest paid (11) (3) Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: \$\$\$ (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | (104) |
| Repayments of term loans (9) (8) Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | |
| Net cash used in financing activities (20) (11) Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: 988 (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | Interest paid | | (11) | (3) |
| Net increase in Cash and Cash Equivalents 4,655 806 Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | Repayments of term loans | | (9) | (8) |
| Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: 98) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | Net cash used in financing activities | | (20) | (11) |
| Effects of exchange rate changes (910) (203) Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: 98) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | Net increase in Cash and Cash Equivalents | | 4.655 | 806 |
| Cash and Cash Equivalents at beginning of period 14,221 19,435 Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: Bank overdrafts (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | · · · · · · · · · · · · · · · · · · · | |
| Cash and Cash Equivalents at end of period 17,966 20,038 Cash and Cash Equivalents comprised: Bank overdrafts (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | , , | , , |
| Cash and Cash Equivalents comprised: Bank overdrafts (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | • | | 17.966 | |
| Bank overdrafts (998) (491) Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | _ = 0,000 |
| Cash and bank balances 18,712 20,413 Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 Less: Fixed deposits pledged (1,940) (1,888) | | | | |
| Fixed deposits with licensed banks 2,073 1,888 Other financial assets 119 116 19,906 21,926 Less: Fixed deposits pledged (1,940) (1,888) | | | ` ' | (491) |
| Other financial assets 119 116 19,906 21,926 Less: Fixed deposits pledged (1,940) (1,888) | Cash and bank balances | | 18,712 | 20,413 |
| 19,906 21,926 Less: Fixed deposits pledged (1,940) (1,888) | Fixed deposits with licensed banks | | 2,073 | 1,888 |
| Less: Fixed deposits pledged (1,940) (1,888) | Other financial assets | | 119 | 116_ |
| | | | $19,90\overline{6}$ | 21,926 |
| 17,966 20,038 | Less: Fixed deposits pledged | | | (1,888) |
| | | | 17,966 | 20,038 |

^{*} 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 2017)



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

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 2017 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 2017.

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 2017 except for the newly-issued MFRS, interpretations and amendments to standards to be applied for the financial periods beginning on or after 1 January 2018:

| <u>Standard</u> | <u>Title</u> | Effective date |
|-----------------|---------------------------------------|----------------|
| MFRS 2 | Classification and Measurement of | 1 January 2018 |
| | share-based payment transactions | |
| | (Amendments to MFRS 2) | |
| MFRS 9 | Financial Instruments | 1 January 2018 |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| | Clarifications to MFRS 15 | |
| MFRS 128 | Amendments to MFRS 128 | 1 January 2018 |

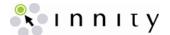
The adoption of the above-mentioned standards/amendments to standard did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

MFRS 9 Financial Instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at the inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss, unless this creates an accounting mismatch.

There is now a new expected credit losses model ("ECL") on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

A2. Significant accounting policies (Cont'd)

MFRS 9 Financial Instruments (cont'd)

On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities, except that the Group's allowance for impairment on all trade receivables. The Group applied the simplified approach and calculated expected credit losses based on lifetime expected losses on all the trade receivables.

As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus the adjustment was recognised in the opening retained profits of the current reporting period. As a result of applying the ECL on receivables, the Group's opening retained profits has decreased by RM0.75 million as at 1 January 2018.

Summary of the financial impact of adopting MFRS 9 to opening balances is as follows:

1 January 2018

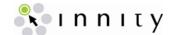
| | | Impact of change | in accounting policies |
|---------------------------|------------------------|--|------------------------|
| In RM'000 | As previously reported | Retrospective adjustments MFRS 9 | After adjustments |
| Assets | | | |
| Deferred tax assets | 587 | 295 | 882 |
| Trade receivables | 38,710 | (1,179) | 37,531 |
| Impact to assets | 39,297 | (884) | 38,413 |
| Equity | | | |
| Retained profits | 17,829 | (752) | 17,077 |
| Non-controlling interests | 1,947 | (133) | 1,814 |
| Impact to equity | 19,776 | (885) | 18,891 |

A3. Seasonality or cyclicality 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 FIRST QUARTER ENDED 31 MARCH 2018

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 March 2018.

A7. Dividends paid

There were no dividend paid by the Company during the current quarter and current year-to-date ended 31 March 2018.

A8. Segmental information

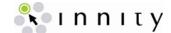
The Group's core activities are principally for the provision of technology-based online advertising solutions and other internet related services. The segment information is presented in respect of the Group's geographical areas which are based on the Group's management and internal reporting structure.

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 FIRST QUARTER ENDED 31 MARCH 2018

A8. Segmental information (Cont'd)

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

| | 31 Mar | ch 2018 | 31 March 2017 | | | |
|-----------------------|--------------|--------------|---------------|--------------|--|--|
| | Closing rate | Average rate | Closing rate | Average rate | | |
| | RM | RM | RM | RM | | |
| 1 Singapore Dollar | 2.945 | 2.976 | 3.167 | 3.138 | | |
| 1 Hong Kong Dollar | 0.492 | 0.501 | 0.570 | 0.573 | | |
| 1 Chinese Renminbi | 0.615 | 0.617 | 0.642 | 0.643 | | |
| 1 US Dollar | 3.864 | 3.925 | - | 1 | | |
| 100 Indonesian Rupiah | 0.028 | 0.029 | 0.033 | 0.030 | | |
| 100 Thai Baht | - | 12.438 | - | 12.660 | | |
| 100 Philippines Peso | 7.407 | 7.625 | 8.810 | 8.890 | | |
| 100 Vietnamese Dong | 0.017 | 0.017 | 0.019 | 0.020 | | |
| 100 New Taiwan Dollar | 13.297 | 13.396 | 14.570 | 14.300 | | |
| 100 South Korean Won | 0.364 | 0.366 | - | - | | |

% Innity

QUARTERLY REPORT FOR THE FIRST QUARTER 2018

A8. Segmental information (Cont'd)

Current year-to-date ended 31 March 2018

Operating Segments

| | | | | | Hong Kong | | | South | | | Inter- segment | |
|-------------------------------------|--------------------|---------------------|-------------------|---------------------|-----------|-----------------------|------------------|-------|--------------------|-------------------|------------------------|-----------------|
| | Malaysia RM'000 | Singapore RM'000 | Vietnam RM'000 | Indonesia RM'000 | | Philippines RM'000 | Taiwan RM'000 | | Cambodia RM'000 | Myanmar RM'000 | eliminations RM'000 | Group RM'000 |
| <u>Revenue</u> | | | | | | | | | | | | |
| Revenue from external customers | 8,986 | 2,963 | 593 | 1,810 | 6,102 | 2,878 | 785 | 34 | 16 | 353 | - | 24,520 |
| Inter-segment revenue | 894 | = | 19 | 6 | - | 14 | - | 4 | - | - | (937) | = |
| Total revenue | 9,880 | 2,963 | 612 | 1,816 | 6,102 | 2,892 | 785 | 38 | 16 | 353 | (937) | 24,520 |
| Segment Results | | | | | | | | | | | | |
| Results from operating activities | (638) | (320) | (69) | 182 | 546 | 248 | (278) | (103) | (57) | (61) | (39) | (589) |
| Finance costs | (12) | (7) | (15) | - | - | (2) | (14) | - | - | - | 39 | (11) |
| Share in profit of equity- | | | | | | | | | | | | |
| accounted associates, net of tax | 99 | = | - | - | - | - | - | - | - | - | - | 99 |
| (Loss)/Profit before tax | (551) | ` ′ | (84) | | 546 | 246 | (292) | (103) | (57) | | - | (501) |
| Income tax expense | (340) | - | - | (9) | (88) | (37) | - | - | - | 14 | - | (460) |
| (Loss)/Profit after tax | (891) | (327) | (84) | 173 | 458 | 209 | (292) | (103) | (57) | (47) | - | (961) |
| Non-controlling interests | 18 | - | 16 | (84) | (93) | (11) | 58 | 5 | - | - | - | (91) |
| (Loss)/Profit attributable to Owner | S | | | | | | | | | | | |
| of the Company | (873) | (327) | (68) | 89 | 365 | 198 | (234) | (98) | (57) | (47) | - | (1,052) |
| <u>Assets</u> | | | | | | | | | | | | |
| Segment assets | 42,906 | 5,076 | 2,502 | 6,987 | 10,555 | 7,217 | 3,332 | 825 | 37 | 3,011 | (17,659) | 64,789 |
| <u>Liabilities</u> | | | | | | | | | | | | |
| Segment liabilities | 14,430 | 2,534 | 3,204 | 4,120 | 6,030 | 3,981 | 5,732 | 339 | 158 | 2,823 | (12,289) | 31,062 |

% in nity

QUARTERLY REPORT FOR THE FIRST QUARTER 2018

A8. Segmental information (Cont'd)

Current year-to-date ended 31 March 2018 (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 |
|--|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|---------------------------|---------------------|--------------------|
| Revenue | | | | | | | | | | |
| Revenue from external customers Inter-segment revenue | 996 | 3,488 109 | 6,242 21 | 12,143 | 30 | 37,741 182 | 5,862 3 | 9,344 1,151 | 4 - | 90 - |
| Total revenue | 996 | 3,597 | 6,263 | 12,143 | 30 | 37,923 | 5,865 | 10,495 | 4 | 90 |
| Segment Results | | | | | | | | | | |
| Results from operating activities | (107) | (404) | 627 | 1,108 | (15) | 3,257 | (2,078) | (28,105) | (14) | (15) |
| Finance costs Share in profit of equity-accounted | (2) | (90) | (2) | - | - | (28) | (103) | - | - | - |
| associates, net of tax | - | - | - | - | - | - | - | - | - | - |
| (Loss)/Profit before tax Income tax expense | (109) | (494) - | 625 (32) | 1,108 (175) | (15) | 3,229 (479) | (2,181) | (28,105) | (14) | (15) 4 |
| (Loss)/Profit after tax Non-controlling interests | (109) | (494) 94 | 593 (290) | 933 (187) | (15) | 2,750 (138) | (2,181) 436 | (28,105) 1,407 | (14) | (11) |
| (Loss)/Profit attributable to Owners of the Company | (109) | (400) | 303 | 746 | (15) | 2,612 | (1,745) | (26,698) | (14) | (11) |
| Assets | | | | | | | | | | |
| Segment assets | 1,724 | 14,716 | 24,952 | 20,720 | 588 | 97,434 | 25,059 | 226,529 | 9 | 779 |
| <u>Liabilities</u> | | | | | | | | | | |
| Segment liabilities | 860 | 18,849 | 14,714 | 11,109 | 917 | 53,743 | 43,107 | 93,173 | 41 | 730 |

% in nity

QUARTERLY REPORT FOR THE FIRST QUARTER 2018

A8. Segmental information (Cont'd)

Preceding year-to-date ended 31 March 2017

Operating Segments (cont'd)

| <u>Revenue</u> | 22,591 |
|--|---------|
| | 22,591 |
| Revenue from external customers 8,640 3,721 315 1,761 6,159 1,504 491 - | |
| Inter-segment revenue 1,184 (105) - 75 48 37 - (1,239) | _ |
| Total revenue 9,824 3,616 315 1,836 6,207 1,541 491 (1,239) | 22,591 |
| Segment Results | |
| Results from operating activities (1,261) 607 (217) (89) (2,178) (312) (381) | (3,853) |
| Finance costs (3) (3) (11) (2) (1) (1) (4) 22 Share in profit of equity-accounted | (3) |
| associates, net of tax 161 | 161 |
| (Loss)/Profit before tax (1,103) 604 (228) (91) (2,179) (313) (385) - Income tax expense | (3,695) |
| (Loss)/Profit after tax (1,103) 604 (228) (91) (2,179) (313) (385) - | (3,695) |
| Non-controlling interests 30 - 47 5 (1) - 77 - | 158 |
| (Loss)/Profit attributable to Owners of the Company (1,073) 604 (181) (86) (2,180) (313) (308) - | (3,537) |
| <u>Assets</u> | |
| Segment assets 38,417 6,183 2,885 7,256 9,150 8,526 1,853 (14,310) | 59,960 |
| <u>Liabilities</u> | |
| Segment liabilities 11,859 2,633 3,193 4,391 7,578 4,038 3,726 (9,477) | 27,941 |

% Innity

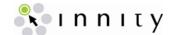
QUARTERLY REPORT FOR THE FIRST QUARTER 2018

A8. Segmental information (Cont'd)

Preceding year-to-date ended 31 March 2017 (cont'd)

Operating Segments (cont'd)

| Share in profit of equity-accounted associates, net of tax | | Singapore SGD'000 | Vietnam VND'Mil | Indonesia IDR'Mil | Hong Kong HKD'000 | China CNY'000 | Philippines PHP'000 | Taiwan TWD'000 |
|--|--------------------------------------|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|
| Inter-segment revenue (34) - 252 83 - 422 - 425 | Revenue | | | | | | | |
| Total revenue 1,152 1,576 6,123 10,831 - 17,336 3,433 | Revenue from external customers | 1,186 | 1,576 | 5,871 | 10,748 | - | 16,914 | 3,433 |
| Segment Results Results from operating activities 194 (1,084) (298) (3,760) (38) (3,509) (2,663) Finance costs (1) (54) (7) (1) - (17) (30) Share in profit of equity-accounted associates, net of tax - <td>Inter-segment revenue</td> <td>(34)</td> <td>-</td> <td>252</td> <td>83</td> <td>-</td> <td>422</td> <td></td> | Inter-segment revenue | (34) | - | 252 | 83 | - | 422 | |
| Results from operating activities 194 (1,084) (298) (3,760) (38) (3,509) (2,663) Finance costs (1) (54) (7) (1) - (17) (30) Share in profit of equity-accounted associates, net of tax - | Total revenue | 1,152 | 1,576 | 6,123 | 10,831 | - | 17,336 | 3,433 |
| Finance costs Share in profit of equity-accounted associates, net of tax | Segment Results | | | | | | | |
| Share in profit of equity-accounted associates, net of tax - | Results from operating activities | 194 | (1,084) | (298) | (3,760) | (38) | (3,509) | (2,663) |
| Assets A | Finance costs | (1) | (54) | (7) | (1) | - | (17) | (30) |
| Income tax expense - - - - - - (4) - Profit/(Loss) after tax 193 (1,138) (305) (3,761) (38) (3,530) (2,693) Non-controlling interests - 233 16 (1) - - 541 Profit/(Loss) attributable to Owners of the Company 193 (905) (289) (3,762) (38) (3,530) (2,152) Assets | - · · · | | - | - | <u>-</u> | <u>-</u> | - | |
| Profit/(Loss) after tax 193 (1,138) (305) (3,761) (38) (3,530) (2,693) Non-controlling interests - 233 16 (1) - - 541 Profit/(Loss) attributable to Owners of the Company 193 (905) (289) (3,762) (38) (3,530) (2,152) Assets | Profit/(Loss) before tax | 193 | (1,138) | (305) | (3,761) | (38) | (3,526) | (2,693) |
| Non-controlling interests - 233 16 (1) 541 Profit/(Loss) attributable to Owners of the Company 193 (905) (289) (3,762) (38) (3,530) (2,152) Assets | Income tax expense | | - | - | - | - | (4) | - |
| Profit/(Loss) attributable to Owners of the Company 193 (905) (289) (3,762) (38) (3,530) (2,152) Assets | Profit/(Loss) after tax | 193 | (1,138) | (305) | (3,761) | (38) | (3,530) | (2,693) |
| of the Company 193 (905) (289) (3,762) (38) (3,530) (2,152) <u>Assets</u> | Non-controlling interests | | 233 | 16 | (1) | - | - | 541 |
| Assets | Profit/(Loss) attributable to Owners | | | | | | | |
| | of the Company | 193 | (905) | (289) | (3,762) | (38) | (3,530) | (2,152) |
| Segment assets 1,953 14,877 21,846 15,279 700 96,780 12,719 | <u>Assets</u> | | | | | | | |
| | Segment assets | 1,953 | 14,877 | 21,846 | 15,279 | 700 | 96,780 | 12,719 |
| <u>Liabilities</u> | <u>Liabilities</u> | | | | | | | |
| Segment liabilities 832 16,464 13,220 12,235 949 45,831 25,573 | Segment liabilities | 832 | 16,464 | 13,220 | 12,235 | 949 | 45,831 | 25,573 |



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

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 March 2018.

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) Acquisitions of equity interests by non-controlling interest in Innity Korea Co., Ltd

On 22 February 2018, Innity Korea Co., Ltd ("Innity Korea"), a direct wholly-owned subsidiary company of Innity Sdn Bhd ("ISB"), which is also an indirect wholly-owned subsidiary company of the Company, issued additional 5,333 new ordinary shares with total capital contribution of KRW26,666,500 (or equivalent to RM96,533 at the exchange rate of KRW1: RM0.00362). The entire new issuance were subscribed by a South Korean Company via a cash consideration of KRW26,666,500.

Arising from the above acquisition, the Company's effective equity interest in shares of Innity Korea is diluted from 100% to 90%.

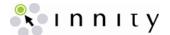
Saved as disclosed above, there were no changes in the composition of the Group in the current quarter and current year-to-date ended 31 March 2018 under review.

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.



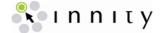
QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

A14. Significant related party transactions

The following were the significant related party transactions: -

| | Current | Preceding |
|--|--------------|--------------|
| | year-to-date | year-to-date |
| | ended | ended |
| | 31.3.2018 | 31.3.2017 |
| | <u>RM</u> | <u>RM</u> |
| Sales of advertisement space | 262,687 | 19,294 |
| Purchase of advertisement space | 33,420 | 17,908 |
| Purchase of online recruitment services | 903 | 1,201 |
| Bookkeeping fees | 3,000 | 3,000 |
| Royalty fees | 49,615 | 57,931 |
| Referral fees in relation to sales of advertisement spaces | - | 413,450 |
| 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 | 38,362 | 57,345 |

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.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

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:

| | Current quarter ended 31.3.2018 RM'000 | Comparative quarter ended 31.3.2017 RM'000 | % change | Current year-to-date ended 31.3.2018 RM'000 | Preceding year-to-date ended 31.3.2017 RM'000 | % change |
|---|--|--|----------|---|---|----------|
| Overall performance analysis | | | | | | |
| Revenue | 24,520 | 22,591 | 9% | 24,520 | 22,591 | 9% |
| Loss from operations | (589) | (3,853) | 85% | (589) | (3,853) | 85% |
| Finance costs Share of profit of equity-accounted | (11) | (3) | (267%) | (11) | (3) | (267%) |
| associates, net of tax | 99 | 161 | (39%) | 99 | 161 | (39%) |
| Loss before tax | (501) | (3,695) | 86% | (501) | (3,695) | 86% |
| Loss after tax Loss attributable to | (961) | (3,695) | 74% | (961) | (3,695) | 74% |
| Owners of the Company | (1,052) | (3,537) | 70% | (1,052) | (3,537) | 70% |

Current Year-To-Date ("3M18") compared with Preceding Year-To-Date ("3M17")

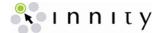
(i) Group's overview of Revenue, Gross Profit and Profit Before Tax

The Group registered total revenue of RM24.52 million in 3M18, representing an increase of RM1.93 million or 9% compared with RM22.59 million in 3M17. The increase in revenue was mainly contributed by Malaysia, followed by Taiwan, Vietnam, Philippines, Indonesia coupled with new contributions from South Korea, Cambodia and Myanmar segments which had begun their operations in second quarter and fourth quarter of year 2017 respectively. The loss before tax ("LBT") was greatly reduced as compared with 3M17 by RM3.20 million or 86%, primarily due to the absent on allowance of doubtful debts owing by LeSports HK and savings in staff costs for 3M18.

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

Other income

Other income dropped by RM0.03 million or 14% from RM0.25 million in 3M17 to RM0.22 million in 3M18. The decline in other income was mainly attributed to lower realised and unrealised foreign exchange gains.



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

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

Current Year-To-Date ("3M18") compared with Preceding Year-To-Date ("3M17") (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.

The operating expenses reduced by RM2.82 million or 20% from RM13.89 million in 3M17 to RM11.07 million in 3M18. The decrease in operating expenses was primarily impacted by lower staff costs, absent on allowance of doubtful debts owing by LeSports HK after offsetting with unfavourable foreign exchange losses recorded in 3M18.

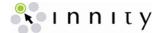
(iii) Group's overview of Liquidity and Financial Ratio

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 March 2018 against 31 March 2017:

| | Current year- | Preceding year- |
|---|---------------|-----------------|
| | to-date ended | to-date ended |
| | 31 March 2018 | 31 March 2017 |
| | <u>RM'000</u> | <u>RM'000</u> |
| Net cash generated from/(used in) | | |
| - Operating activities | 4,013 | 1,001 |
| - Investing activities | 662 | (184) |
| - Financing activities | (20) | (11) |
| - Exchange difference | (910) | (203) |
| Net increase in cash and cash equivalents | 3,745 | 603 |

The Group has cash and cash equivalents amounting to RM17.97 million as at 31 March 2018 as compared with RM20.04 million as at 31 March 2017. The debts to equity ratio had slightly increased from 0.021 to 0.035.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

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

Current Quarter ("1Q18") compared with Comparative Quarter of Preceding Year ("1Q17")

(i) Group's overview of Operating Segments

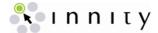
| | Revenue | | | (Loss)/Profi | it before tax | |
|--------------------|--|--|-----------|--|--|-----------|
| | Current quarter ended 31.3.2018 RM'000 | Comparative quarter ended 31.3.2017 RM'000 | % change | Current quarter ended 31.3.2018 RM'000 | Comparative quarter ended 31.3.2017 RM'000 | % change |
| Operating segments | 1111 000 | 1411 000 | 70 change | 1000 | 1417000 | 70 change |
| - Malaysia | 8,986 | 8,640 | 4% | (551) | (1,103) | 50% |
| - Singapore | 2,963 | 3,721 | (20%) | (327) | 604 | (154%) |
| - Vietnam | 593 | 315 | 88% | (84) | (228) | 63% |
| - Indonesia | 1,810 | 1,761 | 3% | 182 | (91) | 300% |
| - Hong Kong | | | | | | |
| and China | 6,102 | 6,159 | (1%) | 546 | (2,179) | 125% |
| - Philippines | 2,878 | 1,504 | 91% | 246 | (313) | 179% |
| - Taiwan | 785 | 491 | 60% | (292) | (385) | 24% |
| - South Korea | 34 | - | 100% | (103) | - | (100%) |
| - Cambodia | 16 | - | 100% | (57) | - | (100%) |
| - Myanmar | 353 | - | 100% | (61) | - | (100%) |
| _ | 24,520 | 22,591 | 9% | (501) | (3,695) | 86% |

Malaysia segment recorded a revenue of RM8.99 million in 1Q18, an increase of RM0.35 million or 4% from revenue in 1Q17 of RM8.64 million. The marginal growth in revenue was due to greater sales generated from existing clientele. The segment's LBT reduced by RM0.55 million or 50% from RM1.10 million in 1Q17 to RM0.55 million in 1Q18, mainly due to higher margin campaign awarded in 1Q18 and savings in staff costs after offsetting the foreign exchange losses incurred.

Singapore segment in 1Q18 posted revenue and LBT of RM2.96 million and RM0.33 million respectively, compared with revenue of RM3.72 million and profit before tax ("PBT") of RM0.60 million in the 1Q17, representing 20% decrease in revenue and 154% reduce in profit. The segment is in the process of strengthening their service level to its clientele, where we expect to expand our market share in the long term. The LBT was in tandem with the drop in revenue and lower margin campaigns awarded.

For the 1Q18, Vietnam segment registered a revenue of RM0.59 million and LBT of RM0.01 million compared with RM0.32 million in revenue and LBT of RM0.23 million in 1Q17. The segment gradually benefited from the implementation of new sales strategies and achieved a positive contribution to this segment. Nevertheless, Vietnam segment is still undergoing extensive training to equip the new sales team with existing and new product knowledge to service all its clienteles, which we believe will regain the local market share. The improvement in LBT was in tandem with the increase in revenue.

In 1Q18, Indonesia segment recorded revenue and PBT of RM1.81 million and RM0.18 million respectively, as compared to RM1.76 million in revenue and LBT of RM0.09 million in 1Q17, representing a slight improvement of RM0.05 million or 3% in revenue and RM0.27 million or 300% increase in PBT. The revenue grew steadily with repeated orders from existing clientele and the improvement in PBT was due to better margin campaigns awarded and savings from operating costs.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

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

Current Quarter ("1Q18") compared with Comparative Quarter of Preceding Year ("1Q17") (Cont'd)

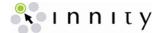
(i) Group's overview of Operating Segments (cont'd)

Hong Kong and China segment recorded revenue of RM6.10 million and PBT of RM0.55 million in 1Q18 as compared with revenue of RM6.16 million and LBT of RM2.18 million in 1Q17, representing a decline of RM0.06 million or 1% in revenue and a surge of RM2.73 million or 125% in PBT. The turnaround from LBT to PBT was due to the absence of allowance of doubtful debts owing by LeSports HK which was provided in 1Q17. 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 achieved a significant improvement in revenue and PBT for 1Q18 at RM2.88 million and RM0.25 million respectively as compared with revenue of RM1.50 million and LBT of RM0.31 million in 1Q17, representing an increase of 91% in revenue and 179% in PBT. The increase in revenue is in line with the restructuring effort on sales strategy adopted since previous quarters which has regained the market share from existing clientele. The increase in PBT was in tandem with the higher revenue generated.

Taiwan segment's revenue had increased by RM0.30 million or 60% from RM0.49 million to RM0.79 million and recorded a LBT of RM0.29 million in 1Q18 as compared with LBT of RM0.39 million in 1Q17. This encouraging result was attributable to the increased digital advertising spending from existing clientele coupled with additional revenue from new clientele. A slightly better result recorded in LBT was mainly contributed from the savings in staff costs.

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



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

B2. Commentary on current quarter compared with immediate preceding quarter

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

| | Current quarter ended 31.3.2018 RM'000 | Immediate preceding quarter ended 31.12.2017 RM'000 | % change |
|--|--|---|----------|
| Overall performance analysis | | | |
| Revenue | 24,520 | 27,720 | (12%) |
| (Loss)/Profit from operations | (589) | 5,338 | (111%) |
| Finance costs | (11) | (15) | 27% |
| Share in profit of equity-accounted associates, net of tax | 99 | 60 | 65% |
| (Loss)/Profit before tax | (501) | 5,383 | (109%) |
| (Loss)/Profit after tax | (961) | 5,040 | (119%) |
| (Loss)/Profit attributable to Owners of the Company | (1,052) | • | (122%) |

For 1Q18, the Group's revenue dropped by RM3.20 million or 12% from RM27.72 million in 4Q17 to RM24.52 million in 1Q18. The lower revenue was due to the cyclical nature of the business whereby sales in the first half of the calendar year is normally slower but it is expected to improve in the second half of the year.

The Group recorded LBT of RM0.50 million in 1Q18 as compared with PBT of RM5.38 million in 4Q17. The decrease in revenue and lower product margin had consequently led to drop in PBT by 109%.

B3. Commentary on current year prospects and progress on previously announced revenue or profit forecast

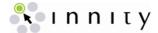
(a) Prospects for the financial year ended 31 December 2018

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) <u>Progress and steps to achieve revenue or profit estimate, forecast, projection or internal targets previously announced</u>

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



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

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

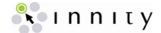
There was no profit forecast or profit guarantee previously announced by the Company.

B6. Loss before tax

| Loss before tax is arrived at after charging: | Note | Current quarter ended 31.3.2018 RM'000 | Comparative quarter ended 31.3.2017 RM'000 | Current year-to-date ended 31.3.2018 RM'000 | Preceding year-to-date ended 31.3.2017 RM'000 |
|---|------|--|--|---|---|
| Amortisation of development expenditure | (i) | 399 | 341 | 399 | 341 |
| Allowance for doubtful debts | (i) | 327 | 2,192 | 327 | 2,192 |
| Depreciation | (i) | 136 | 121 | 136 | 121 |
| Interest expense | | | | | |
| - bank overdraft | (i) | 8 | - | 8 | - |
| - term loans | (i) | 3 | 3 | 3 | 3 |
| Loss on foreign exchange | | | | | |
| - realised | | 316 | 126 | 316 | 126 |
| - unrealised | (i) | 468 | 151 | 468 | 151 |
| Retirement benefits | (i) | 29 | - | 29 | - |
| And (crediting): | | | | | |
| Allowance for doubtful debts no longer | | | | | |
| required | (i) | (320) | (65) | (320) | (65) |
| Gain on disposal of plant and equipment | (i) | * | - | * | - |
| Gain on foreign exchange | | | | | |
| - realised | | * | (8) | * | (8) |
| - unrealised | (i) | (104) | (166) | (104) | (166) |
| Interest income | (i) | (24) | (27) | (24) | (27) |
| Other income | | | | | |
| - miscellaneous | | (88) | (49) | (88) | (49) |

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

^{*} represents value below RM1,000.



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

B7. Tax expense

| | Current | Comparative | Current | Preceding |
|--|-----------|-------------|------------|------------|
| | quarter | quarter | year-to- | year-to- |
| | ended | ended | date ended | date ended |
| | 31.3.2018 | 31.3.2017 | 31.3.2018 | 31.3.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of the current year | | | | |
| Outside Malaysia | 120 | - | 120 | - |
| Under/(Over) provision in respect of prior years | | | | |
| Malaysian income tax | 305 | - | 305 | - |
| Deferred taxation | 35 | - | 35 | - |
| Tax expense | 460 | - | 460 | - |

There was no tax provision provided for Malaysia segment in current quarter due to loss results recorded in 3M18. However, for Indonesia, Hong Kong, Philippines and Myanmar segments, a tax provision is recorded based on current year's income tax rate.

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

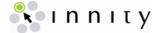
The Group's borrowings and debt securities at the end of the current year-to-date, denominated in Ringgit Malaysia are as follows:

(a) Borrowings

| | Non-current RM'000 | Current RM'000 | Total RM'000 |
|------------------|-----------------------|-------------------|-----------------|
| As at 31.3.2018 | | | |
| Secured | | | |
| Bank overdrafts | - | 998 | 998 |
| Term loans | 97 | 30 | 127 |
| | 97 | 1,028 | 1,125 |
| As at 31.12.2017 | | | |
| Secured | | | |
| Bank overdrafts | - | 986 | 986 |
| Term loans | 106 | 30 | 136 |
| | 106 | 1,016 | 1,122 |

(b) Commentaries on the Group borrowings and debt securities

During the current year-to-date ended 31 March 2018, there were no material changes in debts and borrowings except repayment of term loans and increase the utilisation of bank overdrafts for working capital purposes.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

B9. Changes in material litigation

As at 17 May 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.

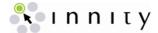
Within 3 working days from receiving payment under (iii) above, ICCL shall cause its solicitors to take all necessary steps to discontinue this litigation action, which includes the service of notice of discontinuance on LeSports HK.

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.

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.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

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)

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: -

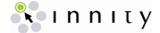
- (i) The time for the Defendant to file and serve its Defence and Counterclaim (if any) pursuant to the Order of Master S.Lo dated 5 December 2017 be extended for 28 days from the date of the order to be made therein; and
- (ii) Costs of the application be charged to the Plaintiff.

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;
- (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.



QUARTERLY REPORT FOR FIRST QUARTER ENDED 31 MARCH 2018

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)

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.

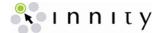
Subsequently, on 6 February 2018, ICCL and LeSports HK, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Order) in the High Court of the Hong Kong Special Administrative Region that all proceedings be stayed except for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

On 12 March 2018, LeSports HK had been issued with a winding-up petition by two listed applicants, namely MP & Silva Pte and Media Partners & Silva. Their first hearing for the present winding-up action has been scheduled on 16 May 2018.

Due to this petition, LeSports HK would not perform its payment obligations in accordance with Schedule 1(b) and (b) of the Consent Order dated 6 February 2018 until the petition is withdrawn.

Accordingly, ICCL had caused its solicitors to take all necessary steps to deal with this litigation.



OUARTERLY REPORT FOR FIRST OUARTER ENDED 31 MARCH 2018

B10. Dividends

There is no dividend declared for the current quarter or the current year-to-date ended 31 March 2018.

B11. Loss Per Share ("LPS") attributable to Owners of the Company

| | Current quarter ended 31.3.2018 | Comparative quarter ended 31.3.2017 | Current year-to-date ended 31.3.2018 | Preceding year-to-date ended 31.3.2017 |
|--|--|-------------------------------------|---|---|
| Basic loss per share | 21.2.2010 | 31.3.2017 | 21.3.2010 | 31.3.2017 |
| Loss attributable to Owners | | | | |
| of the Company (RM'000) | (1,052) | (3,537) | (1,052) | (3,537) |
| Weighted average number of ordinary shares in issue ('000) | 138,403 | 138,403 | 138,403 | 138,403 |
| Basic LPS (sen) | (0.76) | (2.56) | (0.76) | (2.56) |

Diluted earnings/(loss) per share is not computed as the Company does not have any convertible financial instruments as at 31 March 2018.

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 17 May 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 24 May 2018.

By Order of the Board

Phang Chee Leong Executive Chairman

24 May 2018