

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	<b>As at 30.6.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
<b>Assets:</b>		
<b>Non-current</b>		
Property, plant and equipment	2,381	2,646
Intangible assets	5,287	5,090
Goodwill	148	148
Investment in associates	959	881
Deferred tax assets	1,046	587
	<b>9,821</b>	<b>9,352</b>
<b>Current</b>		
Trade receivables	31,080	38,710
Other receivables, deposits and prepayments	5,613	3,604
Tax recoverable	748	617
Fixed deposits with licensed banks	2,115	4,121
Other financial assets	120	118
Cash and bank balances	21,933	12,902
	<b>61,609</b>	<b>60,072</b>
<b>Total Assets</b>	<b>71,430</b>	<b>69,424</b>

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2018 (CONT'D)**

	Note	As at 30.6.2018 RM'000	As at 31.12.2017 RM'000
<b>Liabilities:</b>			
<b>Non-current</b>			
Borrowings	B8	89	106
Deferred tax liabilities		653	519
Retirement benefits obligation		519	491
		<u>1,261</u>	<u>1,116</u>
<b>Current</b>			
Borrowings	B8	1,037	1,016
Trade payables		20,959	18,809
Other payables and accruals		12,443	11,435
Tax payable		1,633	767
		<u>36,072</u>	<u>32,027</u>
<b>Total Liabilities</b>		<u>37,333</u>	<u>33,143</u>
<b>Net Assets</b>		<u>34,097</u>	<u>36,281</u>
<b>Equity:</b>			
Share capital		18,937	18,937
Reserves		13,425	15,397
Total equity attributable to Owners of the Company		<u>32,362</u>	<u>34,334</u>
Non-controlling interests		1,735	1,947
<b>Total Equity</b>		<u>34,097</u>	<u>36,281</u>
<b>Net Assets per share attributable to Owners of the Company (sen)</b>		<u>23.38</u>	<u>24.81</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 2017)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 JUNE 2018**

	Note	<b>Current quarter ended 30.6.2018 RM'000</b>	Comparative quarter ended 30.6.2017 RM'000	<b>Current year-to-date ended 30.6.2018 RM'000</b>	Preceding year-to-date ended 30.6.2017 RM'000
<b>Revenue</b>		<b>25,492</b>	27,154	<b>50,012</b>	49,745
Direct costs		<b>(14,824)</b>	(15,900)	<b>(29,078)</b>	(28,708)
Gross profit		<b>10,668</b>	11,254	<b>20,934</b>	21,037
Other operating income		<b>143</b>	71	<b>359</b>	321
Operating expenses		<b>(10,381)</b>	(10,150)	<b>(21,452)</b>	(24,036)
Profit/(Loss) from operations		<b>430</b>	1,175	<b>(159)</b>	(2,678)
Finance costs		<b>(7)</b>	(3)	<b>(18)</b>	(6)
Share in (loss)/profit of equity-accounted associates, net of tax		<b>(21)</b>	72	<b>78</b>	233
<b>Profit/(Loss) before tax</b>	B6	<b>402</b>	1,244	<b>(99)</b>	(2,451)
Income tax expense	B7	<b>(353)</b>	(248)	<b>(813)</b>	(248)
<b>Profit/(Loss) after tax</b>		<b>49</b>	996	<b>(912)</b>	(2,699)
<b>Other Comprehensive Profit/(Loss) for the period, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		<b>321</b>	19	<b>(484)</b>	(175)
<b>Total Other Comprehensive Profit/(Loss) for the period, net of tax</b>		<b>321</b>	19	<b>(484)</b>	(175)
<b>Total Comprehensive Profit/(Loss)</b>		<b>370</b>	1,015	<b>(1,396)</b>	(2,874)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 JUNE 2018 (CONT'D)**

	Note	<b>Current quarter ended 30.6.2018 RM'000</b>	Comparative quarter ended 30.6.2017 RM'000	<b>Current year-to-date ended 30.6.2018 RM'000</b>	Preceding year-to-date ended 30.6.2017 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>188</b>	1,324	<b>(864)</b>	(2,213)
Non-controlling interests		<b>(139)</b>	(328)	<b>(48)</b>	(486)
		<b>49</b>	996	<b>(912)</b>	(2,699)
<b>Total Comprehensive Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>452</b>	969	<b>(1,263)</b>	(2,735)
Non-controlling interests		<b>(82)</b>	46	<b>(133)</b>	(139)
		<b>370</b>	1,015	<b>(1,396)</b>	(2,874)
<b>Earnings/(Loss) per share attributable to Owners of the Company (sen)</b>					
Basic	B11	<b>0.14</b>	0.96	<b>(0.62)</b>	(1.60)

(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 THE SECOND QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2018**

	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>Balance as at 1.1.2018, as previously reported</b>	<b>18,937</b>	-	(2,512)	(168)	248	17,829	34,334	1,947	36,281
Effects of adoption of MFRS 9	-	-	-	-	-	(752)	(752)	(133)	(885)
<b>Restated balance as at 1.1.2018</b>	<b>18,937</b>	-	(2,512)	(168)	248	17,077	33,582	1,814	35,396
Loss after tax	-	-	-	-	-	(864)	(864)	(48)	(912)
Other comprehensive loss	-	-	-	(399)	-	-	(399)	(85)	(484)
<b>Total Comprehensive Loss</b>	-	-	-	(399)	-	(864)	(1,263)	(133)	(1,396)
Acquisition of non-controlling interest	-	-	-	7	-	36	43	54	97
Total transaction with Owners and changes in ownership interests	-	-	-	7	-	36	43	54	97
<b>Balance as at 30.6.2018</b>	<b>18,937</b>	-	(2,512)	(560)	248	16,249	32,362	1,735	34,097
<b>Balance as at 1.1.2017</b>	<b>13,840</b>	<b>5,097</b>	(2,512)	876	248	17,849	35,398	510	35,908
Loss after tax	-	-	-	-	-	(2,213)	(2,213)	(486)	(2,699)
Other comprehensive (loss)/income	-	-	-	(522)	-	-	(522)	347	(175)
<b>Total Comprehensive Loss</b>	-	-	-	(522)	-	(2,213)	(2,735)	(139)	(2,874)
Transfer pursuant to the Companies Act 2016*	<b>5,097</b>	<b>(5,097)</b>	-	-	-	-	-	-	-
Total transaction with Owners and changes in ownership interests	<b>5,097</b>	<b>(5,097)</b>	-	-	-	-	-	-	-
<b>Balance as at 30.6.2017</b>	<b>18,937</b>	-	(2,512)	354	248	15,636	32,663	371	33,034

**Note:**

\* 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 2017)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2018**

	Note	Current year-to-date ended 30.6.2018 RM'000	Preceding year-to-date ended 30.6.2017 RM'000
<b>Cash Flows From Operating Activities</b>			
Loss before tax		(99)	(2,451)
Adjustments for:			
Non-cash and non-operating items	B6(i)	1,346	2,814
Share in profit of equity-accounted associates, net of tax		(78)	(233)
Operating profit before working capital changes		<u>1,169</u>	130
Decrease in trade and other receivables, deposits and prepayments		3,948	1,132
Increase/(Decrease) in trade and other payables and accruals		<u>2,938</u>	(2,567)
Cash generated from/(used in) operations		<u>8,055</u>	(1,305)
Net income tax paid		(149)	(132)
Net cash generated from/(used in) operating activities		<u>7,906</u>	(1,437)
<b>Cash Flows From Investing Activities</b>			
Expenditure incurred on development expenditure		(998)	(793)
Increase in fixed deposits pledged		(48)	(190)
Proceeds from disposals of plant and equipment		18	-
Purchase of plant and equipment		(93)	(442)
Interest received		115	95
Repayments from/(Advances to) associates		460	(12)
Subscription of shares in subsidiary company by non-controlling interest		97	368
Net cash used in investing activities		<u>(449)</u>	(974)
<b>Cash Flows From Financing Activities</b>			
Interest paid		(18)	(6)
Repayments of term loans		(18)	(16)
Net cash used in financing activities		<u>(36)</u>	(22)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>7,421</b>	<b>(2,433)</b>
Effects of exchange rate changes		(463)	(503)
<b>Cash and Cash Equivalents at beginning of period</b>		<b>14,221</b>	<b>19,435</b>
<b>Cash and Cash Equivalents at end of period</b>		<b>21,179</b>	<b>16,499</b>
<b>Cash and Cash Equivalents comprised:</b>			
Bank overdrafts		(1,007)	(687)
Cash and bank balances		21,933	16,003
Fixed deposits with licensed banks		2,115	3,138
Other financial assets		120	117
		<u>23,161</u>	18,571
Less: Fixed deposits pledged		(1,982)	(2,072)
		<u>21,179</u>	16,499

(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 SECOND QUARTER ENDED 30 JUNE 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>	<u>Effective date</u>
MFRS 2	Classification and Measurement of share-based payment transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers Clarifications to MFRS 15	1 January 2018
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 SECOND QUARTER ENDED 30 JUNE 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

In RM'000	As previously reported	Impact of change in accounting policies Retrospective adjustments MFRS 9	After adjustments
<b>Assets</b>			
Deferred tax assets	587	295	882
Trade receivables	<u>38,710</u>	<u>(1,180)</u>	<u>37,530</u>
Impact to assets	<u>39,297</u>	<u>(885)</u>	<u>38,412</u>
<b>Equity</b>			
Retained profits	17,829	(752)	17,077
Non-controlling interests	<u>1,947</u>	<u>(133)</u>	<u>1,814</u>
Impact to equity	<u>19,776</u>	<u>(885)</u>	<u>18,891</u>

### A3. Seasonality or cyclical 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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2018.

**A7. Dividends paid**

There were no dividend paid by the Company during the current quarter and current year-to-date ended 30 June 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 SECOND QUARTER ENDED 30 JUNE 2018****A8. Segmental information (Cont'd)**

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

	30 June 2018		30 June 2017	
	Closing rate	Average rate	Closing rate	Average rate
	RM	RM	RM	RM
1 Singapore Dollar	2.959	2.969	3.117	3.130
1 Hong Kong Dollar	0.514	0.503	0.550	0.565
1 Chinese Renminbi	0.609	0.618	0.634	0.637
1 US Dollar	4.032	3.938	-	-
100 Indonesian Rupiah	0.028	0.029	0.032	0.030
100 Thai Baht	-	12.410	-	12.644
100 Philippines Peso	7.559	7.578	8.507	8.793
100 Vietnamese Dong	0.018	0.017	0.019	0.020
100 New Taiwan Dollar	13.229	13.332	14.120	14.311
100 South Korean Won	0.362	0.366	0.375	0.384

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 June 2018**
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	18,517	5,961	1,641	4,103	13,315	3,730	2,173	156	62	354	-	50,012
Inter-segment revenue	1,685	-	14	40	10	19	2	30	-	-	(1,800)	-
Total revenue	20,202	5,961	1,655	4,143	13,325	3,749	2,175	186	62	354	(1,800)	50,012
<b><u>Segment Results</u></b>												
Results from operating activities	824	(310)	(28)	(41)	1,251	(390)	(894)	(275)	(135)	(85)	(76)	(159)
Finance costs	(18)	(11)	(32)	(2)	-	(3)	(28)	-	-	-	76	(18)
Share in profit of equity- accounted associates, net of tax	78	-	-	-	-	-	-	-	-	-	-	78
Profit/(Loss) before tax	884	(321)	(60)	(43)	1,251	(393)	(922)	(275)	(135)	(85)	-	(99)
Income tax expense	(754)	55	-	1	(211)	82	-	-	-	14	-	(813)
Profit/(Loss) after tax	130	(266)	(60)	(42)	1,040	(311)	(922)	(275)	(135)	(71)	-	(912)
Non-controlling interests	-	-	10	26	(216)	21	185	22	-	-	-	48
Profit/(Loss) attributable to Owners of the Company	130	(266)	(50)	(16)	824	(290)	(737)	(253)	(135)	(71)	-	(864)
<b><u>Assets</u></b>												
Segment assets	46,279	6,240	2,922	7,989	13,182	6,036	3,744	540	148	3,148	(18,798)	71,430
<b><u>Liabilities</u></b>												
Segment liabilities	16,597	3,682	3,628	5,324	7,855	3,369	6,754	228	234	2,976	(13,314)	37,333

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 June 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
<b><u>Revenue</u></b>										
Revenue from external customers	2,008	9,653	14,150	26,488	30	49,221	16,296	42,515	16	90
Inter-segment revenue	-	81	138	20	-	245	17	8,153	-	-
Total revenue	2,008	9,734	14,288	26,508	30	49,466	16,313	50,668	16	90
<b><u>Segment Results</u></b>										
Results from operating activities	(104)	(167)	(142)	2,572	(65)	(5,146)	(6,706)	(75,159)	(34)	(22)
Finance costs	(4)	(186)	(6)	-	-	(36)	(213)	-	-	-
Share in profit of equity-accounted associates, net of tax	-	-	-	-	-	-	-	-	-	-
(Loss)/Profit before tax	(108)	(353)	(148)	2,572	(65)	(5,182)	(6,919)	(75,159)	(34)	(22)
Income tax expense	18	-	3	(421)	-	1,076	-	-	-	4
(Loss)/Profit after tax	(90)	(353)	(145)	2,151	(65)	(4,106)	(6,919)	(75,159)	(34)	(18)
Non-controlling interests	-	56	89	(430)	-	283	1,384	6,112	-	-
(Loss)/Profit attributable to Owners of the Company	(90)	(297)	(56)	1,721	(65)	(3,823)	(5,535)	(69,047)	(34)	(18)
<b><u>Assets</u></b>										
Segment assets	2,109	16,234	28,533	24,979	562	79,847	28,302	149,049	37	781
<b><u>Liabilities</u></b>										
Segment liabilities	1,244	20,158	19,014	14,173	936	44,565	51,056	62,894	58	738

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 June 2017**
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	South Korea RM'000	Inter- segment eliminations RM'000	Group RM'000
<b><u>Revenue</u></b>										
Revenue from external customers	19,407	6,494	1,417	3,604	12,608	3,507	2,708	-	-	49,745
Inter-segment revenue	1,994	(105)	-	76	59	103	2	-	(2,129)	-
Total revenue	21,401	6,389	1,417	3,680	12,667	3,610	2,710	-	(2,129)	49,745
<b><u>Segment Results</u></b>										
Results from operating activities	(591)	727	(136)	(191)	(1,440)	(268)	(627)	(96)	(56)	(2,678)
Finance costs	(6)	(9)	(24)	(3)	(1)	(5)	(14)	-	56	(6)
Share in profit of equity-accounted associates, net of tax	233	-	-	-	-	-	-	-	-	233
(Loss)/Profit before tax	(364)	718	(160)	(194)	(1,441)	(273)	(641)	(96)	-	(2,451)
Income tax expense	(248)	-	-	-	-	-	-	-	-	(248)
(Loss)/Profit after tax	(612)	718	(160)	(194)	(1,441)	(273)	(641)	(96)	-	(2,699)
Non-controlling interests	(14)	-	31	55	285	-	129	-	-	486
(Loss)/Profit attributable to Owners of the Company	(626)	718	(129)	(139)	(1,156)	(273)	(512)	(96)	-	(2,213)
<b><u>Assets</u></b>										
Segment assets	40,476	6,273	2,959	7,363	10,107	8,287	3,727	865	(15,091)	64,966
<b><u>Liabilities</u></b>										
Segment liabilities	13,838	2,664	3,194	4,162	7,886	3,916	5,582	59	(9,369)	31,932

**QUARTERLY REPORT FOR THE SECOND QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 June 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
<b><u>Revenue</u></b>								
Revenue from external customers	2,074	7,095	11,975	22,328	-	39,891	18,921	-
Inter-segment revenue	(34)	-	252	105	-	1,177	13	-
Total revenue	2,040	7,095	12,227	22,433	-	41,068	18,934	-
<b><u>Segment Results</u></b>								
Results from operating activities	232	(680)	(634)	(2,462)	(78)	(3,051)	(4,383)	(24,991)
Finance costs	(3)	(122)	(12)	(1)	-	(60)	(98)	-
Share in profit of equity-accounted associates, net of tax	-	-	-	-	-	-	-	-
Profit/(Loss) before tax	229	(802)	(646)	(2,463)	(78)	(3,111)	(4,481)	(24,991)
Income tax expense	-	-	-	-	-	-	-	-
Profit/(Loss) after tax	229	(802)	(646)	(2,463)	(78)	(3,111)	(4,481)	(24,991)
Non-controlling interests	-	157	184	505	-	-	898	-
Profit/(Loss) attributable to Owners of the Company	229	(645)	(462)	(1,958)	(78)	(3,111)	(3,583)	(24,991)
<b><u>Assets</u></b>								
Segment assets	2,012	15,642	22,850	17,614	662	97,413	26,393	230,693
<b><u>Liabilities</u></b>								
Segment liabilities	855	16,882	12,915	13,238	954	46,030	39,534	15,684

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 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 30 June 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) Acquisition 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 30 June 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 SECOND QUARTER ENDED 30 JUNE 2018****A14. Significant related party transactions**

The following were the significant related party transactions: -

	<b>Current year-to-date ended 30.6.2018 RM</b>	Preceding year-to-date ended 30.6.2017 RM
Sales of advertisement space	<b>475,404</b>	195,308
Purchase of advertisement space	<b>86,216</b>	34,037
Purchase of online recruitment services	<b>1,591</b>	1,201
Bookkeeping fees	<b>6,000</b>	6,000
Royalty fees	<b>83,257</b>	92,589
Referral fees in relation to sales of advertisement spaces	-	512,282
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>93,530</b>	80,183

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 SECOND QUARTER ENDED 30 JUNE 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:

	<b>Current quarter ended 30.6.2018 RM'000</b>	<b>Comparative quarter ended 30.6.2017 RM'000</b>	<b>% change</b>	<b>Current year-to-date ended 30.6.2018 RM'000</b>	<b>Preceding year-to-date ended 30.6.2017 RM'000</b>	<b>% change</b>
<b>Overall performance analysis</b>						
Revenue	<b>25,492</b>	27,154	(6%)	<b>50,012</b>	49,745	1%
Profit/(Loss) from operations	<b>430</b>	1,175	(63%)	<b>(159)</b>	(2,678)	94%
Finance costs	<b>(7)</b>	(3)	> (100%)	<b>(18)</b>	(6)	> (100%)
Share of (loss)/profit of equity-accounted associates, net of tax	<b>(21)</b>	72	> (100%)	<b>78</b>	233	(67%)
Profit/(Loss) before tax	<b>402</b>	1,244	(68%)	<b>(99)</b>	(2,451)	96%
Profit/(Loss) after tax	<b>49</b>	996	(95%)	<b>(912)</b>	(2,699)	66%
Profit/(Loss) attributable to Owners of the Company	<b>188</b>	1,324	(86%)	<b>(864)</b>	(2,213)	61%

Current Year-To-Date (“6M18”) compared with Preceding Year-To-Date (“6M17”)
**(i) Group’s overview of Revenue, Gross Profit and Profit Before Tax**

As at 6M18, the Group registered total revenue of RM50.01 million, representing an increase of RM0.26 million or 1% as compared to RM49.75 million in 6M17. The minimal increase in revenue was mainly contributed from Vietnam, Indonesia, Hong Kong, the Philippines coupled with the new revenue contribution from South Korea, Cambodia and Myanmar segments which started their operations since the third and fourth quarter of the year 2017 respectively. The loss before tax (“LBT”) was greatly reduced as compared with 6M17 by RM2.35 million or 96%, primarily due to the absence of allowance of doubtful debts owing by LeSports HK and savings in staff costs for 6M18.

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

Other income marginally increased by RM0.04 million or 13% from RM0.32 million in 6M17 to RM0.36 million in 6M18 due to additional sundry income generated in 2Q18.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**

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

*Current Year-To-Date (“6M18”) compared with Preceding Year-To-Date (“6M17”) (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 were reduced by RM2.59 million or 11% from RM24.04 million in 6M17 to RM21.45 million in 6M18. The decrease in operating expenses was primarily impacted by lower staff costs, absent on allowance of doubtful debts owing by LeSports HK and lower foreign exchange losses recorded in 6M18.

**(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 30 June 2018 against 30 June 2017:

	<b>Current year- to-date ended 30 June 2018 <u>RM'000</u></b>	<b>Preceding year- to-date ended 30 June 2017 <u>RM'000</u></b>
Net cash generated from/(used in)		
- Operating activities	<b>7,906</b>	(1,437)
- Investing activities	<b>(449)</b>	(974)
- Financing activities	<b>(36)</b>	(22)
- Exchange difference	<b>(463)</b>	(503)
Net increase/(decrease) in cash and cash equivalents	<b><u>6,958</u></b>	<b><u>(2,936)</u></b>

The Group has cash and cash equivalents amounting to RM21.18 million as at 30 June 2018 as compared with RM16.50 million as at 30 June 2017. The debts to equity ratio had slightly increased from 0.026 to 0.035.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**
**B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)**

*Current Quarter ("2Q18") compared with Comparative Quarter of Preceding Year ("2Q17")*

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

	Revenue		% change	Profit/(Loss) before tax		
	Current quarter ended 30.6.2018 RM'000	Comparative quarter ended 30.6.2017 RM'000		Current quarter ended 30.6.2018 RM'000	Comparative quarter ended 30.6.2017 RM'000	% change
<b>Operating segments</b>						
- Malaysia	<b>9,531</b>	10,767	(11%)	<b>1,435</b>	739	94%
- Singapore	<b>2,998</b>	2,773	8%	<b>6</b>	114	(95%)
- Vietnam	<b>1,048</b>	1,102	(5%)	<b>24</b>	68	(65%)
- Indonesia	<b>2,293</b>	1,843	24%	<b>(225)</b>	(103)	> (100%)
- Hong Kong and China	<b>7,213</b>	6,449	12%	<b>705</b>	738	(4%)
- Philippines	<b>852</b>	2,003	(57%)	<b>(639)</b>	40	> (100%)
- Taiwan	<b>1,388</b>	2,217	(37%)	<b>(630)</b>	(256)	> (100%)
- South Korea	<b>122</b>	-	100%	<b>(172)</b>	(96)	(79%)
- Cambodia	<b>46</b>	-	100%	<b>(78)</b>	-	(100%)
- Myanmar	<b>1</b>	-	100%	<b>(24)</b>	-	(100%)
	<b>25,492</b>	27,154	(6%)	<b>402</b>	1,244	(68%)

The Group registered a revenue of RM25.49 million in 2Q18, a decrease of RM1.66 million or 6% as compared with RM27.15 million in 2Q17. The profit before tax ("PBT") of RM0.40 million for 2Q18 was RM0.84 million or 68% lower than PBT of RM1.24 million in 2Q17. Among the ten segments, there are four segments that contributed negatively to the revenue in the 2Q18 namely Malaysia, Vietnam, Philippines and Taiwan, which had suppressed the revenue growth in other higher performed segments. The decrease in PBT was in tandem with the lower sales generated in 2Q18.

Malaysia segment recorded a revenue of RM9.53 million in 2Q18, a decrease of RM1.24 million or 11% from RM10.77 million in 2Q17. The dip in revenue was due to the absence of repeated order from a major client. The segment's PBT increased by RM0.70 million or 94% from RM0.74 million in 2Q17 to RM1.44 million in 2Q18, mainly due to the absence of withholding tax expenses borne on offshore technical services provided and favourable foreign exchange rates in 2Q18.

Singapore segment posted revenue and PBT of RM3.00 million and RM0.01 million respectively in the 2Q18, compared with revenue of RM2.77 million and PBT of RM0.11 million in the 2Q17, representing 8% increase in revenue and 95% drop in profit. The slight increase in revenue was due to the higher number of campaigns awarded in 2Q18. Despite the revenue growth in 2Q18, those awarded campaigns were mostly generated lower margin to the profit.

For the 2Q18, Vietnam segment registered a revenue of RM1.05 million and PBT of RM0.02 million compared with RM1.10 million in revenue and PBT of RM0.07 million in 2Q17. Although the number of campaigns has increased significantly in 2Q18 as compared to 2Q17, the average campaign spending had reduced which consequently lead to the decrease in revenue. The decrease in PBT was in tandem with the drop in revenue and lower margin campaigns awarded.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**

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

*Current Quarter ("2Q18") compared with Comparative Quarter of Preceding Year ("2Q17") (Cont'd)*

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

In 2Q18, Indonesia segment recorded revenue and LBT of RM2.29 million and RM0.23 million respectively, as compared to RM1.84 million in revenue and LBT of RM0.10 million in 2Q17, representing an improvement of RM0.45 million or 24% in revenue and a decrease of RM0.13 million or 130% in profit. The segment continues to benefit from repeated orders from the existing clientele and additional sales from the new clientele. Despite an increase in revenue, the segment recorded higher LBT which was caused by the higher staff cost.

Hong Kong and China segment recorded revenue of RM7.21 million and PBT of RM0.71 million in 2Q18 as compared with revenue of RM6.45 million and PBT of RM0.74 million in 2Q17, representing an increase of RM0.76 million or 12% in revenue and a minimal drop of RM0.03 million or 4% in PBT. The increase in revenue was mainly due to higher digital advertising spending from the existing clientele. Despite the growth in revenue, the PBT of this segment remained marginally lower than 2Q17 due to the absence of the reversal of allowance for the doubtful debt owing by LeSports HK. 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.

The Philippines posted a lower revenue in 2Q18 at RM0.85 million as compared with revenue of RM2.00 million in 2Q17, representing 57% lower than 2Q17. This was due to lesser campaigns awarded during the sales pitches. Nevertheless, this segment is making the progress to regain and expand their market share. In 2Q18, the segment recorded LBT of RM0.64 million as compared to PBT of RM0.04 million in 2Q17. The LBT was in tandem with the decrease in revenue.

Taiwan segment's revenue had dropped by RM0.83 million or 37% from RM2.22 million to RM1.39 million and recorded LBT of RM0.63 million in 2Q18 as compared with LBT of RM0.26 million in 2Q17. The decrease in revenue was due to ceased of a partnership in 2Q18. Hence, this has adversely impacted the LBT.

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

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**

**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 30.6.2018 RM'000</b>	Immediate preceding quarter ended 31.3.2018 RM'000	% change
<b>Overall performance analysis</b>			
Revenue	<b>25,492</b>	24,520	4%
Profit/(Loss) from operations	<b>430</b>	(589)	> 100%
Finance costs	<b>(7)</b>	(11)	36%
Share in (loss)/profit of equity-accounted associates, net of tax	<b>(21)</b>	99	> (100%)
Profit/(Loss) before tax	<b>402</b>	(501)	> 100%
Profit/(Loss) after tax	<b>49</b>	(961)	> 100%
Profit/(Loss) attributable to Owners of the Company	<b>188</b>	(1,052)	> 100%

For 2Q18, the Group's revenue improved by RM0.97 million or 4% from RM24.52 million in 1Q18 to RM25.49 million in 2Q18. Generally, all the segments generated higher revenue except Philippines and Myanmar segments.

The Group recorded PBT of RM0.40 million in 2Q18 as compared with LBT of RM0.50 million in 1Q18, representing RM0.90 million or 180% improvement in profit. The positive turnaround was mainly attributed to the increase in revenue and favourable foreign exchange rates recorded in 2Q18.

**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 SECOND QUARTER ENDED 30 JUNE 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. Profit/(Loss) before tax**

Profit/(Loss) before tax is arrived at after charging:	Note	Current quarter ended 30.6.2018 RM'000	Comparative quarter ended 30.6.2017 RM'000	Current year-to-date ended 30.6.2018 RM'000	Preceding year-to-date ended 30.6.2017 RM'000
Amortisation of development expenditure	(i)	399	341	798	682
Allowance for doubtful debts	(i)	149	(18)	476	2,174
Depreciation	(i)	133	130	269	251
Interest expense					
- bank overdraft	(i)	5	-	13	-
- term loans	(i)	2	3	5	6
Loss on disposal of plant and equipment	(i)	3	-	3	-
Loss on foreign exchange					
- realised		(69)	283	247	409
- unrealised	(i)	(210)	180	258	331
Retirement benefits	(i)	29	-	58	-
<b>And (crediting):</b>					
Allowance for doubtful debts no longer required	(i)	(9)	(350)	(329)	(415)
Gain on disposal of plant and equipment	(i)	(1)	-	(1)	-
Gain on foreign exchange					
- realised		*	1	*	(7)
- unrealised	(i)	15	46	(89)	(120)
Interest income	(i)	(91)	(68)	(115)	(95)
Other income					
- miscellaneous		(66)	(50)	(154)	(99)

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

\* represents value below RM1,000.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**
**B7. Tax expense**

	<b>Current quarter ended 30.6.2018 RM'000</b>	Comparative quarter ended 30.6.2017 RM'000	<b>Current year-to- date ended 30.6.2018 RM'000</b>	Preceding year-to- date ended 30.6.2017 RM'000
In respect of the current year				
Malaysian income tax	325	250	325	250
Outside Malaysia	123	-	243	-
(Over)/Under provision in respect of prior years				
Malaysian income tax	-	(2)	305	(2)
Deferred taxation	(95)	-	(60)	-
<b>Tax expense</b>	<b>353</b>	<b>248</b>	<b>813</b>	<b>248</b>

The high effective tax rate in Malaysia segment was mainly due to portion of deferred tax assets arising from certain Malaysian subsidiaries' tax losses are not recognised where it is not probable that taxable profit will be available in the foreseeable future to utilise the tax benefits. 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**

	<b>Non-current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b>As at 30.6.2018</b>			
<b>Secured</b>			
Bank overdrafts	-	1,007	1,007
Term loans	89	30	119
	<b>89</b>	<b>1,037</b>	<b>1,126</b>
<b>As at 31.12.2017</b>			
<b>Secured</b>			
Bank overdrafts	-	986	986
Term loans	106	30	136
	<b>106</b>	<b>1,016</b>	<b>1,122</b>

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

During the current year-to-date ended 30 June 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.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**

**B9. Changes in material litigation**

As at 13 August 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 of year 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.



**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 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 Summons, 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 SECOND QUARTER ENDED 30 JUNE 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.

On 4 June 2018, LeSports HK had been issued with a winding-up order by The High Court of the Hong Kong Special Administrative Region ("the Court") . The Court has made a normal winding-up order of which the costs of the supporting contributory are paid out of the assets of LeSports HK.

ICCL had accordingly filed a Proof of Debt to the Court in the prescribed form on 15 June 2018.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2018**

**B10. Dividends**

There is no dividend declared and paid for the current quarter or the current year-to-date ended 30 June 2018.

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

	<b>Current quarter ended 30.6.2018</b>	Comparative quarter ended 30.6.2017	<b>Current year-to-date ended 30.6.2018</b>	Preceding year-to-date ended 30.6.2017
<b>Basic EPS/(LPS)</b>				
Profit/(Loss) attributable to Owners of the Company (RM'000)	<b>188</b>	1,324	<b>(864)</b>	(2,213)
Weighted average number of ordinary shares in issue ('000)	<b>138,403</b>	138,403	<b>138,403</b>	138,403
<b>Basic EPS/(LPS) (sen)</b>	<b>0.14</b>	0.96	<b>(0.62)</b>	(1.60)

Diluted earnings/(loss) per share is not computed as the Company does not have any convertible financial instruments as at 30 June 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 13 August 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 20 August 2018.

**By Order of the Board**

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

20 August 2018