

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

	<b>As at 30.9.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
<b>Assets:</b>		
<b>Non-current</b>		
Property, plant and equipment	2,512	2,646
Intangible assets	5,337	5,090
Goodwill	148	148
Investment in associates	817	881
Deferred tax assets	1,131	587
	<hr/> <b>9,945</b> <hr/>	<hr/> 9,352 <hr/>
<b>Current</b>		
Trade receivables	28,557	38,710
Other receivables, deposits and prepayments	4,319	3,604
Tax recoverable	603	617
Fixed deposits with licensed banks	2,124	4,121
Other financial assets	121	118
Cash and bank balances	22,031	12,902
	<hr/> <b>57,755</b> <hr/>	<hr/> 60,072 <hr/>
<b>Total Assets</b>	<hr/> <b>67,700</b> <hr/>	<hr/> 69,424 <hr/>

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

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

	Note	As at 30.9.2018 RM'000	As at 31.12.2017 RM'000
<b>Liabilities:</b>			
<b>Non-current</b>			
Borrowings	B8	80	106
Deferred tax liabilities		777	519
Retirement benefits obligation		542	491
		<u>1,399</u>	<u>1,116</u>
<b>Current</b>			
Borrowings	B8	31	1,016
Trade payables		20,149	18,809
Other payables and accruals		12,243	11,435
Tax payable		687	767
		<u>33,110</u>	<u>32,027</u>
<b>Total Liabilities</b>		<u>34,509</u>	<u>33,143</u>
<b>Net Assets</b>		<u>33,191</u>	<u>36,281</u>
<b>Equity:</b>			
Share capital		19,193	18,937
Reserves		11,941	15,397
Total equity attributable to Owners of the Company		<u>31,134</u>	<u>34,334</u>
Non-controlling interests		2,057	1,947
<b>Total Equity</b>		<u>33,191</u>	<u>36,281</u>
<b>Net Assets per share attributable to Owners of the Company (sen)</b>		<u>22.49</u>	<u>24.80</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 THIRD QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Note	Current quarter ended 30.9.2018 RM'000	Comparative quarter ended 30.9.2017 RM'000	Current year-to-date ended 30.9.2018 RM'000	Preceding year-to-date ended 30.9.2017 RM'000
<b>Revenue</b>		25,827	24,159	75,839	73,904
Direct costs		(15,307)	(14,549)	(44,385)	(43,257)
Gross profit		10,520	9,610	31,454	30,647
Other operating income		363	135	722	456
Operating expenses		(11,956)	(10,577)	(33,408)	(34,613)
Loss from operations		(1,073)	(832)	(1,232)	(3,510)
Finance costs		(4)	(3)	(22)	(9)
Share in (loss)/profit of equity-accounted associates, net of tax		(142)	58	(64)	291
<b>Loss before tax</b>	B6	(1,219)	(777)	(1,318)	(3,228)
Income tax expense	B7	(25)	(402)	(838)	(650)
<b>Loss after tax</b>		(1,244)	(1,179)	(2,156)	(3,878)
<b>Other Comprehensive Income/(Loss) for the period, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		82	(638)	(402)	(813)
<b>Total Other Comprehensive Income/(Loss) for the period, net of tax</b>		82	(638)	(402)	(813)
<b>Total Comprehensive Loss</b>		(1,162)	(1,817)	(2,558)	(4,691)

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

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

	Note	<b>Current quarter ended 30.9.2018 RM'000</b>	Comparative quarter ended 30.9.2017 RM'000	<b>Current year-to-date ended 30.9.2018 RM'000</b>	Preceding year-to-date ended 30.9.2017 RM'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(1,575)	(1,268)	(2,439)	(3,481)
Non-controlling interests		331	89	283	(397)
		<b>(1,244)</b>	<b>(1,179)</b>	<b>(2,156)</b>	<b>(3,878)</b>
<b>Total Comprehensive (Loss)/Income attributable to:</b>					
Owners of the Company		(1,484)	(1,448)	(2,747)	(4,183)
Non-controlling interests		322	(369)	189	(508)
		<b>(1,162)</b>	<b>(1,817)</b>	<b>(2,558)</b>	<b>(4,691)</b>
<b>Loss per share attributable to Owners of the Company (sen)</b>					
Basic	B11	(1.14)	(0.92)	(1.76)	(2.52)

(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 THIRD QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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>	18,937	-	(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>	18,937	-	(2,512)	(168)	248	17,077	33,582	1,814	35,396
(Loss)/Profit after tax	-	-	-	-	-	(2,439)	(2,439)	283	(2,156)
Other comprehensive loss	-	-	-	(308)	-	-	(308)	(94)	(402)
<b>Total Comprehensive (Loss)/Income</b>	-	-	-	(308)	-	(2,439)	(2,747)	189	(2,558)
Issuance of ordinary shares pursuant to ESS (Note A6)	256	-	-	-	-	-	256	-	256
Acquisition of non-controlling interest	-	-	-	7	-	36	43	54	97
Total transaction with Owners and changes in ownership interests	256	-	-	7	-	36	299	54	353
<b>Balance as at 30.9.2018</b>	19,193	-	(2,512)	(469)	248	14,674	31,134	2,057	33,191
<b>Balance as at 1.1.2017</b>	13,840	5,097	(2,512)	876	248	17,849	35,398	510	35,908
Loss after tax	-	-	-	-	-	(3,481)	(3,481)	(397)	(3,878)
Other comprehensive loss	-	-	-	(702)	-	-	(702)	(111)	(813)
<b>Total Comprehensive Loss</b>	-	-	-	(702)	-	(3,481)	(4,183)	(508)	(4,691)
Acquisitions of non-controlling interest	-	-	-	(35)	-	(1,178)	(1,213)	1,705	492
Transfer pursuant to the Companies Act 2016*	5,097	(5,097)	-	-	-	-	-	-	-
Total transaction with Owners and changes in ownership interests	5,097	(5,097)	-	(35)	-	(1,178)	(1,213)	1,705	492
<b>Balance as at 30.9.2017</b>	18,937	-	(2,512)	139	248	13,190	30,002	1,707	31,709

**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 THIRD QUARTER 2018**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Current year-to-date ended 30.9.2018 RM'000	Preceding year-to-date ended 30.9.2017 RM'000
<b>Cash Flows From Operating Activities</b>		
Loss before tax	(1,318)	(3,228)
Adjustments for:		
Non-cash and non-operating items	3,848	3,229
Share in profit/(loss) of equity-accounted associates, net of tax	64	(291)
Operating profit/(loss) before working capital changes	<u>2,594</u>	(290)
Decrease in trade and other receivables, deposits and prepayments	5,718	720
Increase in trade and other payables and accruals	1,887	65
Cash generated from operations	<u>10,199</u>	495
Net income tax paid	(956)	(886)
Net cash generated from/(used in) operating activities	<u>9,243</u>	(391)
<b>Cash Flows From Investing Activities</b>		
Expenditure incurred on development expenditure	(1,447)	(1,193)
Increase in fixed deposits pledged	(54)	(195)
Proceeds from disposals of plant and equipment	21	-
Purchase of plant and equipment	(367)	(1,004)
Interest received	158	120
Repayments from/(Advances to) associates	804	197
Subscription of shares in subsidiary company by non-controlling interest	97	492
Net cash used in investing activities	<u>(788)</u>	(1,583)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(22)	(9)
Repayments of term loans	(26)	(24)
Net cash used in financing activities	<u>(48)</u>	(33)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>8,407</b>	<b>(2,007)</b>
Effects of exchange rate changes	(340)	(776)
<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>22,288</b>	<b>16,652</b>
<b>Cash and Cash Equivalents comprised:</b>		
Bank overdrafts	-	(696)
Cash and bank balances	22,031	17,231
Fixed deposits with licensed banks	2,124	2,076
Other financial assets	121	117
	<u>24,276</u>	18,728
Less: Fixed deposits pledged	(1,988)	(2,076)
	<u>22,288</u>	16,652

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 nature 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.

### 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.



**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018****A6. Issues, repurchases and repayments of debts and equity securities**

As at 27 August 2018, 400,000 new ordinary shares were issued pursuant to the exercise of the Employee Share Scheme (“ESS”). Details of the issued and paid-up capital of the Company as at 30 September 2018 are as follows:

	<u>No. of shares</u>	<u>RM'000</u>
As at 30 June 2018	138,403,415	18,937,531
Ordinary shares issued pursuant to the ESS	400,000	256,000
As at 30 September 2018	<u>138,803,415</u>	<u>19,193,531</u>

Other than the above, 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 September 2018.

**A7. Dividends paid**

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

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

	30 September 2018		30 September 2017	
	Closing rate	Average rate	Closing rate	Average rate
	RM	RM	RM	RM
1 Singapore Dollar	3.026	2.977	3.110	3.131
1 Hong Kong Dollar	0.529	0.509	0.541	0.558
1 Chinese Renminbi	0.603	0.613	0.634	0.638
1 US Dollar	4.139	3.990	-	-
100 Indonesian Rupiah	0.028	0.028	0.031	0.031
100 Thai Baht	-	12.408	-	13.053
100 Philippines Peso	7.666	7.601	8.245	8.655
100 Vietnamese Dong	0.018	0.017	0.018	0.020
100 New Taiwan Dollar	13.586	13.338	13.923	14.234
100 South Korean Won	0.373	0.366	0.366	0.381

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 September 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	26,500	9,133	2,719	7,366	21,189	4,674	3,576	196	127	359	-	75,839
Inter-segment revenue	2,311	-	14	40	17	24	14	79	-	-	(2,499)	-
Total revenue	28,811	9,133	2,733	7,406	21,206	4,698	3,590	275	127	359	(2,499)	75,839
<b><u>Segment Results</u></b>												
Results from operating activities	426	(366)	52	448	2,121	(633)	(1,020)	(457)	(204)	(1,460)	(139)	(1,232)
Finance costs	(22)	(16)	(49)	(6)	-	(4)	(64)	-	-	-	139	(22)
Share in loss of equity- accounted associates, net of tax	(64)	-	-	-	-	-	-	-	-	-	-	(64)
Profit/(Loss) before tax	340	(382)	3	442	2,121	(637)	(1,084)	(457)	(204)	(1,460)	-	(1,318)
Income tax expense	(399)	65	-	(95)	(273)	155	-	-	-	14	(305)	(838)
(Loss)/Profit after tax	(59)	(317)	3	347	1,848	(482)	(1,084)	(457)	(204)	(1,446)	(305)	(2,156)
Non-controlling interests	(20)	-	(5)	(171)	(379)	34	217	41	-	-	-	(283)
(Loss)/Profit attributable to Owners of the Company	(79)	(317)	(2)	176	1,469	(448)	(867)	(416)	(204)	(1,446)	(305)	(2,439)
<b><u>Assets</u></b>												
Segment assets	42,247	6,789	3,027	8,449	16,129	5,571	3,337	387	113	1,580	(19,929)	67,700
<b><u>Liabilities</u></b>												
Segment liabilities	12,732	4,234	3,677	5,439	9,818	3,111	6,592	251	271	2,828	(14,444)	34,509

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 September 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	3,068	15,994	26,307	41,592	30	61,489	26,807	53,578	32	90
Inter-segment revenue	-	81	142	34	-	310	104	21,515	-	-
Total revenue	3,068	16,075	26,449	41,626	30	61,799	26,911	75,093	32	90
<b><u>Segment Results</u></b>										
Results from operating activities	(123)	308	1,602	4,254	(73)	(8,323)	(7,646)	(124,777)	(51)	(366)
Finance costs	(5)	(289)	(23)	-	-	(52)	(478)	-	-	-
Share in loss of equity-accounted associates, net of tax	-	-	-	-	-	-	-	-	-	-
(Loss)/Profit before tax	(128)	19	1,579	4,254	(73)	(8,375)	(8,124)	(124,777)	(51)	(366)
Income tax expense	22	-	(338)	(536)	-	2,034	-	-	-	4
(Loss)/Profit after tax	(106)	19	1,241	3,718	(73)	(6,341)	(8,124)	(124,777)	(51)	(362)
Non-controlling interests	-	(31)	(608)	(744)	-	443	1,625	11,074	-	-
(Loss)/Profit attributable to Owners of the Company	(106)	(12)	633	2,974	(73)	(5,898)	(6,499)	(113,703)	(51)	(362)
<b><u>Assets</u></b>										
Segment assets	2,243	16,815	30,174	29,857	555	72,674	24,562	103,793	27	382
<b><u>Liabilities</u></b>										
Segment liabilities	1,399	20,425	19,426	17,498	932	40,587	48,520	67,322	66	683

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 September 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	28,480	8,789	2,025	5,968	18,514	5,639	4,369	120	-	73,904
Inter-segment revenue	2,557	(59)	66	27	63	80	3	-	(2,737)	-
Total revenue	31,037	8,730	2,091	5,995	18,577	5,719	4,372	120	(2,737)	73,904
<b><u>Segment Results</u></b>										
Results from operating activities	(998)	491	(381)	91	(1,032)	(204)	(1,018)	(275)	(184)	(3,510)
Finance costs	(9)	(13)	(37)	(4)	(1)	(6)	(28)	-	89	(9)
Share in profit of equity-accounted associates, net of tax	291	-	-	-	-	-	-	-	-	291
(Loss)/Profit before tax	(716)	478	(418)	87	(1,033)	(210)	(1,046)	(275)	(95)	(3,228)
Income tax expense	(636)	-	-	(13)	-	(1)	-	-	-	(650)
(Loss)/Profit after tax	(1,352)	478	(418)	74	(1,033)	(211)	(1,046)	(275)	(95)	(3,878)
Non-controlling interests	(11)	-	83	(79)	195	-	209	-	-	397
(Loss)/Profit attributable to Owners of the Company	(1,363)	478	(335)	(5)	(838)	(211)	(837)	(275)	(95)	(3,481)
<b><u>Assets</u></b>										
Segment assets	41,475	6,422	2,854	6,586	10,334	8,875	4,568	879	(16,828)	65,165
<b><u>Liabilities</u></b>										
Segment liabilities	15,013	3,046	3,326	3,188	7,741	4,806	7,004	264	(10,934)	33,454

**QUARTERLY REPORT FOR THE THIRD QUARTER 2018**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 September 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	2,807	10,125	19,251	33,179	-	65,151	30,696	31,467
Inter-segment revenue	(19)	330	88	113	-	925	19	-
Total revenue	2,788	10,455	19,339	33,292	-	66,076	30,715	31,467
<b><u>Segment Results</u></b>								
Results from operating activities	157	(1,908)	294	(1,747)	(89)	(2,355)	(7,151)	(72,208)
Finance costs	(4)	(188)	(14)	(1)	-	(72)	(197)	-
Share in profit of equity-accounted associates, net of tax	-	-	-	-	-	-	-	-
Profit/(Loss) before tax	153	(2,096)	280	(1,748)	(89)	(2,427)	(7,348)	(72,208)
Income tax expense	-	-	(41)	-	-	(6)	-	-
Profit/(Loss) after tax	153	(2,096)	239	(1,748)	(89)	(2,433)	(7,348)	(72,208)
Non-controlling interests	-	417	(256)	350	-	-	1,470	-
Profit/(Loss) attributable to Owners of the Company	153	(1,679)	(17)	(1,398)	(89)	(2,433)	(5,878)	(72,208)
<b><u>Assets</u></b>								
Segment assets	2,065	15,854	21,246	18,343	647	107,637	32,807	240,261
<b><u>Liabilities</u></b>								
Segment liabilities	979	18,478	10,283	13,191	953	58,292	50,307	72,254

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 KRWI: 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 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018****A14. Significant related party transactions**

The following were the significant related party transactions: -

	<b>Current year-to-date ended 30.9.2018 RM</b>	Preceding year-to-date ended 30.9.2017 RM
Sales of advertisement space	<b>710,994</b>	330,213
Purchase of advertisement space	<b>165,413</b>	93,593
Purchase of online recruitment services	<b>1,591</b>	1,201
Bookkeeping fees	<b>9,000</b>	9,000
Royalty fees	<b>80,696</b>	131,076
Referral fees in relation to sales of advertisement spaces	-	794,026
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>181,018</b>	155,577

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2018 RM'000</b>	<b>Comparative quarter ended 30.9.2017 RM'000</b>	<b>% change</b>	<b>Current year-to-date ended 30.9.2018 RM'000</b>	<b>Preceding year-to-date ended 30.9.2017 RM'000</b>	<b>% change</b>
<b>Overall performance analysis</b>						
Revenue	<b>25,827</b>	24,159	7%	<b>75,839</b>	73,904	3%
Loss from operations	<b>(1,073)</b>	(832)	(29%)	<b>(1,232)</b>	(3,510)	65%
Finance costs	<b>(4)</b>	(3)	(33%)	<b>(22)</b>	(9)	> (100%)
Share of (loss)/profit of equity-accounted associates, net of tax	<b>(142)</b>	58	> (100%)	<b>(64)</b>	291	> (100%)
Loss before tax	<b>(1,219)</b>	(777)	(57%)	<b>(1,318)</b>	(3,228)	59%
Loss after tax	<b>(1,244)</b>	(1,179)	(6%)	<b>(2,156)</b>	(3,878)	44%
Loss attributable to Owners of the Company	<b>(1,575)</b>	(1,268)	(24%)	<b>(2,439)</b>	(3,481)	30%

*Current Year-To-Date (“9M18”) compared with Preceding Year-To-Date (“9M17”)*
**(i) Group’s overview of Revenue, Gross Profit and Profit Before Tax**

The Group recorded total revenue of RM75.84 million in 9M18 as compared to RM73.90 million in 9M17. There was an increase of revenue which amounted to RM1.93 million or 3%, mainly arising from Singapore, Vietnam, Indonesia, Hong Kong, South Korea and coupled with the revenue contribution from companies incorporated in the fourth quarter of the year 2017 in Cambodia and Myanmar. The loss before tax (“LBT”) was significantly reduced by RM1.91 million or 59% from RM3.23 million to RM1.32 million, primarily due to the savings in staff costs, lower withholding tax expenses and foreign exchange losses recorded in 9M18.

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

Other income increased by RM0.26 million or 57% from RM0.46 million in 9M17 to RM0.72 million in 9M18 due to higher foreign exchange gain generated in 3Q18.

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

*Current Year-To-Date ("9M18") compared with Preceding Year-To-Date ("9M17") (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 dropped from RM34.61 million in 9M17 to RM33.41 million in 9M18, by RM1.20 million or 3%, mainly due to lower foreign exchange losses and withholding tax expenses recorded in 9M18.

**(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 September 2018 against 30 September 2017:

	<b>Current year- to-date ended 30 September 2018 <u>RM'000</u></b>	Preceding year- to-date ended 30 September 2017 <u>RM'000</u>
Net cash generated from/(used in)		
- Operating activities	<b>9,243</b>	(391)
- Investing activities	<b>(788)</b>	(1,583)
- Financing activities	<b>(48)</b>	(33)
- Exchange difference	<b>(340)</b>	(776)
Net increase/(decrease) in cash and cash equivalents	<b><u>8,067</u></b>	<u>(2,783)</u>

The Group has cash and cash equivalents amounting to RM22.29 million as at 30 September 2018 as compared with RM16.65 million as at 30 September 2017. The debts to equity ratio had slightly reduced from 0.028 to 0.004.

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

*Current Quarter ("3Q18") compared with Comparative Quarter of Preceding Year ("3Q17")*

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

	Revenue		% change	(Loss)/Profit before tax		
	Current quarter ended 30.9.2018 RM'000	Comparative quarter ended 30.9.2017 RM'000		Current quarter ended 30.9.2018 RM'000	Comparative quarter ended 30.9.2017 RM'000	% change
<b>Operating segments</b>						
- Malaysia	<b>7,983</b>	9,073	(12%)	<b>(544)</b>	(304)	(79%)
- Singapore	<b>3,172</b>	2,295	38%	<b>(61)</b>	(225)	73%
- Vietnam	<b>1,078</b>	608	77%	<b>63</b>	(256)	> 100%
- Indonesia	<b>3,263</b>	2,364	38%	<b>485</b>	288	68%
- Hong Kong and China	<b>7,874</b>	5,906	33%	<b>870</b>	442	97%
- Philippines	<b>944</b>	2,132	(56%)	<b>(244)</b>	(139)	(76%)
- Taiwan	<b>1,403</b>	1,661	(16%)	<b>(162)</b>	(404)	60%
- South Korea	<b>40</b>	120	(67%)	<b>(182)</b>	(179)	(2%)
- Cambodia	<b>65</b>	-	100%	<b>(69)</b>	-	(100%)
- Myanmar	<b>5</b>	-	100%	<b>(1,375)</b>	-	(100%)
	<b>25,827</b>	24,159	7%	<b>(1,219)</b>	(777)	(57%)

The Group registered a revenue of RM25.83 million and LBT of RM1.22 million in 3Q18 as compared to RM24.16 million in revenue and RM0.78 million in LBT of 3Q17, representing 7% increase in revenue and 57% reduction in profit. Among the ten segments, there are six segments that contributed positively to the revenue of the Group in the 3Q18 namely Singapore, Vietnam, Indonesia, Hong Kong and China, Cambodia and Myanmar. The increase in LBT was mainly due to an additional specific allowance for doubtful debts arising from a same client in Malaysia and Myanmar segments which amounted to RM1.95 million.

In 3Q18, Malaysia segment's revenue dipped by RM1.09 million or 12%, from RM9.07 million in 3Q17 to RM7.98 million in 3Q18, due to the absence of repeated order from a major client. The segment's LBT was increased by RM0.24 million or 79% from RM0.30 million in 3Q17 to RM0.54 million in 3Q18. It was primarily due to the increase in staff costs and share of associate companies losses.

Singapore segment recorded a revenue of RM3.17 million and LBT of RM0.06 million in 3Q18, compared with the revenue of RM2.30 million and LBT of RM0.23 million in 3Q17, representing 38% and 73% increase in revenue and profit respectively. The increase in revenue was due to the higher value campaigns awarded from return clients. The improved LBT was in tandem with the increase in revenue and saving in operating cost.

Vietnam segment registered a revenue and profit before tax ("PBT") of RM1.08 million and RM0.06 million respectively in 3Q18, compared with revenue of RM0.61 million and LBT of RM0.26 million in the 3Q17, representing 77% rise in revenue and 123% increase in profits. The growth in revenue was mainly attributable to the contribution from new clientele whereas the turnaround results from LBT to PBT was in tandem with the higher revenue generated.

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

*Current Quarter ("3Q18") compared with Comparative Quarter of Preceding Year ("3Q17") (Cont'd)*

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

For 3Q18, Indonesia segment achieved a higher revenue and PBT by RM0.90 million and RM0.20 million respectively, from revenue of RM2.36 million and PBT of RM0.29 million in 3Q17 to RM3.26 million in revenue and RM0.49 million in PBT. The improved revenue and PBT in 3Q18 was mainly due to repeated order from new key clientele who has started to allocate digital advertising spending with the segment since beginning of the year, had consequently led to a higher PBT recorded in 3Q18.

Hong Kong and China segment recorded revenue of RM7.87 million and PBT of RM0.87 million in 3Q18 as compared with revenue of RM5.91 million and PBT of RM0.44 million in 3Q17, representing an increase of RM1.96 million or 33% in revenue and almost double of PBT in 3Q17. The segment continues to benefit from repeated orders from the existing clientele and additional sales from the new clientele. The increase in PBT was in tandem with the higher sales achieved in 3Q18. However, for China segment, its revenue and PBT did not contribute significantly to the Group's result as a whole and 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 3Q18 at RM0.94 million as compared with revenue of RM2.13 million in 3Q17, representing 56% lower than 3Q17. This was due to lesser campaigns awarded during the sales pitches with existing and potential new clientele. Nevertheless, this segment is making the progress to regain and expand their market share. In 3Q18, the segment recorded LBT of RM0.24 million as compared to LBT of RM0.14 million in 3Q17. The LBT was in tandem with the decrease in revenue.

Taiwan segment's revenue had fallen by RM0.26 million or 16% from RM1.66 million to RM1.40 million and recorded LBT of RM0.16 million in 3Q18 as compared with LBT of RM0.40 million in 3Q17. The decrease in revenue was affected by the cessation of a partnership in 2Q18. Despite the drop in revenue, the segment managed to control its staff costs and other operating costs to minimise the LBT.

For South Korea, revenue decreased 67% from RM0.12 million to RM0.04 million. The drop in revenue was due to discontinued partnership with a Korea partner in June 2018. LBT increased slightly by 2% which was in tandem with the decrease in revenue.

Cambodia and Myanmar segments operations will only begin in the fourth quarter of the year 2017. However, for Myanmar segment, the significant LBT was due to an allowance for doubtful debts on the same client in Malaysia in 3Q18.

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 30.9.2018 RM'000</b>	Immediate preceding quarter ended 30.6.2018 RM'000	% change
<b>Overall performance analysis</b>			
Revenue	<b>25,827</b>	25,492	1%
(Loss)/Profit from operations	<b>(1,073)</b>	430	> (100%)
Finance costs	<b>(4)</b>	(7)	43%
Share in loss of equity-accounted associates, net of tax	<b>(142)</b>	(21)	> (100%)
(Loss)/Profit before tax	<b>(1,219)</b>	402	> (100%)
(Loss)/Profit after tax	<b>(1,244)</b>	49	> (100%)
(Loss)/Profit attributable to Owners of the Company	<b>(1,575)</b>	188	> (100%)

For 3Q18, the Group's revenue marginally increased by RM0.34 million or 1% from RM25.49 million in 2Q18 to RM25.83 million in 3Q18. Generally, all the segments generated higher revenue except Malaysia and South Korea segments.

The Group recorded a LBT of RM1.22 million in 3Q18 as compared with PBT of RM0.40 million in 2Q18, representing RM1.62 million drop in profit. The slump of profit was mainly due to an additional specific allowance for doubtful debts in Malaysia and Myanmar segments on a same client.

**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 THIRD QUARTER ENDED 30 SEPTEMBER 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**

		<b>Current quarter ended 30.9.2018 RM'000</b>	Comparative quarter ended 30.9.2017 RM'000	<b>Current year-to-date ended 30.9.2018 RM'000</b>	Preceding year-to-date ended 30.9.2017 RM'000
<b>Profit/(Loss) before tax is arrived at after charging:</b>	<b>Note</b>				
Amortisation of development expenditure	(i)	<b>399</b>	339	<b>1,197</b>	1,021
Allowance for doubtful debts	(i)	<b>2,030</b>	(25)	<b>2,506</b>	2,149
Depreciation	(i)	<b>158</b>	146	<b>427</b>	397
Shares granted under ESS	(i)	<b>256</b>	-	<b>256</b>	-
Interest expense					
- bank overdraft	(i)	<b>2</b>	-	<b>15</b>	-
- term loans	(i)	<b>2</b>	3	<b>7</b>	9
Loss on disposal of plant and equipment	(i)	<b>1</b>	-	<b>4</b>	-
Loss on foreign exchange					
- realised		<b>(3)</b>	136	<b>244</b>	545
- unrealised	(i)	<b>(91)</b>	183	<b>167</b>	514
Property, plant and equipment written off	(i)	<b>1</b>	57	<b>1</b>	57
Retirement benefits	(i)	<b>29</b>	-	<b>87</b>	-
<b>And (crediting):</b>					
Allowance for doubtful debts no longer required	(i)	<b>(28)</b>	(263)	<b>(357)</b>	(678)
Gain on disposal of plant and equipment	(i)	-	*	<b>(1)</b>	*
Gain on foreign exchange					
- realised		<b>(8)</b>	(26)	<b>(8)</b>	(33)
- unrealised	(i)	<b>(214)</b>	-	<b>(303)</b>	(120)
Interest income	(i)	<b>(43)</b>	(25)	<b>(158)</b>	(120)
Other income					
- miscellaneous		<b>(98)</b>	(84)	<b>(252)</b>	(183)

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

\* represents value below RM1,000.

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**
**B7. Tax expense**

	<b>Current quarter ended 30.9.2018 RM'000</b>	Comparative quarter ended 30.9.2017 RM'000	<b>Current year-to- date ended 30.9.2018 RM'000</b>	Preceding year-to- date ended 30.9.2017 RM'000
In respect of the current year				
Malaysian income tax	(147)	92	178	342
Outside Malaysia	147	14	390	14
(Over)/Under provision in respect of prior years				
Malaysian income tax	(9)	296	296	294
Deferred taxation	34	-	(26)	-
<b>Tax expense</b>	<b>25</b>	<b>402</b>	<b>838</b>	<b>650</b>

Malaysia segment effective tax rate was higher than the statutory tax rate, this was mainly due to portion of deferred tax assets arising from certain Malaysia 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. A tax provision was provided in Singapore, Indonesia, Hong Kong and Philippines segments according to current's 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 30.9.2018</b>			
<b>Secured</b>			
Term loans	80	31	111
	<b>80</b>	<b>31</b>	<b>111</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 September 2018, there were no material changes in debts and borrowings except repayment of term loans.

**QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B9. Changes in material litigation**

As at 12 November 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**B10. Dividends**

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

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

	<b>Current quarter ended 30.9.2018</b>	Comparative quarter ended 30.9.2017	<b>Current year-to-date ended 30.9.2018</b>	Preceding year-to-date ended 30.9.2017
<b>Basic LPS</b>				
Loss attributable to Owners of the Company (RM'000)	<b>(1,575)</b>	(1,268)	<b>(2,439)</b>	(3,481)
Weighted average number of ordinary shares in issue ('000)	<b>138,454</b>	138,403	<b>138,454</b>	138,403
<b>Basic LPS (sen)</b>	<b>(1.14)</b>	(0.92)	<b>(1.76)</b>	(2.52)

Diluted earnings/(loss) per share is not computed as the Company does not have any convertible financial instruments as at 30 September 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 12 November 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 19 November 2018.

**By Order of the Board**

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

19 November 2018