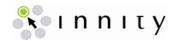


## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

|   | As at<br>30.9.2018<br>RM'000 | As at 31.12.2017<br>RM'000                     |
|---|------------------------------|--|
| Assets:                                     |                              |  |
| Non-current                                 |                              |  |
| 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  |
|   | 9,945                        | 9,352  |
| Current                                     |                              | <u>,                                      </u> |
| 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   |
|   | 57,755                       | 60,072   |
| Total Assets                                | 67,700                       | 69,424   |

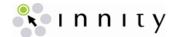


## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

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

|  | Note | As at 30.9.2018<br>RM'000 | As at 31.12.2017 RM'000 |
|--|------|---------------------------|-------------------------|
| Liabilities:   |      | IXIVI 000                 | 1417 000                |
| Non-current  |      |                           |                         |
| Borrowings   | B8   | 80                        | 106                     |
| Deferred tax liabilities   |      | 777                       | 519                     |
| Retirement benefits obligation                                   |      | 542                       | 491                     |
|  |      | 1,399                     | 1,116                   |
| Current  |      |                           |                         |
| Borrowings   | В8   | 31                        | 1,016                   |
| Trade payables   |      | 20,149                    | 18,809                  |
| Other payables and accruals                                      |      | 12,243                    | 11,435                  |
| Tax payable  |      | 687                       | 767                     |
|  |      | 33,110                    | 32,027                  |
| Total Liabilities  |      | 34,509                    | 33,143                  |
| Net Assets   |      | 33,191                    | 36,281                  |
| Equity:  |      |                           |                         |
| Share capital  |      | 19,193                    | 18,937                  |
| Reserves   |      | 11,941                    | 15,397                  |
| Total equity attributable to Owners of the Company               |      | 31,134                    | 34,334                  |
| Non-controlling interests  |      | 2,057                     | 1,947                   |
| Total Equity   |      | 33,191                    | 36,281                  |
| Net Assets per share attributable to Owners of the Company (sen) |      | 22.49                     | 24.80                   |

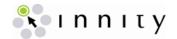
# $Innity\ Corporation\ Berhad\ ({\tt Company\ No.\,764555\text{-}D})$



## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| Revenue         25,827         24,159         75,839         73,904           Direct costs         105,2018         30,92018         40,9201         43,920         42,925         456         60,925         44,925         60,925         456         60,925   |  |      | Current   | Comparative | Current      | Preceding    |
|---|--|------|-----------|-------------|--------------|--------------|
| Revenue         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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,214)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax         (81)         (82)         (638)         (402)         (813)           Total Other Comprehensive Income/(Loss) for the period, net of tax         82 </th <th></th> <th></th> <th>quarter</th> <th>quarter</th> <th>year-to-date</th> <th>year-to-date</th>   |  |      | quarter   | quarter     | year-to-date | year-to-date |
| Revenue         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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income   |  |      | ended     | ended       | ended        | ended        |
| Revenue         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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income   |  | Note | 30.9.2018 | 30.9.2017   | 30.9.2018    | 30.9.2017    |
| 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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income/(Loss) for the period, net of tax         82         (638)         (402)         (813)  <   |  |      | RM'000    | RM'000      | RM'000       | RM'000       |
| 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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income/(Loss) for the period, net of tax         82         (638)         (402)         (813)   | Revenue  |      | 25,827    | 24,159      | 75,839       | 73,904       |
| 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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income/(Loss) for the period, net of tax         82         (638)         (402)         (813)   | Direct costs                                   |      | (15,307)  | (14,549)    | (44,385)     | (43,257)     |
| 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           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Total Other Comprehensive Income/(Loss) for the period, net of tax         82         (638)         (402)         (813)  | Gross profit                                   |      | 10,520    | 9,610       | 31,454       | 30,647       |
| Coss from operations   Cost   Cost | Other operating income                         |      | 363       | 135         | 722          | 456          |
| Share in (loss)/profit of equity-accounted associates, net of tax   (142)   58   (64)   291   | Operating expenses                             |      | (11,956)  | (10,577)    | (33,408)     | (34,613)     |
| Share in (loss)/profit of equity-accounted associates, net of tax         (142)         58         (64)         291           Loss before tax         B6         (1,219)         (777)         (1,318)         (3,228)           Income tax expense         B7         (25)         (402)         (838)         (650)           Loss after tax         (1,244)         (1,179)         (2,156)         (3,878)           Other Comprehensive Income/(Loss) for the period, net of tax           Item that may be reclassified subsequently to profit or loss:           Foreign currency translation         82         (638)         (402)         (813)           Total Other Comprehensive Income/(Loss) for the period, net of tax         82         (638)         (402)         (813)   | Loss from operations                           |      | (1,073)   | (832)       | (1,232)      | (3,510)      |
| Associates, net of tax   (142)   58   (64)   291  | Finance costs                                  |      | (4)       | (3)         | (22)         | (9)          |
| Loss before tax   B6   (1,219)   (777)   (1,318)   (3,228)  | Share in (loss)/profit of equity-accounted     |      |           |             |              |              |
| Income tax expense B7 (25) (402) (838) (650)  Loss after tax (1,244) (1,179) (2,156) (3,878)  Other Comprehensive Income/(Loss) for the period, net of tax  Item that may be reclassified subsequently to profit or loss:  Foreign currency translation 82 (638) (402) (813)  Total Other Comprehensive Income/(Loss) for the period, net of tax 82 (638) (402) (813)   | associates, net of tax                         |      | (142)     | 58          | (64)         | 291          |
| Loss after tax  (1,244) (1,179) (2,156) (3,878)  Other Comprehensive Income/(Loss) for the period, net of tax  Item that may be reclassified subsequently to profit or loss: Foreign currency translation  82 (638) (402) (813)  Total Other Comprehensive Income/(Loss) for the period, net of tax  82 (638) (402) (813)   | Loss before tax                                | B6   | (1,219)   | (777)       | (1,318)      | (3,228)      |
| Other Comprehensive Income/(Loss) for the period, net of tax  Item that may be reclassified subsequently to profit or loss:  Foreign currency translation  82 (638) (402) (813)  Total Other Comprehensive Income/(Loss) for the period, net of tax  82 (638) (402) (813)   | Income tax expense                             | B7   | (25)      | (402)       | (838)        | (650)        |
| Item that may be reclassified subsequently to profit or loss:  Foreign currency translation  82 (638) (402) (813)  Total Other Comprehensive Income/(Loss) for the period, net of tax  82 (638) (402) (813)   | Loss after tax                                 |      | (1,244)   | (1,179)     | (2,156)      | (3,878)      |
| to profit or loss:  Foreign currency translation  82 (638) (402) (813)  Total Other Comprehensive Income/(Loss) for the period, net of tax  82 (638) (402) (813)  | - · · · · · · · · · · · · · · · · · · ·        |      |           |             |              |              |
| Total Other Comprehensive Income/(Loss) for the period, net of tax  82 (638) (402) (813)  |  |      |           |             |              |              |
| for the period, net of tax 82 (638) (402) (813)   | Foreign currency translation                   |      | 82        | (638)       | (402)        | (813)        |
|   | <b>Total Other Comprehensive Income/(Loss)</b> |      |           |             |              |              |
| <b>Total Comprehensive Loss</b> (1,162) (1,817) (2,558) (4,691)   | for the period, net of tax                     |      | 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)

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

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## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

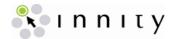
# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

|   |                  | A                | ttributable to (            | Owners of the                  | Company        |                     |         |                                  |                 |
|---|------------------|------------------|-----------------------------|--------------------------------|----------------|---------------------|---------|----------------------------------|-----------------|
|   | Share<br>capital | Share<br>premium | Reverse acquisition reserve | Foreign<br>exchange<br>reserve | Other reserves | Retained<br>profits | Total   | Non-<br>controlling<br>interests | Total<br>equity |
|   | RM'000           | RM'000           | RM'000                      | RM'000                         | RM'000         | RM'000              | RM'000  | RM'000                           | RM'000          |
| Balance as at 1.1.2018, as previously reported        | 18,937           | -                | (2,512)                     | (168)                          | 248            | 17,829              | 34,334  | 1,947                            | 36,281          |
| Effects of adoption of MFRS 9                         | -                | -                | -                           | -                              | -              | (752)               | (752)   | (133)                            | (885)           |
| Restated balance as at 1.1.2018                       | 18,937           | -                | (2,512)                     | (168)                          | 248            | 17,077              | 33,582  | 1,814                            | 35,396          |
| (Loss)/Profit after tax                               | -                | -                | -                           | -                              | -              | (2,439)             | (2,439) | 283                              | (2,156)         |
| Other comprehensive loss                              | -                | -                | -                           | (308)                          | -              | -                   | (308)   | (94)                             | (402)           |
| Total Comprehensive (Loss)/Income                     | -                | -                | -                           | (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             |
| Balance as at 30.9.2018                               | 19,193           | -                | (2,512)                     | (469)                          | 248            | 14,674              | 31,134  | 2,057                            | 33,191          |
| Balance as at 1.1.2017                                | 13,840           | 5,097            | (2,512)                     | 876                            | 248            | 17,849              | 35,398  | 510                              | 35,908          |
| Loss after tax  | -                | -                | -                           | -                              | -              | (3,481)             | (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)          | <u> </u>                    | (35)                           |                | (1,178)             | (1,213) | 1,705                            | 492             |
| Balance as at 30.9.2017                               | 18,937           | •                | (2,512)                     | 139                            | 248            | 13,190              | 30,002  | 1,707                            | 31,709          |

#### Note

(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)

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

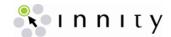


## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

|  | Note  | Current<br>year-to-date<br>ended<br>30.9.2018 | Preceding<br>year-to-date<br>ended<br>30.9.2017 |
|--|-------|---|---|
| Cash Flows From Operating Activities                                     |       | RM'000  | RM'000  |
| Loss before tax  |       | (1,318)                                       | (3,228)   |
| Adjustments for:   |       | , , ,   | · · · · · · · · · · · · · · · · · · ·           |
| Non-cash and non-operating items   | B6(i) | 3,848   | 3,229   |
| Share in profit/(loss) of equity-accounted associates, net of tax        |       | 64  | (291)   |
| Operating profit/(loss) before working capital changes                   |       | 2,594   | (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   |       | 10,199  | 495   |
| Net income tax paid  |       | (956)   | (886)   |
| Net cash generated from/(used in) operating activities                   |       | 9,243   | (391)   |
| Cash Flows From Investing Activities                                     |       |   |   |
| 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                                    |       | (788)   | (1,583)   |
| Cash Flows From Financing Activities                                     |       |   |   |
| Interest paid  |       | (22)  | (9)   |
| Repayments of term loans   |       | (26)  | (24)  |
| Net cash used in financing activities                                    |       | (48)  | (33)  |
| Net increase/(decrease) in Cash and Cash Equivalents                     |       | 8,407   | (2,007)   |
| Effects of exchange rate changes   |       | (340)   | (776)   |
| Cash and Cash Equivalents at beginning of period                         |       | 14,221  | 19,435  |
| Cash and Cash Equivalents at end of period                               |       | 22,288  | 16,652  |
| Cash and Cash Equivalents comprised:                                     |       |   |   |
| 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   |
|  |       | 24,276  | 18,728  |
| Less: Fixed deposits pledged   |       | (1,988)                                       | (2,076)   |
|  |       | 22,288  | 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>                          | Effective date |
|-----------------|---------------------------------------|----------------|
| MFRS 2          | Classification and Measurement of     | 1 January 2018 |
|                 | share-based payment transactions      |                |
|                 | (Amendments to MFRS 2)                |                |
| MFRS 9          | Financial Instruments                 | 1 January 2018 |
| MFRS 15         | Revenue from Contracts with Customers | 1 January 2018 |
|                 | Clarifications to MFRS 15             |                |
| MFRS 128        | Amendments to MFRS 128                | 1 January 2018 |

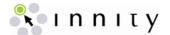
The adoption of the above-mentioned standards/amendments to standard did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

#### **MFRS 9 Financial Instruments**

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

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

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



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

## A3. Seasonality or cyclicality of interim operations

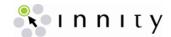
In general, online advertising activities would pick up during the second half of the calendar year especially towards year end.

### A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group because of their nature, size or incidence.

### 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:

|  | No. of shares | <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                    | 138,803,415   | 19,193,531    |

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

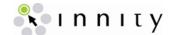
The Group's core activities are principally for the provision of technology-based online advertising solutions and other internet related services. The segment information is presented in respect of the Group's geographical areas which are based on the Group's management and internal reporting structure.

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 Septen    | nber 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        | 1                 | -            |  |  |
| 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        |  |  |

# $Innity\ Corporation\ Berhad\ ({\tt Company\ No.\ 764555-D})$

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## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

## A8. Segmental information (Cont'd)

Current year-to-date ended 30 September 2018

**Operating Segments** 

|  | Malaysia     | Singapore   | Vietnam  |              | Hong Kong      | Philippines  | Taiwan         | South<br>Korea | Cambodia | Myanmar       | Inter-<br>segment<br>eliminations | Group            |
|--|--------------|-------------|----------|--------------|----------------|--------------|----------------|----------------|----------|---------------|-----------------------------------|------------------|
|  | RM'000       | RM'000      | RM'000   | RM'000       | RM'000         | RM'000       | RM'000         | RM'000         | RM'000   | RM'000        | RM'000                            | RM'000           |
| Revenue  |              |             |          |              |                |              |                |                |          |               |                                   |                  |
| 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           |
| Segment Results                                    |              |             |          |              |                |              |                |                |          |               |                                   |                  |
| Results from operating activities                  | 426          | (366)       | 52       | 448          | 2,121          | (633)        | (1,020)        | (457)          | (204)    | (1,460)       | (139)                             | (1,232)          |
| Finance costs Share in loss of equity-             | (22)         | (16)        | (49)     | (6)          | -              | (4)          | (64)           | -              | -        | -             | 139                               | (22)             |
| accounted associates, net of tax                   | (64)         | -           | -        | -            | -              | -            | -              | -              | -        | -             | -                                 | (64)             |
| Profit/(Loss) before tax<br>Income tax expense     | 340<br>(399) | (382)<br>65 | 3        | 442<br>(95)  | 2,121<br>(273) | (637)<br>155 | (1,084)        | (457)          | (204)    | (1,460)<br>14 | (305)                             | (1,318)<br>(838) |
| (Loss)/Profit after tax Non-controlling interests  | (59)<br>(20) | ` ,         | 3<br>(5) | 347<br>(171) | 1,848<br>(379) | (482)<br>34  | (1,084)<br>217 | (457)<br>41    | (204)    | (1,446)       | (305)                             | (2,156)<br>(283) |
| (Loss)/Profit attributable to Owner of the Company | s<br>(79)    | (317)       | (2)      | 176          | 1,469          | (448)        | (867)          | (416)          | (204)    | (1,446)       | (305)                             | (2,439)          |
| <u>Assets</u>                                      |              |             |          |              |                |              |                |                |          |               |                                   |                  |
| Segment assets                                     | 42,247       | 6,789       | 3,027    | 8,449        | 16,129         | 5,571        | 3,337          | 387            | 113      | 1,580         | (19,929)                          | 67,700           |
| <u>Liabilities</u>                                 |              |             |          |              |                |              |                |                |          |               |                                   |                  |
| Segment liabilities                                | 12,732       | 4,234       | 3,677    | 5,439        | 9,818          | 3,111        | 6,592          | 251            | 271      | 2,828         | (14,444)                          | 34,509           |

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## **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<br>SGD'000 | Vietnam<br>VND'Mil | Indonesia<br>IDR'Mil | Hong Kong<br>HKD'000 | China<br>CNY'000 | Philippines<br>PHP'000 | Taiwan<br>TWD'000 | South<br>Korea<br>KRW'000 | Cambodia<br>USD'000 | Myanmar<br>USD'000 |
|--|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|---------------------------|---------------------|--------------------|
| <u>Revenue</u>   |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Revenue from external customers<br>Inter-segment revenue | 3,068                | 15,994<br>81       | 26,307<br>142        | 41,592<br>34         | 30               | 61,489<br>310          | 26,807<br>104     | 53,578<br>21,515          | 32                  | 90                 |
| Total revenue  | 3,068                | 16,075             | 26,449               | 41,626               | 30               | 61,799                 | 26,911            | 75,093                    | 32                  | 90                 |
| Segment Results  |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| 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)             |                        | (8,124)           | (124,777)                 | (51)                | (366)              |
| Income tax expense                                       | 22                   | -                  | (338)                | (536)                | -                | 2,034                  | -                 | -                         | -                   | 4                  |
| (Loss)/Profit after tax<br>Non-controlling interests     | (106)                | 19<br>(31)         | 1,241<br>(608)       | 3,718<br>(744)       | (73)             | (6,341)<br>443         | (8,124)<br>1,625  | (124,777)<br>11,074       | (51)                | (362)              |
| (Loss)/Profit attributable to Owners                     |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| of the Company   | (106)                | (12)               | 633                  | 2,974                | (73)             | (5,898)                | (6,499)           | (113,703)                 | (51)                | (362)              |
| Assets   |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Segment assets   | 2,243                | 16,815             | 30,174               | 29,857               | 555              | 72,674                 | 24,562            | 103,793                   | 27                  | 382                |
| <u>Liabilities</u>                                       |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Segment liabilities                                      | 1,399                | 20,425             | 19,426               | 17,498               | 932              | 40,587                 | 48,520            | 67,322                    | 66                  | 683                |

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## **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<br>RM'000 | Singapore<br>RM'000 | Vietnam<br>RM'000 | Indonesia<br>RM'000 | Hong Kong<br>and China<br>RM'000 | Philippines<br>RM'000 | Taiwan<br>RM'000 | South<br>Korea<br>RM'000 | Inter-<br>segment<br>eliminations<br>RM'000 | Group<br>RM'000 |
|--------------------------------------|--------------------|---------------------|-------------------|---------------------|----------------------------------|-----------------------|------------------|--------------------------|---|-----------------|
| Revenue                              |                    |                     |                   |                     |                                  |                       |                  |                          |   |                 |
| 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          |
| Segment Results                      |                    |                     |                   |                     |                                  |                       |                  |                          |   |                 |
| 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)         |
| Assets                               |                    |                     |                   |                     |                                  |                       |                  |                          |   |                 |
| Segment assets                       | 41,475             | 6,422               | 2,854             | 6,586               | 10,334                           | 8,875                 | 4,568            | 879                      | (16,828)                                    | 65,165          |
| <u>Liabilities</u>                   |                    |                     |                   |                     |                                  |                       |                  |                          |   |                 |
| Segment liabilities                  | 15,013             | 3,046               | 3,326             | 3,188               | 7,741                            | 4,806                 | 7,004            | 264                      | (10,934)                                    | 33,454          |

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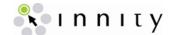
## **QUARTERLY REPORT FOR THE THIRD QUARTER 2018**

## A8. Segmental information (Cont'd)

Preceding year-to-date ended 30 September 2017 (cont'd)

Operating Segments (cont'd)

|   | Singapore<br>SGD'000 | Vietnam<br>VND'Mil | Indonesia<br>IDR'Mil | Hong Kong<br>HKD'000 | China<br>CNY'000 | Philippines<br>PHP'000 | Taiwan<br>TWD'000 | South<br>Korea<br>KRW'000 |
|---|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|---------------------------|
| Revenue   |                      |                    |                      |                      |                  |                        |                   |                           |
| Revenue from external customers Inter-segment revenue | 2,807<br>(19)        | 10,125<br>330      | 19,251<br>88         | 33,179<br>113        | -<br>-           | 65,151<br>925          | 30,696<br>19      | 31,467                    |
| Total revenue   | 2,788                | 10,455             | 19,339               | 33,292               | -                | 66,076                 | 30,715            | 31,467                    |
| Segment Results                                       |                      |                    |                      |                      |                  |                        |                   |                           |
| Results from operating activities                     | 157                  | (1,908)            | 294                  | (1,747)              | (89)             | (2,355)                | (7,151)           | (72,208)                  |
| Finance costs  Share in profit of equity-accounted    | (4)                  | (188)              | (14)                 | (1)                  | -                | (72)                   | (197)             | -                         |
| associates, net of tax                                | -                    | -                  | -                    | -                    | -                | -                      | -                 | <del>-</del>              |
| Profit/(Loss) before tax Income tax expense           | 153                  | (2,096)            | 280<br>(41)          | (1,748)              | (89)             | (2,427)<br>(6)         | (7,348)           | (72,208)                  |
| 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)                  |
| <u>Assets</u>   |                      |                    |                      |                      |                  |                        |                   |                           |
| Segment assets  | 2,065                | 15,854             | 21,246               | 18,343               | 647              | 107,637                | 32,807            | 240,261                   |
| <u>Liabilities</u>                                    |                      |                    |                      |                      |                  |                        |                   |                           |
| 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 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%.

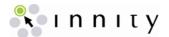
Saved as disclosed above, there were no changes in the composition of the Group in the current quarter and current year-to-date ended 30 September 2018 under review.

## 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.



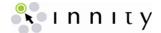
## **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018**

## A14. Significant related party transactions

The following were the significant related party transactions: -

|  | Current      | Preceding    |
|--|--------------|--------------|
|  | year-to-date | year-to-date |
|  | ended        | ended        |
|  | 30.9.2018    | 30.9.2017    |
|  | <u>RM</u>    | <u>RM</u>    |
| Sales of advertisement space                                     | 710,994      | 330,213      |
| Purchase of advertisement space                                  | 165,413      | 93,593       |
| Purchase of online recruitment services                          | 1,591        | 1,201        |
| Bookkeeping fees   | 9,000        | 9,000        |
| Royalty fees   | 80,696       | 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   | 181,018      | 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:

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

Current Year-To-Date ("9M18") compared with Preceding Year-To-Date ("9M17")

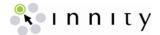
## (i) Group's overview of Revenue, Gross Profit and Profit Before Tax

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.

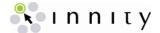
## (iii) Group's overview of Liquidity and Financial Ratio

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:

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

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

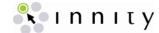
|                           | Revenue  |  |          | (Loss)/Profi                                       | it before tax  |          |
|---------------------------|--|--|----------|--|--|----------|
|                           | Current<br>quarter<br>ended<br>30.9.2018<br>RM'000 | Comparative<br>quarter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

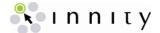
Hong Kong and China segment recorded revenue of RM7.87 million and PBT of RM0.87 million in 3Q18 as compared with revenue of RM5.91 million and PBT of RM0.44 million in 3Q17, representing an increase of RM1.96 million or 33% in revenue and almost double of PBT in 3Q17. The segment continues to benefits 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 began 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:

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

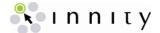
### (a) Prospects for the financial year ended 31 December 2018

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

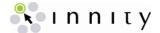
There was no profit forecast or profit guarantee previously announced by the Company.

#### **B6.** Loss before tax

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

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

<sup>\*</sup> represents value below RM1,000.



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

## B7. Tax expense

|  | Current   | Comparative | Current    | Preceding  |
|--|-----------|-------------|------------|------------|
|  | quarter   | quarter     | year-to-   | year-to-   |
|  | ended     | ended       | date ended | date ended |
|  | 30.9.2018 | 30.9.2017   | 30.9.2018  | 30.9.2017  |
|  | RM'000    | RM'000      | RM'000     | 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)       |            |
| Tax expense                                      | 25        | 402         | 838        | 650        |

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

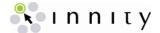
The Group's borrowings and debt securities at the end of the current year-to-date, denominated in Ringgit Malaysia are as follows:

## (a) Borrowings

|                  | Non-current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
|------------------|-----------------------|-------------------|-----------------|
| As at 30.9.2018  |                       |                   |                 |
| Secured          |                       |                   |                 |
| Term loans       | 80                    | 31                | 111             |
|                  | 80                    | 31                | 111             |
| As at 31.12.2017 |                       |                   |                 |
| Secured          |                       |                   |                 |
| Bank overdrafts  | -                     | 986               | 986             |
| Term loans       | 106                   | 30                | 136             |
|                  | 106                   | 1,016             | 1,122           |

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

During the current year-to-date ended 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.

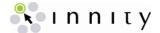
Within 3 working days from receiving payment under (iii) above, ICCL shall cause its solicitors to take all necessary steps to discontinue this litigation action, which includes the service of notice of discontinuance on LeSports HK.

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

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

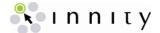
- (i) The time for the Defendant to file and serve its Defence and Counterclaim (if any) pursuant to the Order of Master S.Lo dated 5 December 2017 be extended for 28 days from the date of the order to be made therein; and
- (ii) Costs of the application be charged to the Plaintiff.

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

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

- (i) Unless by 4.00 p.m. on 5 February 2018 the Defendant do file and serve its Defence and Counterclaims (if any), the Defendant be debarred from doing the same and the Plaintiff be at liberty to apply for judgment to be entered against the Defendant with costs;
- (ii) The hearing of the Defendant's summons (the "Defendant's Summons") dated 2 January 2018 scheduled before Master Gary C C Lam on 8 January 2018 at 2.30 p.m. be vacated; and
- (iii) Costs of the Defendant's Summons and its application agreed at HK\$1,040 be paid by the Defendant to the Plaintiff.

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



### **QUARTERLY REPORT FOR 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.

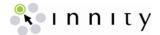
On 12 March 2018, LeSports HK had been issued with a winding-up petition by two listed applicants, namely MP & Silva Pte and Media Partners & Silva. Their first hearing for the present winding-up action has been scheduled on 16 May 2018.

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

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