

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	<b>As at 30.6.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Assets:</b>		
<b>Non-current</b>		
Property, plant and equipment	<b>2,380</b>	2,384
Intangible assets	<b>4,770</b>	4,916
Investment in associates	<b>808</b>	922
Deferred tax assets	<b>514</b>	502
	<b>8,472</b>	8,724
<b>Current</b>		
Trade receivables	<b>37,871</b>	34,618
Other receivables, deposits and prepayments	<b>5,139</b>	4,403
Tax recoverable	<b>845</b>	286
Fixed deposits with licensed banks	<b>4,369</b>	4,240
Cash and bank balances	<b>20,694</b>	18,585
	<b>68,918</b>	62,132
<b>Total Assets</b>	<b>77,390</b>	70,856

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2019 (CONT'D)**

	<b>As at 30.6.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Liabilities:</b>		
<b>Non-current</b>		
Deferred tax liabilities	672	569
Retirement benefit obligations	570	428
	<u>1,242</u>	<u>997</u>
<b>Current</b>		
Trade payables	25,987	19,737
Other payables, contract liabilities and accruals	12,299	12,692
Tax payable	747	555
	<u>39,033</u>	<u>32,984</u>
<b>Total Liabilities</b>	<u>40,275</u>	<u>33,981</u>
<b>Net Assets</b>	<u>37,115</u>	<u>36,875</u>
<b>Equity:</b>		
Share capital	19,342	19,193
Reserves	15,157	15,136
Equity attributable to Owners of the Company	<u>34,499</u>	<u>34,329</u>
Non-controlling interests	2,616	2,546
<b>Total Equity</b>	<u>37,115</u>	<u>36,875</u>
<b>Net Assets per share attributable to Owners of the Company (sen)</b>	<u>24.86</u>	<u>24.78</u>

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	Current quarter ended 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	Current year-to-date ended 30.6.2019 RM'000	Preceding year-to-date ended 30.6.2018 RM'000
<b>Revenue</b>		35,720	25,492	60,940	50,012
Direct costs		(23,722)	(14,824)	(38,885)	(29,078)
Gross profit		11,998	10,668	22,055	20,934
Other operating income		188	143	369	359
Other operating expenses		(10,719)	(10,381)	(22,054)	(21,452)
Profit/(Loss) from operations		1,467	430	370	(159)
Finance costs		*	(7)	*	(18)
Share in (loss)/profit of equity-accounted associates, net of tax		(109)	(21)	(266)	78
<b>Profit/(Loss) before tax</b>	B6	1,358	402	104	(99)
Income tax expense	B7	(374)	(353)	(282)	(813)
<b>Profit/(Loss) after tax</b>		984	49	(178)	(912)
<b>Other Comprehensive Income/(Loss) for the period, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		367	321	269	(484)
<b>Total Other Comprehensive Income/(Loss) for the period, net of tax</b>		367	321	269	(484)
<b>Total Comprehensive Income/(Loss)</b>		1,351	370	91	(1,396)

\* represents value below RM1,000.

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 JUNE 2019 (CONT'D)**

	Note	<b>Current quarter ended 30.6.2019 RM'000</b>	Comparative quarter ended 30.6.2018 RM'000	<b>Current year-to-date ended 30.6.2019 RM'000</b>	Preceding year-to-date ended 30.6.2018 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>854</b>	188	<b>(188)</b>	(864)
Non-controlling interests		<b>130</b>	(139)	<b>10</b>	(48)
		<b>984</b>	49	<b>(178)</b>	(912)
<b>Total Comprehensive Income/(Loss) attributable to:</b>					
Owners of the Company		<b>1,141</b>	452	<b>21</b>	(1,263)
Non-controlling interests		<b>210</b>	(82)	<b>70</b>	(133)
		<b>1,351</b>	370	<b>91</b>	(1,396)
<b>Earnings/(Loss) per share attributable to Owners of the Company (sen)</b>					
Basic	B10	<b>0.62</b>	0.14	<b>(0.14)</b>	(0.62)

(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 2018)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2019**

	Attributable to Owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Reverse acquisition reserve	Foreign exchange reserve	Other reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1.1.2019</b>	<b>19,193</b>	<b>(2,512)</b>	<b>(155)</b>	<b>248</b>	<b>17,555</b>	<b>34,329</b>	<b>2,546</b>	<b>36,875</b>
(Loss)/Profit after tax	-	-	-	-	(188)	(188)	10	(178)
Other comprehensive income	-	-	209	-	-	209	60	269
<b>Total Comprehensive Income/(Loss)</b>	<b>-</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>(188)</b>	<b>21</b>	<b>70</b>	<b>91</b>
Issuance of ordinary shares pursuant to ESS (Note A6)	<b>149</b>	-	-	-	-	<b>149</b>	-	<b>149</b>
<b>Total transaction with Owners and changes in ownership interests</b>	<b>149</b>	-	-	-	-	<b>149</b>	-	<b>149</b>
<b>Balance as at 30.6.2019</b>	<b>19,342</b>	<b>(2,512)</b>	<b>54</b>	<b>248</b>	<b>17,367</b>	<b>34,499</b>	<b>2,616</b>	<b>37,115</b>
<b>Balance as at 1.1.2018</b>	18,937	(2,512)	(169)	248	17,829	34,333	1,947	36,280
Effects of adoption of MFRS 9	-	-	-	-	(752)	(752)	(133)	(885)
Restated balance as at 1.1.2018	18,937	(2,512)	(169)	248	17,077	33,581	1,814	35,395
Loss after tax	-	-	-	-	(864)	(864)	(48)	(912)
Other comprehensive loss	-	-	(399)	-	-	(399)	(85)	(484)
<b>Total Comprehensive Loss</b>	<b>-</b>	<b>-</b>	<b>(399)</b>	<b>-</b>	<b>(864)</b>	<b>(1,263)</b>	<b>(133)</b>	<b>(1,396)</b>
Changes in ownership interests in a subsidiary	-	-	7	-	36	43	54	97
<b>Total transaction with Owners and changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>36</b>	<b>43</b>	<b>54</b>	<b>97</b>
<b>Balance as at 30.6.2018</b>	<b>18,937</b>	<b>(2,512)</b>	<b>(561)</b>	<b>248</b>	<b>16,249</b>	<b>32,361</b>	<b>1,735</b>	<b>34,096</b>

(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 2018)

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	Current year-to-date ended 30.6.2019 RM'000	Preceding year-to-date ended 30.6.2018 RM'000
<b>Cash Flows From Operating Activities</b>			
Profit/(Loss) before tax		104	(99)
Adjustments for:			
Non-cash and non-operating items	B6(i)	1,633	1,346
Share in loss/(profit) of equity-accounted associates, net of tax		266	(78)
Operating profit before working capital changes		2,003	1,169
(Increase)/Decrease in trade and other receivables, deposits and prepayments		(3,646)	3,948
Increase in trade and other payables, contract liabilities and accruals		5,536	2,938
Cash generated from operations		3,893	8,055
Net income tax paid		(545)	(149)
Net cash from operating activities		3,348	7,906
<b>Cash Flows From Investing Activities</b>			
Expenditure incurred on development expenditure		(655)	(998)
Increase in fixed deposits pledged		(1,013)	(48)
Interest received		172	115
Proceeds from disposals of plant and equipment		-	18
Purchase of plant and equipment		(293)	(93)
(Advance to)/Repayment from associates		(452)	460
Subscription of shares and investment in an associate		(151)	-
Subscription of shares in a subsidiary by non-controlling interest		-	97
Net cash used in investing activities		(2,392)	(449)
<b>Cash Flows From Financing Activities</b>			
Interest paid		*	(18)
Repayments of term loans		-	(18)
Net cash used in financing activities		*	(36)
<b>Net increase in Cash and Cash Equivalents</b>		<b>956</b>	<b>7,421</b>
Effects of exchange rate changes		269	(463)
<b>Cash and Cash Equivalents at beginning of period</b>		<b>21,870</b>	<b>14,221</b>
<b>Cash and Cash Equivalents at end of period</b>		<b>23,095</b>	<b>21,179</b>
<b>Cash and Cash Equivalents comprised:</b>			
Bank overdrafts		-	(1,007)
Cash and bank balances		20,694	21,933
Fixed deposits with licensed banks		4,369	2,115
Other financial assets		-	120
		25,063	23,161
Less: fixed deposits pledged		(1,968)	(1,982)
		23,095	21,179

\* represents value below RM1,000.

(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2018)

## QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019

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 2018 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 2018.

#### **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 2018 except for the newly-issued MFRS, interpretations and amendments to standards to be applied for the financial periods beginning on or after 1 January 2019:

<u>Title</u>	<u>Effective date</u>
MFRS 16 <i>Lease</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interest in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

The adoption of the above-mentioned standards/amendments to standard did not have any material impacts on the financial statements of the Group.

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

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

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

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

#### **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 SECOND QUARTER ENDED 30 JUNE 2019****A6. Issues, repurchases and repayments of debts and equity securities**

As at 28 May 2019, 300,000 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 June 2019 are as follows:

	<u>No. of shares</u>	<u>RM</u>
As at 1 January 2019	138,803,415	19,193,531
Ordinary shares issued pursuant to the ESS	300,000	148,500
As at 30 June 2019	<u>139,103,415</u>	<u>19,342,031</u>

Other than the above, there were no issuance, cancellations, repurchases, resales and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and current year-to-date ended 30 June 2019.

**A7. Dividends paid**

There were no dividend paid by the Company during the current quarter and current year-to-date ended 30 June 2019.

**A8. Segmental information**

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

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

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

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

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



**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019****A8. Segmental information (Cont'd)**

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

	<b>30 June 2019</b>		<b>30 June 2018</b>	
	<b>Closing rate</b>	<b>Average rate</b>	<b>Closing rate</b>	<b>Average rate</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
1 Singapore Dollar	3.054	3.031	2.959	2.969
1 Hong Kong Dollar	0.529	0.525	0.514	0.503
1 Chinese Renminbi	0.602	0.607	0.609	0.618
1 US Dollar	4.132	4.120	4.032	3.938
100 Indonesian Rupiah	0.029	0.029	0.028	0.029
100 Thai Baht	-	13.033	-	12.410
100 Philippines Peso	8.065	7.895	7.559	7.578
100 Vietnamese Dong	0.018	0.018	0.018	0.017
100 New Taiwan Dollar	13.332	13.299	13.229	13.332
100 South Korean Won	0.357	0.360	0.362	0.366

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 June 2019**
Operating Segments

	Malaysia RM'000	Singapore RM'000	Vietnam RM'000	Indonesia RM'000	Hong Kong and China RM'000	Philippines RM'000	Taiwan RM'000	South Korea RM'000	Cambodia RM'000	Myanmar RM'000	Inter- segment eliminations RM'000	Group RM'000
<b><u>Revenue</u></b>												
Revenue from external customers	20,116	6,713	1,618	11,394	13,183	4,829	2,097	459	531	-	-	60,940
Inter-segment revenue	1,557	141	63	109	34	49	88	-	*	-	(2,041)	-
Total revenue	21,673	6,854	1,681	11,503	13,217	4,878	2,185	459	531	-	(2,041)	60,940
<b><u>Segment Results</u></b>												
Results from operating activities	67	52	(205)	(2)	666	567	(188)	(305)	(52)	(108)	(122)	370
Finance costs	(7)	(12)	(39)	(3)	-	(6)	(55)	-	-	-	122	-
Share in loss of equity- accounted associates, net of tax	(144)	(122)	-	-	-	-	-	-	-	-	-	(266)
(Loss)/Profit before tax	(84)	(82)	(244)	(5)	666	561	(243)	(305)	(52)	(108)	-	104
Income tax expense	(246)	-	-	49	(56)	(29)	-	-	-	-	-	(282)
(Loss)/Profit after tax	(330)	(82)	(244)	44	610	532	(243)	(305)	(52)	(108)	-	(178)
Non-controlling interests	38	-	49	(22)	(127)	(27)	49	30	-	-	-	(10)
(Loss)/Profit attributable to Owners of the Company	(292)	(82)	(195)	22	483	505	(194)	(275)	(52)	(108)	-	(188)
<b><u>Assets</u></b>												
Segment assets	54,305	7,506	4,038	14,924	17,268	10,754	2,711	429	417	94	(35,056)	77,390
<b><u>Liabilities</u></b>												
Segment liabilities	15,901	3,786	4,871	10,825	8,753	6,803	6,527	759	661	375	(18,986)	40,275

\* represents value below RM1,000.

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**A8. Segmental information (Cont'd)**
**Current year-to-date ended 30 June 2019 (cont'd)**
Operating Segments (cont'd)

	Singapore SGD'000	Vietnam VND'Mil	Indonesia IDR'Mil	Hong Kong HKD'000	China CNY'000	Philippines PHP'000	Taiwan TWD'000	South Korea KRW'000	Cambodia USD'000	Myanmar USD'000
<b><u>Revenue</u></b>										
Revenue from external customers	2,215	8,989	39,290	25,111	-	61,166	15,769	127,440	129	-
Inter-segment revenue	46	350	376	65	-	617	660	-	*	-
Total revenue	2,261	9,339	39,666	25,176	-	61,783	16,429	127,440	129	-
<b><u>Segment Results</u></b>										
Results from operating activities	17	(1,141)	(6)	1,316	(41)	7,183	(1,417)	(84,626)	(13)	(26)
Finance costs	(4)	(218)	(9)	-	-	(76)	(417)	-	-	-
Share in loss of an equity- accounted associate, net of tax	(40)	-	-	-	-	-	-	-	-	-
(Loss)/Profit before tax	(27)	(1,359)	(15)	1,316	(41)	7,107	(1,834)	(84,626)	(13)	(26)
Income tax expense	-	-	168	(106)	-	(369)	-	-	-	-
(Loss)/Profit after tax	(27)	(1,359)	153	1,210	(41)	6,738	(1,834)	(84,626)	(13)	(26)
Non-controlling interests	-	266	(76)	(242)	-	(337)	367	8,463	-	-
(Loss)/Profit attributable to Owners of the Company	(27)	(1,093)	77	968	(41)	6,401	(1,467)	(76,163)	(13)	(26)
<b><u>Assets</u></b>										
Segment assets	2,458	22,434	51,463	32,058	514	133,345	20,332	120,104	101	23
<b><u>Liabilities</u></b>										
Segment liabilities	1,240	27,059	37,327	15,475	942	84,355	48,955	212,729	160	91

\* represents value below USD1,000.

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 June 2018**
Operating Segments (cont'd)

	Malaysia RM'000	Singapore RM'000	Vietnam RM'000	Indonesia RM'000	Hong Kong and China RM'000	Philippines RM'000	Taiwan RM'000	South Korea RM'000	Cambodia RM'000	Myanmar RM'000	Inter- segment eliminations RM'000	Group RM'000
<b><u>Revenue</u></b>												
Revenue from external customers	18,517	5,961	1,641	4,103	13,315	3,730	2,173	156	62	354	-	50,012
Inter-segment revenue	1,685	-	14	40	10	19	2	30	-	-	(1,800)	-
Total revenue	20,202	5,961	1,655	4,143	13,325	3,749	2,175	186	62	354	(1,800)	50,012
<b><u>Segment Results</u></b>												
Results from operating activities	824	(310)	(28)	(41)	1,251	(390)	(894)	(275)	(135)	(85)	(76)	(159)
Finance costs	(18)	(11)	(32)	(2)	-	(3)	(28)	-	-	-	76	(18)
Share in profit of equity- accounted associates, net of tax	78	-	-	-	-	-	-	-	-	-	-	78
Profit/(Loss) before tax	884	(321)	(60)	(43)	1,251	(393)	(922)	(275)	(135)	(85)	-	(99)
Income tax expense	(754)	55	-	1	(211)	82	-	-	-	14	-	(813)
Profit/(Loss) after tax	130	(266)	(60)	(42)	1,040	(311)	(922)	(275)	(135)	(71)	-	(912)
Non-controlling interests	-	-	10	26	(216)	21	185	22	-	-	-	48
Profit/(Loss) attributable to Owners of the Company	130	(266)	(50)	(16)	824	(290)	(737)	(253)	(135)	(71)	-	(864)
<b><u>Assets</u></b>												
Segment assets	46,279	6,240	2,922	7,989	13,182	6,036	3,744	540	148	3,148	(18,798)	71,430
<b><u>Liabilities</u></b>												
Segment liabilities	16,597	3,682	3,628	5,324	7,855	3,369	6,754	228	234	2,976	(13,314)	37,333

**QUARTERLY REPORT FOR THE SECOND QUARTER 2019**
**A8. Segmental information (Cont'd)**
**Preceding year-to-date ended 30 June 2018 (cont'd)**
Operating Segments (cont'd)

	<b>Singapore</b>	<b>Vietnam</b>	<b>Indonesia</b>	<b>Hong Kong</b>	<b>China</b>	<b>Philippines</b>	<b>Taiwan</b>	<b>South</b>	<b>Cambodia</b>	<b>Myanmar</b>
	<b>SGD'000</b>	<b>VND'Mil</b>	<b>IDR'Mil</b>	<b>HKD'000</b>	<b>CNY'000</b>	<b>PHP'000</b>	<b>TWD'000</b>	<b>Korea</b>	<b>USD'000</b>	<b>USD'000</b>
<b><u>Revenue</u></b>										
Revenue from external customers	2,008	9,653	14,150	26,488	30	49,221	16,296	42,515	16	90
Inter-segment revenue	-	81	138	20	-	245	17	8,153	-	-
<b>Total revenue</b>	<b>2,008</b>	<b>9,734</b>	<b>14,288</b>	<b>26,508</b>	<b>30</b>	<b>49,466</b>	<b>16,313</b>	<b>50,668</b>	<b>16</b>	<b>90</b>
<b><u>Segment Results</u></b>										
Results from operating activities	(104)	(167)	(142)	2,572	(65)	(5,146)	(6,706)	(75,159)	(34)	(22)
Finance costs	(4)	(186)	(6)	-	-	(36)	(213)	-	-	-
(Loss)/Profit before tax	(108)	(353)	(148)	2,572	(65)	(5,182)	(6,919)	(75,159)	(34)	(22)
Income tax expense	18	-	3	(421)	-	1,076	-	-	-	4
(Loss)/Profit after tax	(90)	(353)	(145)	2,151	(65)	(4,106)	(6,919)	(75,159)	(34)	(18)
Non-controlling interests	-	56	89	(430)	-	283	1,384	6,112	-	-
(Loss)/Profit attributable to Owners of the Company	(90)	(297)	(56)	1,721	(65)	(3,823)	(5,535)	(69,047)	(34)	(18)
<b><u>Assets</u></b>										
Segment assets	2,109	16,234	28,533	24,979	562	79,847	28,302	149,049	37	781
<b><u>Liabilities</u></b>										
Segment liabilities	1,244	20,158	19,014	14,173	936	44,565	51,056	62,894	58	738

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

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

There were no valuation of property, plant and equipment in the current quarter and current year-to-date ended 30 June 2019.

**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 in Fivestones Digital (SEA) Pte. Ltd.**

On 31 January 2019, Innity Singapore Pte. Ltd. (“ISPL”), an indirect 100%-owned subsidiary of Innity Corporation Berhad (“ICB”), subscribed 49,000 units of ordinary shares in Fivestones Digital (SEA) Pte. Ltd. (“Fivestones Digital”) via cash of SGD49,000 (*equivalent to approximately RM151,056*), representing 49% of the issued and paid-up share capital of Fivestones Digital.

With the subscription, Fivestones Digital became an associate to the Group.

**(b) Striking off of Tresixty Media Sdn. Bhd.**

Tresixty Media Sdn. Bhd. (“Tresixty”), an indirect wholly-owned subsidiary of ICB, had been struck off from the Register and published in the Gazette on 24 May 2019 pursuant to Section 551 of the Companies Act 2016.

The striking off of Tresixty has no material financial impact to the Group as Tresixty was dormant prior to its striking off arrangement.

Saved as disclosed above, there were no changes in the composition of the Group in the current quarter and current year-to-date ended 30 June 2019 under review.

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

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

**A13. Significant unrecognised contractual commitments**

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

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019****A14. Significant related party transactions**

The following were the significant related party transactions: -

	<b>Current year-to-date ended 30.6.2019 RM</b>	Preceding year-to-date ended 30.6.2018 RM
Sales of advertisement space	<b>887,573</b>	475,404
Purchase of advertisement space	<b>345,285</b>	86,216
Purchase of online recruitment services	<b>1,064</b>	1,591
Bookkeeping fees income	<b>6,000</b>	6,000
Royalty fees income	<b>66,829</b>	83,257
Management fees income	<b><u>121,582</u></b>	<u>93,530</u>

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

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**
**PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, Part A of Appendix 9B, of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)**
**B1. Performance analysis of the Group for the current quarter and year-to-date**

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

	<b>Current quarter ended 30.6.2019 RM'000</b>	<b>Comparative quarter ended 30.6.2018 RM'000</b>	<b>% change</b>	<b>Current year-to-date ended 30.6.2019 RM'000</b>	<b>Preceding year-to-date ended 30.6.2018 RM'000</b>	<b>% change</b>
<b>Overall performance analysis</b>						
Revenue	<b>35,720</b>	25,492	40%	<b>60,940</b>	50,012	22%
Profit/(Loss) from operations	<b>1,467</b>	430	> 100%	<b>370</b>	(159)	> 100%
Finance costs	*	(7)	100%	*	(18)	100%
Share of (loss)/profit of equity-accounted associates, net of tax	<b>(109)</b>	(21)	> (100%)	<b>(266)</b>	78	> (100%)
Profit/(Loss) before tax	<b>1,358</b>	402	> 100%	<b>104</b>	(99)	> 100%
Profit/(Loss) after tax	<b>984</b>	49	> 100%	<b>(178)</b>	(912)	80%
Profit/(Loss) attributable to Owners of the Company	<b>854</b>	188	> 100%	<b>(188)</b>	(864)	78%

*Current Year-To-Date (“6M19”) compared with Preceding Year-To-Date (“6M18”)*
**(i) Group’s overview of Revenue, Gross Profit and Profit/(Loss) Before Tax**

In 6M19, the Group registered total revenue of RM60.94 million, representing an increase of RM10.93 million or 22% as compared with RM50.01 million recorded in 6M18. Overall, all the segments achieved a greater revenue contribution to the Group except Vietnam, Hong Kong, Taiwan and Myanmar. For profit before tax (“PBT”), the Group managed to turnaround from loss before tax (“LBT”) of RM0.10 million recorded in 6M18 to PBT of RM0.10 million in 6M19, primarily due to better revenue generated.

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

Other income improved slightly by RM0.01 million or 3% from RM0.36 million in 6M18 to RM0.37 million in 6M19 mainly due to higher interest income generated in 6M19.



**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

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

*Current Year-To-Date ("6M19") compared with Preceding Year-To-Date ("6M18") (Cont'd)*

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

**Other operating expenses**

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

The Group's other operating expenses were inflated by RM0.60 million or 3% from RM21.45 million incurred in 6M18 to RM22.05 million recorded in 6M19, mainly due to higher staff costs after offsetting against the saving from selling and distribution expenses in 6M19.

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

The Group's principal sources of liquidity are cash from operations and overdrafts.

The following summarises the various sources of cash flows as at 30 June 2019 against 30 June 2018:

	<b>Current year- to-date ended 30 June 2019 <u>RM'000</u></b>	<b>Preceding year- to-date ended 30 June 2018 <u>RM'000</u></b>
Net cash generated from/(used in)		
- Operating activities	<b>3,348</b>	7,906
- Investing activities	<b>(2,392)</b>	(449)
- Financing activities	*	(36)
- Exchange difference	<b>269</b>	(463)
Net increase in cash and cash equivalents	<b><u>1,225</u></b>	<b><u>6,958</u></b>

The Group has cash and cash equivalents amounting to RM23.10 million as at 30 June 2019 as compared with RM21.18 million as at 30 June 2018. The debts to equity ratio in 6M19 is nil due to the full settlement of term loans in 4Q18 (6M18: 0.035).

\* represents value below RM1,000.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**
**B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)**

*Current Quarter ("2Q19") compared with Comparative Quarter of Preceding Year ("2Q18")*

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

	Revenue from external customers			Profit/(Loss) before tax		
	Current quarter ended 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	% change	Current quarter ended 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	% change
<b>Operating segments</b>						
- Malaysia	<b>11,584</b>	9,531	22%	<b>765</b>	1,435	(47%)
- Singapore	<b>3,090</b>	2,998	3%	<b>(81)</b>	6	> (100%)
- Vietnam	<b>902</b>	1,048	(14%)	<b>(79)</b>	24	> (100%)
- Indonesia	<b>9,127</b>	2,293	> 100%	<b>144</b>	(225)	> 100%
- Hong Kong and China	<b>7,025</b>	7,213	(3%)	<b>594</b>	705	(16%)
- Philippines	<b>2,569</b>	852	> 100%	<b>466</b>	(639)	> 100%
- Taiwan	<b>1,076</b>	1,388	(22%)	<b>(143)</b>	(630)	77%
- South Korea	<b>209</b>	122	71%	<b>(165)</b>	(172)	4%
- Cambodia	<b>138</b>	46	> 100%	<b>(75)</b>	(78)	4%
- Myanmar	<b>-</b>	1	(100%)	<b>(68)</b>	(24)	> (100%)
	<b>35,720</b>	<b>25,492</b>	40%	<b>1,358</b>	<b>402</b>	> 100%

The Group registered a revenue of RM35.72 million in 2Q19, an increase of RM10.23 million or 40% as compared with RM25.49 million recorded in 2Q18. The PBT of RM1.36 million for 2Q19 was RM0.96 million higher than PBT of RM0.40 million in 2Q18. Among the ten segments, six segments contributed positively to the revenue in 2Q19 except for Vietnam, Hong Kong, Taiwan and Myanmar. The increase in PBT was in tandem with the higher sales generated in 2Q19.

Malaysia segment recorded a revenue of RM11.58 million in 2Q19, representing an increase of RM2.05 million or 22%, compared with revenue of RM9.53 million in 2Q18. The surge in revenue was mainly due to higher digital spending from the existing clientele and additional revenue contribution from new clientele in 2Q19. However, the segment's PBT has decreased by 47% from RM1.44 million in 2Q18 to RM0.77 million in 2Q19, mainly due to higher staff costs incurred in 2Q19.

Singapore segment posted revenue and LBT of RM3.09 million and RM0.08 million respectively in the 2Q19, compared with revenue of RM3.00 million and PBT of RM0.01 million in 2Q18, representing RM0.09 million increase in revenue and RM0.09 million decrease in PBT. Despite lesser campaigns executed in 2Q19, the average campaign value has increased to make up for the 3% slight improvement in revenue. The negative turnaround result was mainly caused by the share in loss of an associated company that was acquired in 1Q19.

For the 2Q19, Vietnam segment registered a revenue of RM0.90 million and LBT of RM0.08 million compared with RM1.05 million in revenue and PBT of RM0.02 million in 2Q18. The decrease in revenue by 14% was due to lesser campaigns awarded in the current quarter. The LBT recorded in 2Q19 was mainly due to the lower revenue generated and higher operating expenses incurred in the current quarter as compared with 2Q18.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019****B1. Performance analysis of the Group for the current quarter and year-to-date (Cont'd)***Current Quarter ("2Q19") compared with Comparative Quarter of Preceding Year ("2Q18") (Cont'd)***(i) Group's overview of Operating Segments (cont'd)**

Indonesia segment's revenue achieved tremendous growth in 2Q19 at RM9.13 million as compared with revenue of RM2.29 million in 2Q18. The revenue rose by RM6.84 million or almost fourfold better than 2Q18. Indonesia segment continues to benefit from the repeated digital advertising spending from a new client gained in the previous quarter. The positive turnaround from LBT of RM0.23 million to PBT of RM0.14 million was attributed to the increase in revenue.

In 2Q19, Hong Kong segment's revenue was marginally reduced by 3% from RM7.21 million in 2Q18 to RM7.03 million. The slight decrease in revenue was due to the competitiveness of the local market on the products and pricing offered. The PBT dropped by 16% from RM0.71 million in 2Q18 to RM0.59 million in 2Q19. The decline in PBT was mainly in tandem with the lower revenue generated in the current quarter. For China segment, it did not contribute significantly to the Group's result as a whole and it remains challenging as the segment is experiencing a transitional period in the process of revising its business strategy and streamlining operations by minimising operating costs.

The Philippines segment's revenue posted triple of its revenue generated in 2Q19 at RM2.57 million compared with RM0.85 million. The continuous client servicing has successfully regained digital advertising spending from the existing clients in the current quarter. The positive turnaround from LBT of RM0.64 million in 2Q18 to PBT of RM0.47 million in 2Q19 was in tandem with the increase in revenue.

During the quarter under review, Taiwan segment's revenue dipped by RM0.31 million or 22% from RM1.39 million in 2Q18 to RM1.08 million in 2Q19. The drop in revenue was mainly because Taiwan segment is currently undergoing a process of realigning its sales workforce to strengthen their product knowledge and sales strategy. However, its LBT improved by 77% as compared with 2Q18 from RM0.63 million to RM0.14 million, due to higher margin campaigns awarded and lower operating costs incurred in the current quarter.

South Korea segment recorded improvements in revenue and LBT for the quarter at 71% and 4% respectively as compared with the quarter of the preceding year. The increase in revenue was due to the segment's good progress in gaining new clients in the current quarter which has consequently contributed towards a lower LBT.

For the current quarter, Cambodia segment's revenue rose by RM0.09 million from RM0.05 million in 2Q18 to RM0.14 million in 2Q19. After an incubation period in business for building up a relationship with the local business partners since its inception in the fourth quarter of the year 2017, the segment continues to benefit from the market recognition which has succeeded in capturing an additional digital advertising spending from the new clients in the current quarter. However, minimal improvement of 4% was reflected in LBT due to the increase in staff costs.

The Myanmar segment is still in the process of realigning its business strategy to regain the local market share. This is in line with ICB regional direction and is expected to achieve long term business sustainability.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

**B2. Commentary on current quarter compared with immediate preceding quarter**

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

	<b>Current quarter ended 30.6.2019 RM'000</b>	Immediate preceding quarter ended 31.3.2019 RM'000	% change
<b>Overall performance analysis</b>			
Revenue	<b>35,720</b>	25,220	42%
Profit/(Loss) from operations	<b>1,467</b>	(1,097)	> 100%
Share in loss of equity-accounted associates, net of tax	<b>(109)</b>	(157)	31%
Profit/(Loss) before tax	<b>1,358</b>	(1,254)	> 100%
Profit/(Loss) after tax	<b>984</b>	(1,162)	> 100%
Profit/(Loss) attributable to Owners of the Company	<b>854</b>	(1,042)	> 100%

For the second quarter ended 30 June 2019, the Group's revenue rose by RM10.5 million or 42% from RM25.22 million in 1Q19 to RM35.72 million in 2Q19. Generally, all the segments generated higher revenue except Singapore, South Korea and Cambodia.

The Group recorded an improvement of RM2.61 million in PBT, turnaround from LBT of RM1.25 million in 1Q19 to PBT of RM1.36 million in 2Q19. The positive turnaround result was mainly attributable to the increase in revenue and saving in staff costs in 2Q19.

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

(a) Prospects for the financial year ending 31 December 2019

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 advertising solutions. The solutions will mainly focus on content marketing, programmatic advertising, as well as the new influencer marketing platform to help advertisers better engage with their audience, and share compelling brand stories.

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

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

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**
**B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

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

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

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

**B6. Profit/(Loss) before tax**

Profit/(Loss) before tax is arrived at after charging:	Note	Current quarter ended 30.6.2019 RM'000	Comparative quarter ended 30.6.2018 RM'000	Current year-to-date ended 30.6.2019 RM'000	Preceding year-to-date ended 30.6.2018 RM'000
Amortisation of development expenditure	(i)	400	399	800	798
Allowance for doubtful debts	(i)	131	149	348	476
Depreciation	(i)	166	133	312	269
Shares granted under ESS	(i)	149	-	149	-
Interest expense					
- bank overdraft	(i)	*	5	*	13
- term loans	(i)	-	2	-	5
Loss on disposal of plant and equipment	(i)	-	3	-	3
Loss on foreign exchange					
- realised		11	(69)	74	247
- unrealised	(i)	(24)	(210)	143	258
Retirement benefits	(i)	31	29	62	58
<b>And (crediting):</b>					
Allowance for doubtful debts no longer required	(i)	49	(9)	(9)	(329)
Gain on disposal of plant and equipment	(i)	-	(1)	-	(1)
Gain on foreign exchange					
- realised		(21)	*	(52)	*
- unrealised	(i)	7	15	*	(89)
Interest income	(i)	(112)	(91)	(172)	(115)
Other income					
- miscellaneous		(62)	(66)	(145)	(154)

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

\* represents value below RM1,000.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**
**B7. Income tax expense**

	<b>Current quarter ended 30.6.2019 RM'000</b>	Comparative quarter ended 30.6.2018 RM'000	<b>Current year-to- date ended 30.6.2019 RM'000</b>	Preceding year-to- date ended 30.6.2018 RM'000
In respect of the current year				
Malaysian income tax	<b>138</b>	325	<b>143</b>	325
Outside Malaysia	<b>85</b>	123	<b>85</b>	243
(Over)/Under provision in respect of prior years				
Malaysian income tax	-	-	-	305
Outside Malaysia	-	-	<b>(49)</b>	-
Deferred taxation	<b>151</b>	(95)	<b>103</b>	(60)
	<b>374</b>	353	<b>282</b>	813

The high effective tax rate in Malaysia segment was mainly due to a portion of deferred tax assets arising from certain Malaysian subsidiaries' tax losses are not recognised where it is not probable that taxable profit will be available in the foreseeable future to utilise the tax benefits. However, for Hong Kong and Philippines segments, a tax provision is recorded based on the current year's income tax rate. For Indonesia segment, it was due to over-provision provided in the prior year.

**B8. Changes in material litigation**

As at 19 August 2019 (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.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

**B8. 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)**

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.

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

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

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

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

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

**B8. 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)**

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.

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.



**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

**B8. 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)**

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.

**B9. Dividends**

There is no dividend declared and paid for the current quarter or the current year-to-date ended 30 June 2019.

**QUARTERLY REPORT FOR SECOND QUARTER ENDED 30 JUNE 2019**

**B10. Earnings Per Share (“EPS”)/Loss Per Share (“LPS”) attributable to Owners of the Company**

	<b>Current quarter ended 30.6.2019</b>	Comparative quarter ended 30.6.2018	<b>Current year-to-date ended 30.6.2019</b>	Preceding year-to-date ended 30.6.2018
<b>Basic EPS/(LPS)</b>				
Profit/(Loss) attributable to Owners of the Company (RM'000)	<b>854</b>	188	<b>(188)</b>	(864)
Weighted average number of ordinary shares in issue ('000)	<b>138,797</b>	138,403	<b>138,797</b>	138,403
<b>Basic EPS/(LPS) (sen)</b>	<b>0.62</b>	0.14	<b>(0.14)</b>	(0.62)

Diluted earnings/(loss) per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2019.

**B11. 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.

**B12. Status of corporate proposals**

There were no corporate proposals announced but not yet completed as at 19 August 2019 (being the date not earlier than 7 days before the date of this announcement).

**B13. 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 26 August 2019.

**By Order of the Board**

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

26 August 2019