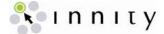


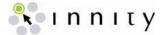
# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

|   | As at<br>30.9.2019<br>RM'000 | As at<br>31.12.2018<br>RM'000 |
|---|------------------------------|-------------------------------|
| Assets:                                     |                              |                               |
| Non-current                                 |                              |                               |
| Property, plant and equipment               | 2,363                        | 2,384                         |
| Intangible assets                           | 5,036                        | 4,916                         |
| Investment in associates                    | 1,235                        | 922                           |
| Deferred tax assets                         | 518                          | 502                           |
|   | 9,152                        | 8,724                         |
| Current                                     |                              |                               |
| Trade receivables                           | 31,790                       | 34,618                        |
| Other receivables, deposits and prepayments | 5,133                        | 4,403                         |
| Tax recoverable                             | 1,156                        | 286                           |
| Fixed deposits with licensed banks          | 5,816                        | 4,240                         |
| Cash and bank balances                      | 20,668                       | 18,585                        |
|   | 64,563                       | 62,132                        |
| Total Assets                                | 73,715                       | 70,856                        |



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

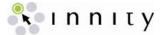
|  | As at<br>30.9.2019<br>RM'000 | As at<br>31.12.2018<br>RM'000 |
|--|------------------------------|-------------------------------|
| Liabilities:   |                              |                               |
| Non-current  |                              |                               |
| Deferred tax liabilities   | 632                          | 569                           |
| Retirement benefit obligations                                   | 613                          | 428                           |
|  | 1,245                        | 997                           |
| Current  |                              |                               |
| Trade payables   | 21,083                       | 19,737                        |
| Other payables, contract liabilities and accruals                | 13,073                       | 12,692                        |
| Tax payable  | 945                          | 555                           |
|  | 35,101                       | 32,984                        |
| Total Liabilities  | 36,346                       | 33,981                        |
| Net Assets   | 37,369                       | 36,875                        |
| Equity:  |                              |                               |
| Share capital  | 19,342                       | 19,193                        |
| Reserves   | 15,581                       | 15,136                        |
| Equity attributable to Owners of the Company                     | 34,923                       | 34,329                        |
| Non-controlling interests  | 2,446                        | 2,546                         |
| Total Equity   | 37,369                       | 36,875                        |
|  |                              |                               |
| Net Assets per share attributable to Owners of the Company (sen) | 25.14                        | 24.78                         |



## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

|   | Note    | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | Current<br>year-to-date<br>ended<br>30.9.2019<br>RM'000 | Preceding<br>year-to-date<br>ended<br>30.9.2018<br>RM'000 |
|---|---------|--|--|---|---|
| Revenue   |         | 26,096   | 25,827   | 87,036  | 75,839  |
| Direct costs  |         | (14,617)   | (15,307)   | (53,502)  | (44,385)  |
| Gross profit  |         | 11,479   | 10,520   | 33,534  | 31,454  |
| Other operating income  |         | 316  | 363  | 685   | 722   |
| Other operating expenses  |         | (11,202)   | (11,956)   | (33,256)  | (33,408)  |
| Profit/(Loss) from operations   |         | 593  | (1,073)  | 963   | (1,232)   |
| Finance costs   |         | *  | (4)  | *   | (22)  |
| Share in loss of equity-accounted associates, net of tax              |         | (179)  | (142)  | (445)   | (64)  |
| Profit/(Loss) before tax  | B6      | 414  | (1,219)  | 518   | (1,318)   |
| Income tax expense  | B7      | (207)  | (25)   | (489)   | (838)   |
| Profit/(Loss) after tax   |         | 207  | (1,244)  | 29  | (2,156)   |
| Other Comprehensive Income/(Loss) for the presence of tax             | period, |  |  |   |   |
| Item that may be reclassified subsequently to profit or loss:         |         |  |  |   |   |
| Foreign currency translation  |         | 47   | 82   | 316   | (402)   |
| Total Other Comprehensive Income/(Loss)<br>for the period, net of tax |         | 47   | 82   | 316   | (402)   |
| Total Comprehensive Income/(Loss)                                     |         | 254  | (1,162)  | 345   | (2,558)   |
|   |         |  |  |   |   |

\* represents value below RM1,000.



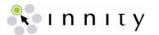
### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (CONT'D)

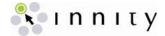
|  | Note        | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | Current<br>year-to-date<br>ended<br>30.9.2019<br>RM'000 | Preceding<br>year-to-date<br>ended<br>30.9.2018<br>RM'000 |
|--|-------------|--|--|---|---|
| Profit/(Loss) attributable to:   |             |  |  |   |   |
| Owners of the Company  |             | 397  | (1,575)  | 209   | (2,439)   |
| Non-controlling interests  |             | (190)  | 331  | (180)   | 283   |
|  |             | 207  | (1,244)  | 29  | (2,156)   |
| Total Comprehensive Income/(Loss)<br>attributable to:                    |             |  |  |   |   |
| Owners of the Company  |             | 424  | (1,484)  | 445   | (2,747)   |
| Non-controlling interests  |             | (170)  | 322  | (100)   | 189   |
|  |             | 254  | (1,162)  | 345   | (2,558)   |
| Earnings/(Loss) per share attributable<br>to Owners of the Company (sen) | <b>D</b> 10 | 0.00   | (1.1.4)  | 0.15  | (1.50)  |
| Basic  | B10         | 0.29   | (1.14)   | 0.15  | (1.76)  |

### **QUARTERLY REPORT FOR THE THIRD QUARTER 2019**

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019

|   |                  | Attrib                            | utable to Owner                | rs of the Compa   | any                 |                  |                                  |                  |
|---|------------------|-----------------------------------|--------------------------------|-------------------|---------------------|------------------|----------------------------------|------------------|
|   | Share<br>capital | Reverse<br>acquisition<br>reserve | Foreign<br>exchange<br>reserve | Other<br>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           |
| Balance as at 1.1.2019  | 19,193           | (2,512)                           | (155)                          | 248               | 17,555              | 34,329           | 2,546                            | 36,875           |
| Profit/(Loss) after tax<br>Other comprehensive income               |                  | -                                 | - 236                          | -                 | 209                 | 209<br>236       | (180)<br>80                      | 29<br>316        |
| Total Comprehensive Income/(Loss)                                   | -                | -                                 | 236                            | -                 | 209                 | 445              | (100)                            | 345              |
| Issuance of ordinary shares pursuant to ESS (Note A6)               | 149              | -                                 | -                              | -                 | -                   | 149              | -                                | 149              |
| Total transaction with Owners and<br>changes in ownership interests | 149              | -                                 | -                              | -                 | _                   | 149              | -                                | 149              |
| Balance as at 30.9.2019   | 19,342           | (2,512)                           | 81                             | 248               | 17,764              | 34,923           | 2,446                            | 37,369           |
|   |                  |                                   |                                |                   |                     |                  |                                  |                  |
| Balance as at 1.1.2018  | 18,937           | (2,512)                           | (168)                          | 248               | 17,829              | 34,334           | 1,947                            | 36,281           |
| Effects of adoption of MFRS 9<br>Restated balance as at 1.1.2018    |                  | (2,512)                           | (168)                          | 248               | (752)               | (752)<br>33,582  | (133)<br>1,814                   | (885)<br>35,396  |
| Loss after tax<br>Other comprehensive loss                          | -                | -                                 | (308)                          | -                 | (2,439)             | (2,439)<br>(308) | 283<br>(94)                      | (2,156)<br>(402) |
| Total Comprehensive Loss  |                  | -                                 | (308)                          | -                 | (2,439)             | (2,747)          | 189                              | (2,558)          |
| 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           |

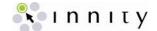




### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

|   | Note  | Current<br>year-to-date<br>ended<br>30.9.2019<br>RM'000 | Preceding<br>year-to-date<br>ended<br>30.9.2018<br>RM'000 |
|---|-------|---|---|
| Cash Flows From Operating Activities  |       |   |   |
| Profit/(Loss) before tax  |       | 518   | (1,318)   |
| Adjustments for:  |       | 2 501   | 2 0 4 0   |
| Non-cash and non-operating items  | B6(i) | 2,701   | 3,848   |
| Share in loss of equity-accounted associates, net of tax  |       | 445   | 64  |
| Operating profit before working capital changes<br>Decrease in trade and other receivables, deposits and prepayments        |       | 3,664<br>1,966  | 2,594<br>5 718  |
| Increase in trade and other payables, contract liabilities and accruals   |       | 1,966   | 5,718<br>1,887  |
|   |       | 6,898   |   |
| Cash generated from operations<br>Net income tax paid   |       | (909)   | 10,199<br>(956)   |
| Income tax refunded   |       | ()())   | (950)   |
| Net cash from operating activities  |       | 5,988   | 9,243   |
|   |       |   | ),245   |
| Cash Flows From Investing Activities  |       |   | <i></i>   |
| Expenditure incurred on development expenditure   |       | (1,321)   | (1,447)   |
| Increase in fixed deposits pledged  |       | (1,028)   | (54)  |
| Interest received   |       | 236   | 158   |
| Proceeds from disposals of plant and equipment  |       |   | 21  |
| Purchase of plant and equipment<br>(Advance to)/Repayment from associates   |       | (435)<br>(428)  | (367)<br>804  |
| Subscription of shares and investment in an associate   |       | (428)   | 804   |
| Subscription of shares and investment in an associate<br>Subscription of shares in a subsidiary by non-controlling interest |       | (738)   | -<br>97   |
| Net cash used in investing activities   |       | (3,734)   | (788)   |
| Net easil used in investing activities  |       | (3,734)   | (788)   |
| Cash Flows From Financing Activities  |       |   |   |
| Interest paid   |       | *   | (22)  |
| Repayments of term loans  |       | -   | (26)  |
| Net cash used in financing activities   |       | *   | (48)  |
| Net increase in Cash and Cash Equivalents   |       | 2,254   | 8,407   |
| Effects of exchange rate changes  |       | 377   | (340)   |
| Cash and Cash Equivalents at beginning of period  |       | 21,870  | 14,221  |
| Cash and Cash Equivalents at end of period  |       | 24,501  | 22,288  |
| Cash and Cash Equivalents comprised:  |       |   |   |
| Cash and bank balances  |       | 20,668  | 22,031  |
| Fixed deposits with licensed banks  |       | 5,816   | 22,031  |
| Other financial assets  |       | -   | 121   |
|   |       | 26,484  | 24,276  |
| Less: fixed deposits pledged  |       | (1,983)   | (1,988)   |
|   |       | 24,501  | 22,288  |
|   |       |   |   |

\* represents value below RM1,000.



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

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

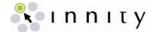
In general, online advertising activities would pick up during the second half of the calendar year especially towards year end.

### 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 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 September 2019 are as follows:

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

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 2019.

#### A7. Dividends paid

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

#### A8. Segmental information

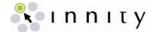
The Group's core activities are principally for the provision of technology-based online advertising solutions and other internet related services. The segment information is presented in respect of the Group's geographical areas which are based on the Group's management and internal reporting structure.

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.

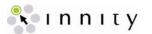


## **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### A8. Segmental information (Cont'd)

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

|                       | 30 Septer           | nber 2019    | 30 September 2018   |              |  |  |
|-----------------------|---------------------|--------------|---------------------|--------------|--|--|
|                       | <b>Closing rate</b> | Average rate | <b>Closing rate</b> | Average rate |  |  |
|                       | RM                  | RM           | RM                  | RM           |  |  |
| 1 Singapore Dollar    | 3.030               | 3.030        | 3.026               | 2.977        |  |  |
| 1 Hong Kong Dollar    | 0.534               | 0.528        | 0.529               | 0.509        |  |  |
| 1 Chinese Renminbi    | 0.587               | 0.603        | 0.603               | 0.613        |  |  |
| 1 US Dollar           | 4.188               | 4.135        | 4.139               | 3.990        |  |  |
| 100 Indonesian Rupiah | 0.030               | 0.029        | 0.028               | 0.028        |  |  |
| 100 Thai Baht         | -                   | 13.210       | -                   | 12.408       |  |  |
| 100 Philippines Peso  | 8.081               | 7.945        | 7.666               | 7.601        |  |  |
| 100 Vietnamese Dong   | 0.018               | 0.018        | 0.018               | 0.017        |  |  |
| 100 New Taiwan Dollar | 13.489              | 13.318       | 13.586              | 13.338       |  |  |
| 100 South Korean Won  | 0.349               | 0.356        | 0.373               | 0.366        |  |  |



#### **QUARTERLY REPORT FOR THE THIRD QUARTER 2019**

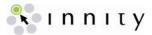
### A8. Segmental information (Cont'd)

#### Current year-to-date ended 30 September 2019

### **Operating Segments**

|  | 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 | Cambodia<br>RM'000 | Myanmar<br>RM'000 | Inter-<br>segment<br>eliminations<br>RM'000 | Group<br>RM'000 |
|--|--------------------|---------------------|-------------------|---------------------|---------------------------------------|-----------------------|------------------|--------------------------|--------------------|-------------------|---|-----------------|
| Revenue  |                    |                     |                   |                     |                                       |                       |                  |                          |                    |                   |   |                 |
| Revenue from external customers                        | 29,759             | 10,246              | 2,184             | 12,272              | 20,449                                | 7,211                 | 3,443            | 641                      | 827                | 4                 | -   | 87,036          |
| Inter-segment revenue                                  | 2,441              | 173                 | 84                | 127                 | 34                                    | 115                   | 144              | 57                       | *                  | -                 | (3,175)                                     | -               |
| Total revenue  | 32,200             | 10,419              | 2,268             | 12,399              | 20,483                                | 7,326                 | 3,587            | 698                      | 827                | 4                 | (3,175)                                     | 87,036          |
| Segment Results  |                    |                     |                   |                     |                                       |                       |                  |                          |                    |                   |   |                 |
| Results from operating activities                      | 419                | 486                 | (632)             | (503)               | 1,722                                 | 534                   | (85)             | (495)                    | (89)               | (195)             | (199)                                       | 963             |
| Finance costs<br>Share in loss of equity-              | (10)               | (16)                | (61)              | (8)                 | -                                     | (9)                   | (95)             | -                        | -                  | -                 | 199   | -               |
| accounted associates, net of tax                       | (231)              | (214)               | -                 | -                   | -                                     | -                     | -                | -                        | -                  | -                 | -   | (445)           |
| (Loss)/Profit before tax<br>Income tax expense         | 178<br>(285)       | 256                 | (693)             | (511)<br>23         | 1,722<br>(199)                        | 525<br>(28)           | (180)            | (495)                    | (89)               | (195)             | -   | 518<br>(489)    |
| (Loss)/Profit after tax<br>Non-controlling interests   | (107)<br>52        |                     | (693)<br>141      |                     | · · · · · · · · · · · · · · · · · · · | 497                   | (180)<br>36      | (495)<br>49              | (89)               | (195)             | -   | 29<br>180       |
| (Loss)/Profit attributable to<br>Owners of the Company | (55)               | 256                 | (552)             | (249)               | 1,211                                 | 472                   | (144)            | (446)                    | (89)               | (195)             | -   | 209             |
| Assets   |                    |                     |                   |                     |                                       |                       |                  |                          |                    |                   |   |                 |
| Segment assets   | 56,205             | 8,231               | 3,588             | 8,846               | 20,360                                | 10,916                | 2,779            | 394                      | 670                | 89                | (38,363)                                    | 73,715          |
| <u>Liabilities</u>                                     |                    |                     |                   |                     |                                       |                       |                  |                          |                    |                   |   |                 |
| Segment liabilities                                    | 17,076             | 4,100               | 4,890             | 5,251               | 10,026                                | 6,996                 | 6,575            | 907                      | 955                | 462               | (20,892)                                    | 36,346          |

\* represents value below RM1,000.



### **QUARTERLY REPORT FOR THE THIRD QUARTER 2019**

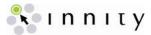
### A8. Segmental information (Cont'd)

Current year-to-date ended 30 September 2019 (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 |
|--|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|---------------------------|---------------------|--------------------|
| Revenue                                      |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Revenue from external customers              | 3,381                | 12,135             | 42,316               | 38,729               | -                | 90,767                 | 25,851            | 180,068                   | 200                 | 1                  |
| Inter-segment revenue                        | 57                   | 466                | 439                  | 65                   | -                | 1,445                  | 1,081             | 16,138                    | *                   | -                  |
| Total revenue                                | 3,438                | 12,601             | 42,755               | 38,794               | -                | 92,212                 | 26,932            | 196,206                   | 200                 | 1                  |
| Segment Results                              |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Results from operating activities            | 160                  | (3,513)            | (1,733)              | 3,332                | (57)             | 6,724                  | (639)             | (139,039)                 | (22)                | (47)               |
| Finance costs<br>Share in loss of an equity- | (5)                  | (337)              | (27)                 | -                    | -                | (114)                  | (712)             | -                         | -                   | -                  |
| accounted associate, net of tax              | (71)                 | -                  | -                    | _                    | -                | -                      | -                 | -                         | -                   |                    |
| (Loss)/Profit before tax                     | 84                   | (3,850)            | (1,760)              | 3,332                | (57)             | 6,610                  | (1,351)           | (139,039)                 | (22)                | (47)               |
| Income tax expense                           |                      | -                  | 81                   | (376)                | -                | (350)                  | -                 | -                         | -                   | -                  |
| (Loss)/Profit after tax                      | 84                   | (3,850)            | (1,679)              |                      | (57)             | 6,260                  | (1,351)           | (139,039)                 | (22)                | (47)               |
| Non-controlling interests                    | _                    | 777                | 823                  | (591)                | -                | (313)                  | 270               | 13,904                    | -                   | -                  |
| (Loss)/Profit attributable to Owners         |                      | (* * * * * * *     | (0 - 0)              |                      | ( <b></b> )      |                        | (1.001)           | <i></i>                   |                     |                    |
| of the Company                               | 84                   | (3,073)            | (856)                | 2,365                | (57)             | 5,947                  | (1,081)           | (125,135)                 | (22)                | (47)               |
| Assets                                       |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Segment assets                               | 2,717                | 19,935             | 29,488               | 37,553               | 522              | 135,086                | 20,601            | 112,855                   | 160                 | 21                 |
| <u>Liabilities</u>                           |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| Segment liabilities                          | 1,354                | 27,165             | 17,504               | 17,721               | 959              | 86,571                 | 48,740            | 259,848                   | 228                 | 110                |
|  |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |

\* represents value below USD1,000.



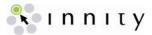
### **QUARTERLY REPORT FOR THE THIRD QUARTER 2019**

### A8. Segmental information (Cont'd)

### Preceding year-to-date ended 30 September 2018

### 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 | Cambodia<br>RM'000 | Myanmar<br>RM'000 | Inter-<br>segment<br>eliminations<br>RM'000 | Group<br>RM'000 |
|---|--------------------|---------------------|-------------------|---------------------|----------------------------------|-----------------------|------------------|--------------------------|--------------------|-------------------|---|-----------------|
| <u>Revenue</u>  |                    |                     |                   |                     |                                  |                       |                  |                          |                    |                   |   |                 |
| 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<br>Share in loss of equity-             | (22)               | (16)                | (49)              | (6)                 | -                                | (4)                   | (64)             | -                        | -                  | -                 | 139   | (22)            |
| accounted associates, net of tax                      | (64)               |                     | -                 | -                   | -                                | -                     | -                | -                        | -                  | -                 | -   | (64)            |
| Profit/(Loss) before tax                              | 340                | (382)               | 3                 | 442                 | 2,121                            | (637)                 | (1,084)          | (457)                    | (204)              | ,                 |   | (1,318)         |
| Income tax expense                                    | (399)              |                     | -                 | (95)                | . ,                              |                       | -                | -                        | -                  | 14                | (305)                                       | (838)           |
| Profit/(Loss) after tax                               | (59)               | · · · ·             | 3                 | 347                 | 1,848                            | (482)                 | (1,084)          | (457)                    | (204)              | (1,446)           | (305)                                       | (2,156)         |
| Non-controlling interests                             | (20)               | -                   | (5)               | (171)               | (379)                            | 34                    | 217              | 41                       | -                  | -                 | -   | (283)           |
| Profit/(Loss) attributable to Owner<br>of the Company | s<br>(79)          | (317)               | (2)               | 176                 | 1,469                            | (448)                 | (867)            | (416)                    | (204)              | (1,446)           | (305)                                       | (2,439)         |
| Assets  |                    |                     |                   |                     |                                  |                       |                  |                          |                    |                   |   |                 |
| 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          |



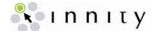
### **QUARTERLY REPORT FOR THE THIRD QUARTER 2019**

### A8. Segmental information (Cont'd)

Preceding 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 |
|--|----------------------|--------------------|----------------------|----------------------|------------------|------------------------|-------------------|---------------------------|---------------------|--------------------|
| Revenue  |                      |                    |                      |                      |                  |                        |                   |                           |                     |                    |
| 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)             | -                         | -                   | -                  |
| (Loss)/Profit before tax<br>Income tax expense           | (128)<br>22          | 19<br>-            | 1,579<br>(338)       | 4,254<br>(536)       | (73)             | (8,375)<br>2,034       | (8,124)           | (124,777)                 | (51)                | (366)<br>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<br>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                |
| Liabilities  | 1 200                | 20.425             | 10.404               | 17 400               | 022              | 10.505                 | 40.500            | (7.222                    |                     | (02                |
| Segment liabilities                                      | 1,399                | 20,425             | 19,426               | 17,498               | 932              | 40,587                 | 48,520            | 67,322                    | 66                  | 683                |



### **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 wholly-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 subcription, Fivestones Digital became an associate to the Group.

ISPL further subcribed an additional 196,000 units of ordinary shares for SGD196,000 in Fivestones Digital (equivalent to approximately RM607,050) on 24 September 2019.

The additional subscription did not affect the Group shareholdings structure in Fivestones Digital.

### (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.

### (c) Incorporation of Passionation (Hong Kong) Limited

On 18 September 2019, Innity China Co., Limited ("ICCL"), an indirect 80%-owned subsidiary of ICB, incorporated a wholly-owned subsidiary in Hong Kong, namely Passionation (Hong Kong) Limited ("Passionation HK"). The issued and paid-up share capital of Passionation HK is Hong Kong Dollar ("HKD") 1,500,000, divided into 1,500,000 ordinary shares of HKD1.00.

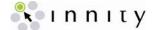
The principal activity of Passionation HK is to develop content and influencer markerting, as well as to be an online media platform.

The incorporation of Passionation HK did not have any material effect on the share capital, shareholding structure, net assets per share and earnings per share of ICB.

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 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.



## **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

#### A13. Significant unrecognised contractual commitments

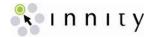
The Group has no material contractual capital commitments in respect of property, plant and equipment.

#### A14. Significant related party transactions

The following were the significant related party transactions: -

|   | Current      | Preceding    |
|---|--------------|--------------|
|   | year-to-date | year-to-date |
|   | ended        | ended        |
|   | 30.9.2019    | 30.9.2018    |
|   | <u>RM</u>    | <u>RM</u>    |
| Sales of advertisement space            | 1,246,169    | 710,994      |
| Purchase of advertisement space         | 617,620      | 165,413      |
| Purchase of online recruitment services | 3,063        | 1,591        |
| Bookkeeping fees income                 | 9,000        | 9,000        |
| Royalty fees income                     | 93,272       | 80,696       |
| Management fees income                  | 240,386      | 181,018      |

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 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:

|  | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | % change | Current<br>year-to-date<br>ended<br>30.9.2019<br>RM'000 | Preceding<br>year-to-date<br>ended<br>30.9.2018<br>RM'000 | % change |
|--|--|--|----------|---|---|----------|
| Overall performance<br>analysis                                |  |  |          |   |   |          |
| Revenue  | 26,096   | 25,827   | 1%       | 87,036  | 75,839  | 15%      |
| Profit/(Loss) from operations                                  | 593  | (1,073)  | > 100%   | 963   | (1,232)   | > 100%   |
| Finance costs  | *  | (4)  | 100%     | *   | (22)  | 100%     |
| Share of loss of<br>equity-accounted<br>associates, net of tax | (179)  | (142)  | (26%)    | (445)   | (64)  | >(100%)  |
| Profit/(Loss) before tax                                       | 414  | (1,219)  | > 100%   | 518   | (1,318)   | > 100%   |
| Profit/(Loss) after tax<br>Profit/(Loss) attributable          | 207  | (1,244)  | > 100%   | 29  | (2,156)   | > 100%   |
| Company  | 397  | (1,575)  | > 100%   | 209   | (2,439)   | > 100%   |

Current Year-To-Date ("9M19") compared with Preceding Year-To-Date ("9M18")

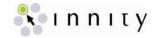
### (i) Group's overview of Revenue, Gross Profit and Profit/(Loss) Before Tax

In 9M19, the Group registered total revenue of RM87.04 million, representing an increase of RM11.20 million or 15% as compared with RM75.84 million recorded in 9M18. Overall, all the segments achieved a greater revenue contribution to the Group except Vietnam, Hong Kong, Taiwan and Myanmar. The Group achieved profit before tax ("PBT") of RM0.52 million in 9M19 as compared to loss before tax("LBT") of RM1.32 million in 9M18 , the positive results was primarily due to higher revenue generated.

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

### Other income

Other income reduced by RM0.03 million or 5% from RM0.72 million in 9M18 to RM0.69 million in 9M19 mainly due to lower foreign exchange gain recorded in the current period .



### **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

Current Year-To-Date ("9M19") compared with Preceding Year-To-Date ("9M18") (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 marginally reduced by 0.5% in 9m19 as compared with 9m18.

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

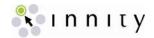
The Group's principal sources of liquidity are cash from operations and overdrafts.

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

|   | Current year-<br>to-date ended | Preceding year-<br>to-date ended |
|---|--------------------------------|----------------------------------|
|   | 30 September 2019              | 30 September 2018                |
|   | <u>RM'000</u>                  | <u>RM'000</u>                    |
| Net cash generated from                   |                                |                                  |
| - Operating activities                    | 5,988                          | 9,243                            |
| - Investing activities                    | (3,734)                        | (788)                            |
| - Financing activities                    | *                              | (48)                             |
| - Exchange difference                     | 377                            | (340)                            |
| Net increase in cash and cash equivalents | 2,631                          | 8,067                            |

The Group has cash and cash equivalents amounting to RM24.50 million as at 30 September 2019 as compared with RM22.29 million as at 30 September 2018. The debts to equity ratio in 9M19 is nil due to the full settlement of term loans in 4Q18 (9M18: 0.004).

\* represents value below RM1,000.



### **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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

Current Quarter ("3Q19") compared with Comparative Quarter of Preceding Year ("3Q18")

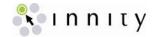
### (i) Group's overview of Operating Segments

|                           |  | ue from<br>customers                                   |          | Profit/(Loss                                       | s) before tax  |          |
|---------------------------|--|--|----------|--|--|----------|
|                           | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | % change | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | % change |
| <b>Operating segments</b> |  |  |          |  |  |          |
| - Malaysia                | 9,643  | 7,983  | 21%      | 262  | (544)  | >100%    |
| - Singapore               | 3,533  | 3,172  | 11%      | 338  | (61)   | >100%    |
| - Vietnam                 | 566  | 1,078  | (47%)    | (449)  | 63   | > (100%) |
| - Indonesia               | 878  | 3,263  | (73%)    | (506)  | 485  | > (100%) |
| - Hong Kong               |  |  |          |  |  |          |
| and China                 | 7,266  | 7,874  | (8%)     | 1,056  | 870  | 21%      |
| - Philippines             | 2,382  | 944  | > 100%   | (36)   | (244)  | 85%      |
| - Taiwan                  | 1,346  | 1,403  | (4%)     | 63   | (162)  | > 100%   |
| - South Korea             | 182  | 40   | > 100%   | (190)  | (182)  | (4%)     |
| - Cambodia                | 296  | 65   | > 100%   | (37)   | (69)   | 46%      |
| - Myanmar                 | 4  | 5  | (20%)    | (87)   | (1,375)  | 94%      |
| _                         | 26,096   | 25,827   | 1%       | 414  | (1,219)  | > 100%   |

Malaysia segment recorded a revenue and PBT of RM9.64 million and RM0.26 million respectively in 3Q19, compared with revenue of RM7.98 million and LBT of RM0.54 million in the 3Q18, representing an increase of 21% and 148% in revenue and PBT. The surge in revenue was mainly due to combined digital spending from the existing clientele and additional revenue contribution from new clientele in 3Q19. The increase in segment's PBT in 3Q19 was mainly due to the increase in revenue and absence of bad debts written off incurred on the same customer in Myanmar as compared to 3Q18.

Singapore segment posted revenue and PBT of RM3.53 million and RM0.34 million respectively in the 3Q19, compared with revenue of RM3.17 million and LBT of RM0.06 million in 3Q18, representing RM0.36 million and RM0.4 million increase in revenue and PBT. The improved revenue was mainly due to the additional digital advertising spending from the new clientele , which has consequently contributed to a higher PBT.

For the 3Q19, Vietnam segment registered a revenue of RM0.57 million and LBT of RM0.45 million compared with RM1.08 million in revenue and PBT of RM0.06 million in 3Q18. The decrease in revenue by 47% was due to the reduce digital advertising spending from existing customers. The LBT recorded in 3Q19 was mainly due to the lower revenue generated and higher operating expenses incurred in the current quarter as compared with 3Q18.



### QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

Current Quarter ("3Q19") compared with Comparative Quarter of Preceding Year ("3Q18") (Cont'd)

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

For the 3Q19, 'Indonesia segment's revenue decreased by 73% from RM3.26 million in 3Q18 to RM0.88 million. A few key customers who contributed in the majority of the revenue in 3Q18 did not repeat digital advertising spending in the current period, this has caused a significant drop in revenue. The LBT of RM0.51 million incurred in 3Q19 was in tandem with the decrease in revenue.

In 3Q19, Hong Kong segment's revenue was reduced by 8% from RM7.87 million in 3Q18 to RM7.27 million. The decline in revenue was mainly due to the lower digital advertising spending from the existing clientele. Nevertheless the segment has gained a number of new customers to minimise the shortfall in sales from its existing clientele. Despite the drop in revenue, The PBT increased by 21% from RM0.87 million in 3Q18 to RM1.06 million in 3Q19. The rise in PBT was due to the higher product mix margin . For China segment, it did not contribute significantly to the Group's result as a whole and it remains challenging.

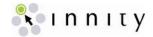
The Philippines segment's revenue more than doubled its revenue generated in 3Q19 at RM2.38 million compared with RM0.94 million in 3Q18. The segment continues to benefit from the repeated order from the existing customers coupled with additional revenue contributed from new customers. The LBT was improved by 85% from RM0.24 million to RM0.04 million, mainly in tandem with the increase in revenue.

During the quarter under review, Taiwan segment's revenue dropped slightly by 4% from RM1.40 million in 3Q18 to RM1.35 million in 3Q19. Taiwan segment is still in the process of realigning its new sales workforce to strengthen their product knowledge and sales strategy. A positive turnaround from LBT of RM0.16 million to PBT of RM0.06 million was registered in the current period, mainly due to the higher margin campaign awarded and saving in operating costs.

For the 3Q19, South Korea segment revenue rose more than fourfold at RM0.18 million as compared to RM0.04 million in 3Q18. The improved revenue was mainly attributed from the new revenue stream from the new clientele. Despite the increase in revenue the LBT increased by 4%, due to the additional staffs hired in the current quarter.

For the current quarter, Cambodia segment's revenue rose by RM0.23 million from RM0.07 million in 3Q18 to RM0.30 million in 3Q19. The spike in the revenue was attributable to the increased digital advertising spending from the existing customers couple with additional revenue from new customers. LBT of RM0.04 million was recorded in 3Q19 as compared to LBT of RM0.07 in 3Q18, the better results was in tandem with the growth in revenue.

The Myanmar segment is still in the midst of gaining its postive momentum to regain its local market share. The lower LBT posted in 3Q19 at RM0.09 million as compared to RM1.38 million in 3Q18 was due to the absence of bad debt written off incurred on the same client in the Malaysia segment.



### **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### 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 |          |
|  | 30.9.2019 | 30.6.2019     |          |
|  | RM'000    | RM'000        | % change |
| Overall performance analysis                             |           |               |          |
| Revenue  | 26,096    | 35,720        | (27%)    |
| Profit from operations                                   | 593       | 1,467         | (60%)    |
| Share in loss of equity-accounted associates, net of tax | (179)     | (109)         | (64%)    |
| Profit before tax  | 414       | 1,358         | (70%)    |
| Profit after tax   | 207       | 984           | (79%)    |
| Profit attributable to Owners of the Company             | 397       | 854           | (54%)    |

For the third quarter ended 30 September 2019, the Group's revenue declined by RM9.62 million or 27% from RM35.72 million in 2Q19 to RM26.10 million in 3Q19. Among the ten segments, half of the segments namely Malaysia, Vietnam, Indonesia, Philippines and South Korea achieved lower revenue compared to the immediate preceding quarter.

The Group PBT was decreased by 70% from RM1.36 million in 2Q19 to RM0.41 million in 3Q19. The decline in PBT was caused by the drop in revenue and higher operating cost incurred in the current period.

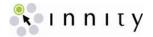
### B3. Commentary on current year prospects and progress on previously announced revenue or profit forecast

### (a) <u>Prospects for the financial year ending 31 December 2019</u>

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

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



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

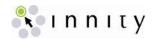
There was no profit forecast or profit guarantee previously announced by the Company.

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

| Profit/(Loss) before tax is arrived at after charging:              | Note | Current<br>quarter<br>ended<br>30.9.2019<br>RM'000 | Comparative<br>quarter<br>ended<br>30.9.2018<br>RM'000 | Current<br>year-to-date<br>ended<br>30.9.2019<br>RM'000 | Preceding<br>year-to-date<br>ended<br>30.9.2018<br>RM'000 |
|---|------|--|--|---|---|
| Amortisation of development expenditure                             | (i)  | 401  | 399  | 1,201   | 1,197   |
| Allowance for doubtful debts  | (i)  | 727  | 2,030  | 1,075   | 2,506   |
| Bad debts written off   | (i)  | *  | -  | *   | -   |
| Depreciation  | (i)  | 161  | 158  | 473   | 427   |
| Shares granted under ESS  | (i)  | -  | 256  | 149   | 256   |
| Impairment loss on goodwill   | (i)  | -  | -  | -   | -   |
| Impairment loss on plant and equipment<br>Interest expense          | (i)  | -  | -  | -   | -   |
| - bank overdraft  | (i)  | *  | 2  | *   | 15  |
| - term loans  | (i)  | -  | 2  | -   | 7   |
| Loss on disposal of plant and equipment<br>Loss on foreign exchange | (i)  | -  | 1  | -   | 4   |
| - realised  |      | 62   | (3)  | 136   | 244   |
| - unrealised  | (i)  | (38)   | (91)   | 105   | 167   |
| Property, plant and equipment written off                           | (i)  | -  | 1  | -   | 1   |
| Retirement benefits   | (i)  | 31   | 29   | 93  | 87  |
| And (crediting):  |      |  |  |   |   |
| Allowance for doubtful debts no longer                              |      |  |  |   |   |
| required  | (i)  | (5)  | (28)   | (14)  | (357)   |
| Gain on disposal of plant and equipment                             | (i)  | *  | -  | *   | (1)   |
| Gain on foreign exchange  |      |  |  |   |   |
| - realised  |      | (9)  | (8)  | (61)  | (8)   |
| - unrealised  | (i)  | (145)  | (214)  | (145)   | (303)   |
| Interest income   | (i)  | (64)   | (43)   | (236)   | (158)   |
| Other income<br>- miscellaneous                                     |      | (98)   | (98)   | (243)   | (252)   |

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

\* represents value below RM1,000.



## **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### **B7.** Income tax expense

|  | Current   | Comparative | Current    | Preceding  |
|--|-----------|-------------|------------|------------|
|  | quarter   | quarter     | year-to-   | year-to-   |
|  | ended     | ended       | date ended | date ended |
|  | 30.9.2019 | 30.9.2018   | 30.9.2019  | 30.9.2018  |
|  | RM'000    | RM'000      | RM'000     | RM'000     |
| In respect of the current year                   |           |             |            |            |
| Malaysian income tax                             | 81        | (147)       | 224        | 178        |
| Outside Malaysia                                 | 166       | 147         | 251        | 390        |
| (Over)/Under provision in respect of prior years |           |             |            |            |
| Malaysian income tax                             | -         | (9)         | -          | 296        |
| Outside Malaysia                                 | -         | -           | (49)       | -          |
| Deferred taxation                                | (40)      | 34          | 63         | (26)       |
|  | 207       | 25          | 489        | 838        |

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 litigation

As at 14 November 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.

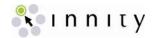
# (a) Claims made by Innity China Co., Limited ("ICCL") (the "Plaintiff") against LETV Sports Culture Develop (HK) Company Limited ("LeSports HK") (the "Defendant")

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 THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### **B8.** Changes in 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.

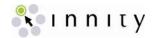
However, on 2 October 2017, LeSports HK had also failed to perform their payment obligations in accordance with Clause 1(a) and (b) of the settlement agreement which stipulate that the balance of the Outstanding Sum amounting to HKD3,349,755.55 is supposed to be fully settled on or before 30 September 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 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.



## QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019

### **B8.** Changes in 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.

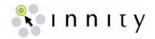
ICCL and LeSports HK had on 5 January 2018, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Summons) in the High Court of the Hong Kong Special Administrative Region ("the Court") that: -

- 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### **B8.** Changes in 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 partyand-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.

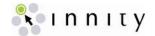
Accordingly, ICCL had caused its solicitors to take all necessary steps to deal with this litigation.

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 September 2019.



### **QUARTERLY REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2019**

### B10. Earnings Per Share ("EPS")/Loss Per Share ("LPS") attributable to Owners of the Company

|   | Current<br>quarter<br>ended<br>30.9.2019 | Comparative<br>quarter<br>ended<br>30.9.2018 | Current<br>year-to-date<br>ended<br>30.9.2019 | Preceding<br>year-to-date<br>ended<br>30.9.2018 |
|---|--|--|---|---|
| Basic EPS/(LPS)   |  |  |   |   |
| Profit/(Loss) attributable to Owners<br>of the Company (RM'000) | 397                                      | (1,575)                                      | 209   | (2,439)   |
| Weighted average number of ordinary                             |  |  |   |   |
| shares in issue ('000)  | 138,907                                  | 138,454                                      | 138,907                                       | 138,454   |
| Basic EPS/(LPS) (sen)   | 0.29                                     | (1.14)                                       | 0.15  | (1.76)  |

Diluted earnings/(loss) per share is not computed as the Company does not have any convertible financial instruments as at 30 September 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 14 November 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 21 November 2019.

By Order of the Board

Phang Chee Leong Executive Chairman

21 November 2019