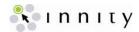


## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

Non-current assets   Property, plant and equipment   1,519   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032   1,032		As at	As at
Assets:           Non-current assets           Property, plant and equipment         1,519         1,032           Right-of-use assets         4,301         3,706           Intangible assets         4,567         4,450           Investment in an associate         410         659           Deferred tax assets         738         703           Inventories         1,535         10,550           Trade receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Total Assets         80,191         79,179           Equity:         17,475         20,074           Equity         36,952         39,551           Total Assets         80,191         79,179           Equity         17,475         20,074           Equity         37,396         40,893           Total Legity         37,396         40,893           Liabilities         1,073         933           Legity attributable to Owners of the Company         30,505		30.06.2023 RM'000	31.12.2022 RM'000
Non-current assets         1,519         1,032           Right-of-use assets         4,301         3,706           Intangible assets         4,567         4,569           Investment in an associate         410         659           Deferred tax assets         738         703           Current assets         11,535         10,550           Current assets         17         3           Inventories         17         3           Trade receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Total Assets         80,191         79,179           Equity:           Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities         1,073         933           Lease liabilities		KW 000	1CIVI 000
Property, plant and equipment         1,519         1,032           Right-of-use assets         4,301         3,706           Intangible assets         4,567         4,450           Investment in an associate         410         659           Deferred tax assets         738         703           Current assets         11,535         10,550           Current assets         17         35           Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Equity:         80,191         79,179           Equity:         17,475         20,074           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities         1,073         93	Assets:		
Right-of-use assets         4,301         3,706           Intangible assets         4,567         4,506           Investment in an associate         410         659           Deferred tax assets         738         703           Current assets         11,535         10,550           Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Equity:         80,191         79,179           Equity:         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities         1,073         933           Lease liabilities </td <td>Non-current assets</td> <td></td> <td></td>	Non-current assets		
Intangible assets         4,567         4,450           Investment in an associate         410         659           Deferred tax assets         738         703           Current assets         11,535         10,550           Current assets         17         35           Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Total Assets         80,191         79,179           Equity:         17,475         20,074           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interest         444         1,342           Total Equity         37,396         40,893           Liabilities         1,073         933           Lease liabilities         1,073         933           Lease liabilities         2,528         1,530     <		· · · · · · · · · · · · · · · · · · ·	
Investment in an associate   410   659   738   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703   703			
Deferred tax assets         738         703           Current assets         Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Total Assets         80,191         79,179           Equity:         Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,511           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities           Non-current liabilities         1,073         933           Lease liabilities         1,073         933           Lease liabilities         2,528         1,504           Retirement benefit obligations         542         444           Borrowings         261         278		· · · · · · · · · · · · · · · · · · ·	
Current assets         17         35           Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,477           Cash and bank balances         80,191         79,179           Equity:           Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:           Non-current liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278			
Current assets         17         35           Inventories         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Cash and bank balances         80,191         79,179           Equity:           Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:           Non-current liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	Deferred tax assets		
Inventories         17         35           Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Cash and bank balances         80,191         79,179           Equity:           Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278		11,535	10,550
Trade receivables         28,065         27,240           Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           Cash and bank balances         80,191         79,179           Equity:           Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	Current assets		
Other receivables, deposits, contract assets and prepayments         8,160         5,322           Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           68,656         68,659           Total Assets         80,191         79,179           Equity:         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities         1,073         933           Lease liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	Inventories	17	35
Tax recoverable         1,028         593           Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           68,656         68,629           Total Assets         80,191         79,179           Equity:         \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$	Trade receivables	28,065	27,240
Fixed deposits with licensed banks         5,678         6,012           Cash and bank balances         25,708         29,427           68,656         68,629           Total Assets         80,191         79,179           Equity:	Other receivables, deposits, contract assets and prepayments	8,160	
Cash and bank balances         25,708         29,427           68,656         68,629           Total Assets         80,191         79,179           Equity:			
Total Assets         80,191         79,179           Equity:         Share capital         19,477         19,477           Reserves         17,475         20,074           Equity attributable to Owners of the Company         36,952         39,551           Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:         Non-current liabilities         1,073         933           Lease liabilities         1,530         1,530         1,530           Retirement benefit obligations         542         442           Borrowings         261         278			
Total Assets         80,191         79,179           Equity:	Cash and bank balances	25,708	29,427
Equity:         Share capital       19,477       19,477         Reserves       17,475       20,074         Equity attributable to Owners of the Company       36,952       39,551         Non-controlling interests       444       1,342         Total Equity       37,396       40,893         Liabilities:       1,073       933         Deferred tax liabilities       1,530       1,530         Retirement benefit obligations       542       442         Borrowings       261       278		68,656	68,629
Share capital       19,477       19,477         Reserves       17,475       20,074         Equity attributable to Owners of the Company       36,952       39,551         Non-controlling interests       444       1,342         Total Equity       37,396       40,893         Liabilities:       Non-current liabilities       1,073       933         Lease liabilities       2,528       1,530         Retirement benefit obligations       542       442         Borrowings       261       278	Total Assets	80,191	79,179
Reserves       17,475       20,074         Equity attributable to Owners of the Company       36,952       39,551         Non-controlling interests       444       1,342         Total Equity       37,396       40,893         Liabilities:       Very state of the Company	Equity:		
Reserves       17,475       20,074         Equity attributable to Owners of the Company       36,952       39,551         Non-controlling interests       444       1,342         Total Equity       37,396       40,893         Liabilities:       Very state of the Company	Share capital	19,477	19,477
Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:           Non-current liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	*	· · · · · · · · · · · · · · · · · · ·	
Non-controlling interests         444         1,342           Total Equity         37,396         40,893           Liabilities:           Non-current liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	Equity attributable to Owners of the Company	36,952	39,551
Liabilities:Non-current liabilitiesDeferred tax liabilities1,073933Lease liabilities2,5281,530Retirement benefit obligations542442Borrowings261278			
Non-current liabilities           Deferred tax liabilities         1,073         933           Lease liabilities         2,528         1,530           Retirement benefit obligations         542         442           Borrowings         261         278	Total Equity	37,396	40,893
Deferred tax liabilities       1,073       933         Lease liabilities       2,528       1,530         Retirement benefit obligations       542       442         Borrowings       261       278	Liabilities:		
Deferred tax liabilities       1,073       933         Lease liabilities       2,528       1,530         Retirement benefit obligations       542       442         Borrowings       261       278	Non-current liabilities		
Lease liabilities       2,528       1,530         Retirement benefit obligations       542       442         Borrowings       261       278		1,073	933
Retirement benefit obligations 542 442 Borrowings 261 278	Lease liabilities		1,530
Borrowings <u>261</u> 278	Retirement benefit obligations	· · · · · · · · · · · · · · · · · · ·	
		261	278
		4,404	3,183

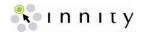


## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Current liabilities		
Trade payables	25,443	21,431
Other payables, contract liabilities and accruals	11,404	12,387
Lease liabilities	854	1,192
Borrowings	462	32
Tax payable	228	61
	38,391	35,103
Total Liabilities	42,795	38,286
Total Equity and Liabilities	80,191	79,179
Net Assets per share attributable to Owners of the Company (sen)	26.51	28.37

(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 2022)



## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

**Total Comprehensive (loss)/income** 

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2023

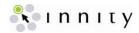
	Note	Current quarter ended 30.06.2023 RM'000	Comparative quarter ended 30.06.2022 RM'000	Current year-to-date ended 30.06.2023 RM'000	Comparative year-to-date ended 30.06.2022 RM'000
Revenue		27,614	32,739	55,878	65,451
Direct costs		(16,057)	(20,417)	(33,239)	(40,769)
Gross profit		11,557	12,322	22,639	24,682
Other operating income		547	1,102	895	1,407
Other operating expenses		(13,572)	(13,157)	(26,976)	(25,370)
(Loss)/Profit from operations		(1,468)	267	(3,442)	719
Finance costs		(59)	(40)	(102)	(76)
Share of loss in equity-accounted associates, net of tax		(115)	(52)	(268)	(39)
(Loss)/Profit before tax	В6	(1,642)	175	(3,812)	604
Taxation	В7	(268)	(168)	(527)	(632)
(Loss)/Profit after tax		(1,910)	7	(4,339)	(28)
Other Comprehensive Income for the period, 1	net of tax				
Item that may be reclassified subsequently to profit or loss:  Foreign currency translation		859	575	842	719
Total Other Comprehensive income for the period, net of tax		859	575	842	719

582

(3,497)

691

(1,051)

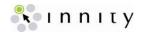


## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)

		Current	Comparative	Current	Comparative
		quarter	quarter	year-to-date	year-to-date
		ended	ended	ended	ended
	Note	30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(1,504)	65	(3,408)	307
Non-controlling interests		(406)	(58)	(931)	(335)
		(1,910)	7	(4,339)	(28)
Total Comprehensive (loss)/profit					
attributable to:					
Owners of the Company		(733)	534	(2,599)	891
Non-controlling interests		(318)	48	(898)	(200)
		(1,051)	582	(3,497)	691
(Loss)/Earning per share attributable to Owners of the Company (sen)					
Basic	B11	(1.08)	0.05	(2.44)	0.22
		·			<u> </u>

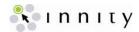
(The accompanying explanatory notes form an integral part of this quarterly report and should be read in conjunction with the audited financial statements for the year ended 31 December 2022)



## QUARTERLY REPORT FOR THE SECOND QUARTER 2023

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

FOR THE FERIOD ENDED 30 JUNE 2023		~	~
		Current	Comparative
		year-to-date	year-to-date
		ended	ended
	Note	30.06.2023	30.06.2022
		RM'000	RM'000
Cash Flows From Operating Activities			
(Loss)/Profit before tax		(3,812)	604
Adjustments for:			
Non-cash and non-operating items	B6(i)	1,445	1,752
Share of loss in equity-accounted associates, net of tax		268	39
Operating (loss)/profit before working capital changes		(2,099)	2,395
Decrease in inventories		17	11
Increase in trade and other receivables, deposits and prepayments		(2,036)	(595)
Increase/(Decrease) in trade and other payables, contract liabilities and	d accruals	1,250	(1,230)
Cash (used in)/generated from operations		(2,868)	581
Income tax paid		(647)	(826)
Net cash outflow from operating activities		(3,515)	(245)
Cash Flows From Investing Activities			
Expenditure incurred on development expenditure		(853)	(857)
Withdrawals/(Placements) of fixed deposits		(035)	(657)
- pledged to licensed banks		100	(38)
- with maturity period more than three (3) months		(2,980)	(36)
Interest received		58	61
Purchase of property, plant and equipment		(708)	(202)
Advance to an associate		(97)	(26)
Net cash used in investing activities		(4,480)	(1,062)
1 tot bush used in in testing uctivities		(1,100)	(1,002)
Cash Flows From Financing Activities			
Interest paid		(18)	(31)
Repayment of lease liabilities		(769)	(607)
Repayments of term loans		(16)	(16)
Net cash used in financing activities		(803)	(654)
Net decrease in Cash and Cash Equivalents		(8,798)	(1,961)
Effects of exchange rate changes		1,435	996
Cash and Cash Equivalents at beginning of period		33,383	28,050
Cash and Cash Equivalents at end of period		26,020	27,085
and the period			27,003

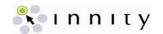


## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)

		Current	Preceding
		year-to-date	year-to-date
		ended	ended
	Note	30.06.2023	30.06.2022
		RM'000	RM'000
Cash and Cash Equivalents comprised:			
Bank overdrafts		(429)	(1,212)
Cash and bank balances		25,708	28,016
Fixed deposits with licensed banks		2,698	2,297
		27,977	29,101
Less: fixed deposits pledged		(1,957)	(2,016)
		26,020	27,085

(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 2022)



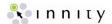
## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

Attributable to Owners of the Company

		Attributable	to Owners of the	Company			
		Reverse	Foreign			Non-	
	Share	acquisition	exchange	Retained		controlling	Total
	capital	reserve	reserve	profits	Total	interest	equity
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Balance as at 1.1.2023	19,477	(2,512)	737	21,849	39,551	1,342	40,893
Loss for the period	_	_		(3,408)	(3,408)	(931)	(4,339)
Other comprehensive income	-	-	809	-	809	33	842
Total Comprehensive Income/(Loss)	-	-	809	(3,408)	(2,599)	(898)	(3,497)
Balance as at 30.06.2023	19,477	(2,512)	1,546	18,441	36,952	444	37,396
Balance as at 1.1.2022	19,477	(2,512)	(223)	21,798	38,540	1,700	40,240
Profit/(Loss) for the period	_	-		307	307	(335)	(28)
Other comprehensive income	-	-	584	-	584	135	719
Total Comprehensive Income/(Loss)	-	-	584	307	891	(200)	691
Balance as at 30.06.2022	19,477	(2,512)	361	22,105	39,431	1,500	40,931
		<u> </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 2022)



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

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 2022 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 2022.

#### 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 2022 except for the newly-issued MFRSs, interpretations and amendments to standards to be applied for the financial periods beginning on or after 1 January 2023:

#### a) New MFRSs effective for annual period beginning on or after 1 January 2023

The Group adopted the following Amendments to the Standards effective from the current quarter 2023, that are mandatory for annual periods beginning on or after 1 January 2023.

<u>Title</u>	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation	
of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108	
Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 112 Deferred tax related to Assets and Liabilities arising	
from a Single Transaction	1 January 2023

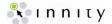
The adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company.

#### b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are the Standards of the MFRSs Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company.

<u>Title</u>	Effective date
Amendments to MFRS 101 Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets	
between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company are still in the process of assessing the impact of the above standard and amendments since the effects would be observable in the future financial years.



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

#### 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.

#### A6. Issues, repurchases and repayments of debts and equity securities

There were no issuance, cancellations, repurchases, resales and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter and current year-to-date ended 30 June 2023.

#### A7. Dividends paid

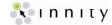
There were no dividend paid by the Company during the current quarter and current year-to-date ended 30 June 2023.

#### 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) Cambodia; and
- ix) Myanmar.



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

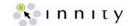
#### A8. Segmental information (Cont'd)

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.

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

	30 Jur	ie 2023	30 June 2022		
	Closing rate	Average rate	Closing rate	Average rate	
	RM	RM	RM	RM	
1 Singapore Dollar	3.449	3.335	3.168	3.129	
1 Hong Kong Dollar	0.596	0.569	0.562	0.546	
1 Chinese Renminbi	0.644	0.643	0.658	0.659	
1 US Dollar	4.671	4.456	4.407	4.271	
100 Indonesian Rupiah	0.031	0.030	0.030	0.030	
100 Thai Baht	-	13.030	i	12.670	
100 Philippines Peso	8.446	8.069	8.015	8.198	
100 Vietnamese Dong	0.020	0.019	0.019	0.019	
100 New Taiwan Dollar	14.995	14.583	14.818	14.876	
100 South Korean Won	0.354	0.344	0.340	0.347	



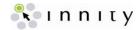
## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

## A8. Segmental information (Cont'd)

#### Current year-to-date ended 30 June 2023

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'001	South Korea RM'000	Cambodia RM'000	Myanmar RM'000	Inter- segment eliminations RM'000	Group RM'000
Revenue												
Revenue from external customers Inter-segment revenue	27,011 2,538	4,543 66	6,380	1,351 87	7,756 14	7,033 292	1,233	-	570	1 -	- (2,997)	55,878
Total revenue	29,549	4,609	6,380	1,438	7,770	7,325	1,233	-	570	1	(2,997)	55,878
Segment Results												
Results from operating activities	(496)	(629)	(293)	(992)	(993)	1,004	(634)	(1)	(221)	(56)	(131)	(3,442)
Finance costs	(29)	(10)	(64)	(3)	(38)	(19)	(60)	-	(1)	(9)	131	(102)
Share of loss in equity- accounted associates, net of tax	(268)	-	-	-	-	-	-	_	-	-	-	(268)
(Loss)/Profit before tax Taxation	(793) (218)	(639)	(357)	(995) -	(1,031)	985 (309)	(694) -	(1)	(222)	(65) -	- -	(3,812) (527)
(Loss)/Profit after tax Non-controlling interests	(1,011)	(639)	(357) 74	(995) 488	(1,031) 203	676 (34)	(694) 139	(1)	(222)	(65) 23	- -	(4,339) 931
(Loss)/Profit attributable to Owners of the Company	(973)	(639)	(283)	(507)	(828)	642	(555)	(1)	(222)	(42)	-	(3,408)
<u>Assets</u>												
Segment assets	47,953	7,619	10,214	2,893	21,542	15,769	1,477	-	281	49	(27,606)	80,191
<u>Liabilities</u>												
Segment liabilities	21,324	3,634	11,085	4,108	6,192	9,527	9,160	-	569	955	(23,759)	42,795



## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

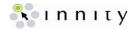
## A8. Segmental information (Cont'd)

Current year-to-date ended 30 June 2023 (cont'd)

Operating Segments (cont'd)

	Singapore	Vietnam	Indonesia	Hong Kong	China	Philippines	Taiwan	South Korea	Cambodia	Myanmar
Revenue	SGD'000	VND'Mil	IDR'Mil	HKD'000	CNY'000	PHP'000	TWD'000	KRW'000	USD'000	USD'000
' <u></u>	1 2 6 2	22.501	4.505	12 (21		07.160	0.452		100	*
Revenue from external customers	1,362 20	33,581	4,505 291	13,631 25	-	87,162 3,624	8,453	-	128	*
Inter-segment revenue	-	22.501					0.452		120	<u>-</u> _
Total revenue	1,382	33,581	4,796	13,656	-	90,786	8,453	-	128	
Segment Results										
Results from operating activities	(189)	(1,543)	(3,307)	(1,715)	(27)	12,447	(4,349)	(191)	(50)	(12)
Finance costs	(3)	(337)	(9)	(67)	-	(235)	(409)	-	-	(2)
(Loss)/Profit before tax	(192)	(1,880)	(3,316)	(1,782)	(27)	12,212	(4,758)	(191)	(50)	(14)
Taxation	(1)2)	(1,000)	(3,310)	(1,762)	-	(3,828)	(4,730)	(171)	-	-
(Loss)/Profit after tax	(192)	(1,880)	(3,316)	(1,782)	(27)	8,384	(4,758)	(191)	(50)	(14)
Non-controlling interests		390	1,625	356		(419)	952	38		5
(Loss)/Profit attributable to Owners										
of the Company	(192)	(1,490)	(1,691)	(1,426)	(27)	7,965	(3,806)	(153)	(50)	(9)
Assets										
Segment assets	2,209	51,070	9,332	35,556	545	186,699	9,850	-	60	10
Liabilities										
Segment liabilities	1,054	55,427	13,251	9,401	914	112,804	61,086	_	122	204
6		, ,	- ,	- ,			,			

<sup>\* -</sup> represent value less than USD1,000



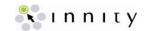
## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

## A8. Segmental information (Cont'd)

## Comparative year-to-date ended 30 June 2022

Operating Segments (cont'd)

	Malaysia		Vietnam	Indonesia		Philippines	Taiwan			•	segment eliminations	Group
D	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'001	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
Revenue from external customers	27,425	6,064	10,967	2,285	8,264	6,936	2,741	83	683	3	-	65,451
Inter-segment revenue	2,857	98	45	203	38	17	28	-	9	-	(3,295)	
Total revenue	30,282	6,162	11,012	2,488	8,302	6,953	2,769	83	692	3	(3,295)	65,451
Segment Results												
Results from operating activities	1,076	158	370	(541)	358	224	(597)	(50)	(139)	(52)	(88)	719
Finance costs	(50)	(16)	(33)	(4)	-	(6)	(40)	(4)	(6)	(5)	88	(76)
Share of loss in equity- accounted associates, net of tax	(39)	-	-	-	-	-	-	_	-	-	-	(39)
Profit/(Loss) before tax	987	142	337	(545)	358	218	(637)	(54)	(145)	(57)	_	604
Taxation	(519)	(12)	-		(21)	(80)	<u> -</u>	<u>-</u>			-	(632)
Profit/(Loss) after tax	468	130	337	(545)	337	138	(637)	(54)	(145)	(57)	-	(28)
Non-controlling interests	57	-	(71)	267	(69)	(7)	127	11	-	20	-	335
Profit/(Loss) attributable to	525	120	266	(279)	269	121	(510)	(42)	(1.45)	(27)		207
Owners of the Company	525	130	266	(278)	268	131	(510)	(43)	(145)	(37)	-	307
Assets												
Segment assets	49,899	9,065	11,400	5,522	19,442	13,598	2,178	42	689	37	(26,472)	85,400
<u>Liabilities</u>												
Segment liabilities	23,201	3,859	11,917	4,933	4,687	8,113	8,553	954	887	761	(23,396)	44,469



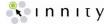
## **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

## A8. Segmental information (Cont'd)

Comparative year-to-date ended 30 June 2022 (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
Revenue	3 <b>32</b> 000	V1(D 1/111	IDIC MI	11112	C1(1 000	1111 000	1 ( D 000	111111 000	CSD 000	0.52 000
Revenue from external customers Inter-segment revenue	1,938 31	57,719 239	7,616 677	15,135 70	-	84,609 210	18,427 187	23,972	160 2	1
Total revenue	1,969	57,958	8,293	15,205	-	84,819	18,614	23,972	162	1
Segment Results										
Results from operating activities	50	1,945	(1,802)	668	(10)	2,732	(4,010)	(14,485)	(33)	(12)
Finance costs	(5)	(174)	(12)	-	-	(77)	(269)	(1,282)	(1)	(1)
Profit/(Loss) before tax Taxation	45 (4)	1,771	(1,814)	668 (38)	(10)	2,655 (981)	(4,279)	(15,767)	(34)	(13)
Profit/(Loss) after tax Non-controlling interests	41	1,771 (372)	(1,814) 889	630 (126)	(10)	1,674 (84)	(4,279) 856	(15,767) 3,174	(34)	(13) 5
Profit/(Loss) attributable to Owners of the Company	41	1,399	(925)	504	(10)	1,590	(3,423)	(12,593)	(34)	(8)
Assets										
Segment assets	2,861	59,998	18,408	33,980	525	169,657	14,701	12,456	156	8
<u>Liabilities</u>										
Segment liabilities	1,218	62,721	16,445	7,305	884	101,219	57,720	280,637	201	173



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

### 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 2023.

#### 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

Innity Korea Co., Ltd, a 80% owned subsidiary of Innity Corporation Berhad has completed its dissolution with the attainment of business closure certificate on 10 April 2023 with no material finnancial impact to the Group.

Save from above, there is no other changes in the composition of the Group during the financial quarter and financial year-to-date.

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

The Directors are of the opinion that the Group having the following contingent liabilities which, upon crystallisation would impact on the financial position and business of the Group as at reporting date.

	RM'000
Guarantees given to third parties in respect of trade performance of subsidiaries	130
Guarantees given to financial institutions in respect of credit facilities	2,557
	2,687

#### A13. Significant unrecognised contractual commitments

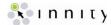
The Group has no material contractual capital commitments in respect of property, plant and equipment.

#### A14. Significant related party transactions

The following were the significant related party transactions:-

	Current year-to-date ended 30.06.2023	
	<u>RM</u>	<u>RM</u>
Sales of advertisement space	471,251	378,210
Purchase of advertisement space and others	77,803	142,592
Purchase of online recruitment services	1,083	1,105
Royalty fees	42,599	64,701
Management fees	153,773	132,763

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.



PART B - Explanatory Notes Pursuant to Chapter 9, Part K - Periodic Disclosures, 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 quarter ended 30.06.2023 RM'000	Comparative quarter ended 30.06.2022 RM'000	% change	Current year-to-date ended 30.06.2023 RM'000	Comparative year-to-date ended 30.06.2022 RM'000	% change
Overall performance analysis						
Revenue	27,614	32,739	(16%)	55,878	65,451	(15%)
(Loss)/Profit from operations	(1,468)	267	>(100%)	(3,442)	719	>(100%)
Finance costs	(59)	(40)	(48%)	(102)	(76)	(34%)
Share of loss of equity-accounted associates, net of tax (Loss)/Profit before tax	(115)	(52) 175	>(100%) >(100%)	(268)	(39) 604	>(100%) >(100%)
	,		,	, ,		,
(Loss)/Profit after tax (Loss)/Profit attributable to	(1,910)	7	>(100%)	(4,339)	(28)	>(100%)
Owners of the Company	(1,504)	65	>(100%)	(3,408)	307	>(100%)

Current Year-To-Date ("6M23") compared with Preceding Year-To-Date ("6M22")

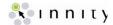
#### (i) Group's overview of Revenue, Gross Profit and Profit/(Loss) Before Tax

In 6M23, the Group's revenue dropped by 15% year-on-year to RM55.88 million from RM65.45 million in 6M22. The group's performance was affected by the reduced digital advertising spending amid the economic slowdown in the first half of 2023, only Philippines business unit contributed positive revenue growth in 6M23 compared to 6M22. The group posted a loss before tax ("LBT") of RM3.81 million in 6M23 against a PBT of RM0.6 million in 6M22. This was mainly attributed from the lower revenue and higher other operating expenses incurred in the period under review.

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

#### Other income

Other income has decreased by RM0.51 million or 37% to RM0.90 million in 6M23 compared with RM1.41 million in 6M22. The decrease in other income was mainly due from a lower unrealised foreign exchange gain registered in the current quarter coupled with an absent of RM0.28 million Government Support Grant from the Hong Kong Government, which was discontinued in 2023.



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

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

Current Year-To-Date ("6M23") compared with Preceding Year-To-Date ("6M22") (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.

Other operating expenses increased by approximately 6% or RM1.61 million to RM26.98 million in 6M23 from RM25.37 million in 6M22.

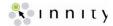
#### Group's overview of Liquidity and Financial Ratio

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

The following summarises the various sources of cash flows as at 30 June 2023 against 30 June 2022:

	Current year-	Comparative year-
	to-date ended	to-date ended
	30.06.2023	30.06.2022
	RM'000	<u>RM'000</u>
Net cash generated from/(used in)		
- Operating activities	(3,515)	(245)
- Investing activities	(4,480)	(1,062)
- Financing activities	(803)	(654)
- Exchange difference	1,435	996
Net decrease in cash and		
cash equivalents	(7,363)	(965)

Group cash and cash equivalents of RM26.02 million was recorded as at 30 June 2023 as compared to RM27.09 million as at 30 June 2022. The debts to equity ratio as at 30 June 2023 has slightly worsen to 0.11 (6M22: 0.08).



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

Current Quarter ("2Q23") compared with Comparative Quarter of Preceding Year ("2Q22")

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

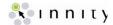
	Revenu	e from					
	external c	ustomers		Profit/(Loss) before tax			
	Current	Comparative		Current	Comparative		
	quarter ended	quarter ended		quarter ended	quarter ended		
	30.06.2023	30.06.2022		30.06.2023	30.06.2022		
	RM'000	RM'000	% change	RM'000	RM'000	% change	
Operating segments							
- Malaysia	12,789	13,292	(4%)	(156)	248	>(100%)	
- Singapore	1,974	2,871	(31%)	(527)	(19)	>(100%)	
- Vietnam	3,154	5,723	(45%)	(106)	272	>(100%)	
- Indonesia	603	1,258	(52%)	(585)	(162)	>(100%)	
- Hong Kong							
and China	4,322	4,738	(9%)	(261)	407	>(100%)	
- Philippines	3,739	3,252	15%	517	(100)	>100%	
- Taiwan	775	1,214	(36%)	(326)	(318)	(3%)	
- South Korea	-	34	(100%)	(1)	(40)	98%	
- Cambodia	257	356	(28%)	(161)	(89)	(81%)	
- Myanmar	1	1	-	(36)	(24)	(50%)	
			(4.50.0)			(4,000()	
	27,614	32,739	(16%)	(1,642)	175	>(100%)	

For the quarter under review, Malaysia's business unit revenue growth remained resilient with a marginal decrease of 4%, where it registered a revenue of RM12.79 million in the current quarter as compared to RM13.29 million in the corresponding quarter in the preceding year. The business unit has benefited from the improved marketing solutions adopted in recent years, which has effectively driven new revenue streams from new clientele despite the macroeconomic challenges. A LBT of RM0.16 million was recorded in the current quarter as compared to PBT of RM0.25 million in the same quarter in the preceding year. This was mainly due to the lower unrealised exchange gain and higher operating costs incurred in the current period.

Despite improved market conditions and demand has generally picked up, however certain industries are remained soft. Consequently, Singapore business unit recorded a lower revenue at RM1.97 million in 2Q23 against RM2.87 million in 2Q22, representing a 31% drop in revenue. A higher LBT of RM0.53 million as compared to LBT of RM20,000 in 2Q22 was in tandem with the drop in revenue and higher staff costs.

In the quarter under review, Vietnam business unit's revenue dropped nearly half, to RM3.15 million in current quarter from RM5.72 million in the corresponding quarter in the preceding year. The drop in revenue was mainly due to the reduced spending from existing clienteles in midst of the growing external headwinds and unstable servicing team. LBT of RM0.11 million was recorded in 2Q23 as compared to PBT of RM0.27 million in 2Q22. Despite an improved gross profit in the current quarter, it is not sufficient to cushion the quantum of the lower revenue and higher staff costs.

In 2Q23, Indonesia business unit's revenue declined to RM0.60 million from RM1.26 million in 2Q22, a drop of RM0.66 million (52%). The business unit remains challenging as majority of its existing customers reduced digital advertising spending with Indonesia business unit in 2Q23 as compared to 2Q22. Nevertheless, the business unit is in the midst of restrategising its business plan to regain the market share. The higher LBT of RM0.59 million incurred in the current quarter was in line with the lower revenue.



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

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

Current Quarter ("2Q23") compared with Comparative Quarter of Preceding Year ("2Q22") (Cont'd)

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

Hong Kong business unit's revenue growth momentum was softened in the quarter under review, revenue declined by 9% to RM4.32 million in the current quater as compared to RM4.74 million in the corresponding quarter in the preceding year. Higher LBT posted in the current period was mainly due to the discontinued of income received from the Hong Kong Government Support Grant in 2023, higher staff costs and higher depreciation expenses incurred from the new office lease. China business remains challenging, no business activities was carry out during the current quarter.

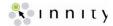
In 2Q23, the Philippines business unit's revenue recorded an increase of RM0.5 million from RM3.25 million in the current quarter to RM3.74 million in the same quarter in the preceding year, representing a 15% increase. The business unit added a few new customers in the current quarter and contributed to the top-line. Consequently, PBT in the current quarter improved by RM0.62 million as compared to corresponding quarter in the preceding year. This was in tandem with the higher revenue with higher gross profit.

Taiwan business unit countinues to suffer lower revenues amidst a slow recovery from the weaken economy in 2Q23. Therefore, advertisers remained conservative on advertising spending in view of the economic uncertainty. The business unit posted a negative growth with a 36% drop in revenue. The drop in revenue coupled with lower gross profit was cushioned by the lower unrealised exchange losses and staff costs which reflected a 3% marginal drop in the current period as compared to the same period in 2022.

South Korea business unit has ceased business effective from June 2022. No revenue and PBT were recorded as at 2Q23 as compared to RM0.03 million revenue in 2Q22. LBT in the current quarter at RM1,000 was incurred before it was dissolved on 10 April 2023.

Cambodia business unit generated revenue of RM0.26 million in the current quarter as compared to RM0.36 million in the corresponding quarter in preceding year, representing a RM0.1 million or 28% decline in revenue. The lost of repeating advertising spending from a few existing customers in the period under review was the major factor that attributed to the lower revenue. LBT increased by 81% quarter-on-quarter ,which was mainly due to the lower revenue coupled with higher staff costs incurred in the current quarter.

Myanmar's economy is still operating well below pre-pandemic levels, business environment surrounded by uncertainty and obstacles, constraining the pace of recovery. The business unit contributed the same amount of RM1,000 revenue in the current quarter and corresponding quarter in the preceding year. Hence, LBT was incurred in 2Q23 and 2Q22 at RM36,000 and RM24,000 respectively.



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

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

	Current quarter ended 30.06.2023 RM'000	Immediate preceding quarter ended 31.03.2023 RM'000	% change
Overall performance analysis			
Revenue	27,614	28,264	(2%)
Loss from operations	(1,468)	(1,974)	26%
Finance costs	(59)	(43)	(37%)
Share of loss in equity-accounted associates, net of tax	(115)	(153)	25%
Loss before tax	(1,642)	(2,170)	24%
Loss after tax	(1,910)	(2,429)	21%
Loss attributable to Owners of the Company	(1,504)	(1,904)	21%

In 2Q23, economy activities in Hong Kong, Taiwan and The Philippines business units has improved by RM0.89 million (26%), RM0.32 million (69%) and RM0.45 million (14%) respectively, on the other hand, the other's business units namely Malaysia, Singapore, Vietnam, Indonesia, Cambodia and Myanmar recorded a lower aggregate revenue of RM18.8 million as compared to immediate preceding quarter of RM21.1 million in 1Q23. The overall group's revenue dipped by 2% in 2Q23 compared to 1Q23. LBT was reduced from RM2.17 million to RM1.6 million in the quarter under review, representing a 24% reduction against 1Q23. This was mainly due to the reversal of platform fee from Visa as a result from the discontinued card linked program in the current period.

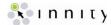
#### B3. Commentary on current year prospects and progress on previously announced revenue or profit forecast

(a) Prospects for the financial year ending 31 December 2023

The global economy continues to face steep challenges caused by continuous inflation pressures. Although most of the country has entered into post-Covid stage, however, consumers and some of the industries are remain cautious and controlling their spendings particularly on non-core costs which is affecting the Company's turnover. The directors are of the opinion that the Group's prospects for the financial year ending 31 December 2023 would be challenging in this macroeconomics. Nevertheless, the management continues to maintain sustainable business by delivering effective data-driven online advertising solutions. The solutions will mainly focus on Shoppable Media which will be an innovative combination of ads with digital commerce, social commerce, as well as influencer marketing to help advertisers, including SMEs better engage with their audience and drive better returns.

(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.



# B4. Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

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

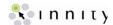
#### B5. Profit forecast/profit guarantee previously announced

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

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

(Loss)/Profit before tax is arrived at after charging:	Note	Current quarter ended 30.06.2023 RM'000	Comparative quarter ended 30.06.2022 RM'000	Current year-to-date ended 30.06.2023 RM'000	Comparative year-to-date ended 30.06.2022 RM'000
Amortisation of development expenditure	(i)	368	396	736	792
Bad debt written off	(i)	-	72	-	72
Depreciation	(i)	561	414	1,033	842
Impairment loss on financial assets					
- trade receivable	(i)	68	240	165	447
Interest expense					
- bank overdraft	(i)	6	14	10	25
- lease rental interest	(i)	48	23	84	45
- Term loan interest	(i)	5	3	8	6
Loss on foreign exchange					
- realised		22	9	71	49
- unrealised	(i)	20	281	93	506
Loss on lease modification	(i)	-	-	22	-
Property, plant and equipment written off	(i)	23	-	23	-
Retirement benefits	(i)	30	5	59	10
And (crediting):					
Gain on foreign exchange					
- realised		2	(19)	(23)	(37)
- unrealised	(i)	(454)	(699)	(711)	(878)
Interest income	(i)	(33)	(35)	(58)	(61)
Other income					
Reversal of impairment losses on financial assets					
- trade receivable	(i)	5	(46)	(19)	(54)
Miscellaneous		(67)	(303)	(84)	(377)

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



#### **B7.** Taxation

	Current	Comparative	Current	Comparative
	quarter	quarter	year-to-	year-to-
	ended	ended	date ended	date ended
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
In respect of the current year				
Income tax				
Malaysia	32	139	65	194
Outside Malaysia	148	13	309	113
Deferred taxation	88	16	153	325
	268	168	527	632

Despite the group recorded a LBT in the 6M23 and 2Q23, income tax and defer tax were recorded in the following business units:

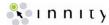
- Malaysia business unit incurred LBT in 2Q23 and 6M23, however income tax was incurred at a profit making business entity namely Domedia Asia Sdn Bhd. The entity effective tax rate was slightly lower than the statutory tax rate. Despite Innity Sdn Bhd recorded LBT in 2Q23 and 6M23, deferred tax was recognise for future tax liabilities, derived from the crystalisation of prior year deferred tax liability;
- ii) Philippines effective tax rate was slightly higher than the statutory tax rate in 2Q23 and 6M23, the higher effective tax rate recorded in Philippines business unit was due to certain expenses not deductable for tax purposes.

#### **B8.** Borrowings

The details of the Group's borrowings are as follows:-

	Non-current RM'000	Current RM'000	Total RM'000
Secured:-			
As at 30.06.2023			
Bank overdraft	-	429	429
Term loan	261	33	294
	261	462	723
As at 30.06.2022			
Bank overdraft	-	1,212	1,212
Term loan	293	32	325
	293	1,244	1,537

The Group does not have any foreign currency borrowings as of 30 June 2023.



#### **QUARTERLY REPORT FOR THE SECOND QUARTER 2023**

#### B9. Changes in material litigation

As at 16 August 2023 (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 instalments: -

- (i) a sum of HKD515,000, inclusive of HKD15,000 legal costs, which was paid by LeSports HK by way of a cheque dated 15 June 2017 (received on 16 June 2017);
- (ii) a sum of HKD1,674,877.78 of the outstanding sum to be paid by LeSports HK on or before 31 August 2017; and
- (iii) the balance of the outstanding sum in the sum of HKD1,674,877.78 to be paid by LeSports HK on or before 30 September 2017.

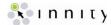
Within 3 working days from receiving payment under (iii) above, ICCL shall cause its solicitors to take all necessary steps to discontinue this litigation action, which includes the service of notice of discontinuance on LeSports HK.

Subject to and conditional upon the fulfilment of payment obligations under item (ii) and (iii) above by LeSports HK, ICCL undertakes to withhold further proceedings, and withhold from giving further instructions to its solicitors to proceed with this litigation action.

On 5 September 2017, LeSports HK had failed to perform their payment obligations in accordance with Clause 1(b) of the settlement agreement which stipulates that a sum of HKD1,674,877.78 of the Outstanding Sum to be paid by LeSports HK on or before 31 August 2017.

LeSports HK had subsequently requested and ICCL had consented to give an extension of time until 30 September 2017 to fully settle the balance of the Outstanding Sum amounting to HKD3,349,755.55.

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



#### B9. Changes in material litigation (Cont'd)

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

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

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

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

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

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

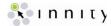
- (i) The time for the Defendant to file and serve its Defence and Counterclaim (if any) pursuant to the Order of Master S.Lo dated 5 December 2017 be extended for 28 days from the date of the order to be made therein; and
- (ii) Costs of the application be charged to the Plaintiff.

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

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

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

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



#### B9. Changes in material litigation (Cont'd)

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

On 5 February 2018, LeSports HK via its solicitors, Messrs. K&L Gates, filed and served its Defence in the High Court of the Hong Kong Special Administrative Region against ICCL's Amended Statement of Claim dated on 16 October 2017.

Accordingly, ICCL had caused its solicitors to take all necessary steps to continue this litigation action including the application for summary judgement, and any further material development of the matter will be announced in due course.

Subsequently, on 6 February 2018, ICCL and LeSports HK, via their respective solicitors, Messrs. Chau & Associates and Messrs. K&L Gates, jointly filed an application for an Order (Consent Order) in the High Court of the Hong Kong Special Administrative Region that all proceedings be stayed except for the purpose of carrying out the Consent Order and the agreed terms set forth thereto:

- (i) That the Defendant do pay the Plaintiff the sum of HK\$3,349,755.55 [the "Settlement Sum"] (inclusive of interest) in full and final settlement of the Plaintiff's claim in the following manner:
  - (a) HK\$500,000.00 on 5 February 2018 (received on 5 February 2018);
  - (b) HK\$1,424,878.00 on 15 March 2018; and
  - (c) HK\$1,424,877.55 on 15 April 2018.
- (ii) That Defendant do pay the Plaintiff's costs of this action from 16 June 2017 up to the date hereof on a party-and-party basis to be taxed, if not agreed; and
- (iii) That upon payment of the Settlement Sum including the payment of costs as aforesaid, the Plaintiff shall apply for leave to withdraw this action with no order as to costs and the Defendant shall give its respective consent to such application.

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

Due to this petition, LeSports HK would not perform its payment obligations in accordance with Schedule 1(b) and (b) of the Consent Order dated 6 February 2018 until the petition is withdrawn.

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

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

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

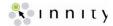
On 9 June 2020, ICCL received a Notice of Adjudication of Proof of Debt dated 3 June 2020 from the Joint and Several Liquidator of the Defendant, KPMG Advisory (Hong Kong) Limited ("the Liquidator"). In the Notice of Adjudication of Proof of Debt, the Liquidator had admitted ICCL's claim in the sum of HK\$2,849,755.55 in full as unsecured claim against the Defendant.

On 27 May 2022, ICCL received a notice of dividend from the Joint and Several Liquidator of the Defendant, KPMG Advisory (Hong Kong) Limited ("the Liquidator") of LeSports HK in accordance to Section 264 of the Companies (Winding up) Rules. ICCL was given the option on the mode of collection for this First Interim Ordinary Dividend of HK\$34,197.07. Such dividend was received on 7 June 2022 by way of bank transfer.

On 30 June 2023, the Liquidator declared the Second and Final ordinary dividend of HK\$6,924.91 to ICCL. Subequent to this, ICCL received the Second and Final Dividend by way of bank transfer on 25 July 2023.

#### B10. Dividends

There is no dividend declared and paid for the current quarter or the current year-to-date ended 30 June 2023.



### B11. Loss Per Share ("LPS")/Earnings Per Share ("EPS") attributable to Owners of the Company

	Current quarter ended 30.06.2023	Comparative quarter ended 30.06.2022	Current year-to-date ended 30.06.2023	Comparative year-to-date ended 30.06.2022
Basic (LPS)/EPS (Loss)/profit attributable to Owners of the Company (RM'000)	(1,504)	65	(3,408)	307
Weighted average number of ordinary shares in issue ('000)	139,403	139,403	139,403	139,403
Basic (LPS)/EPS (sen)	(1.08)	0.05	(2.44)	0.22

Diluted earnings per share is not computed as the Company does not have any convertible financial instruments as at 30 June 2023.

#### B12. Audit report of preceding annual financial statements

The audit report of the Group's annual financial statements for the preceding year were not subject to any qualification.

#### B13. Status of corporate proposals

There were no corporate proposals announced but not yet completed as at 16 August 2023 (being the date not earlier than 7 days before the date of this announcement).

#### **B14.** Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with the Board of Directors' meeting held on 23 August 2023.

By Order of the Board

Phang Chee Leong Executive Chairman

23 August 2023