Innity Corporation Berhad (764555-D)
C501 & C502, Block C,
Kelana Square,
17, Jalan SS7/26, Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan, MALAYSIA

W www.innity.com

INNITY CORPORATION BERHAD (764555-D)

ANNUAL REPORT 2010

THE ALL ENGAGING MEDIA NETWORK

"ENGAGE"

innity

ANNUAL REPORT 2010

INNITY CORPORATION BERHAD

table of Content

Innity Corporation Berhad (764555-D)

corporate profile

Innity is an integrated online media network that provides scalable online marketing solutions and services for advertisers and publishers. Established in 1999, Innity has a strong foothold in the South East Asian market spanning over 10,000 websites, including major newspaper portals and premier sites in more than 16 content interest channels such as technology, lifestyle, automotive, business and entertainment. Innity's solutions provide a combination of the best features of rich media and pay for performance marketing catering to some of the world's largest brands and advertising agencies offering a a variety of engagement based advertising formats and innovative buying metrics.

Innity is committed in exploring online marketing opportunities through our versatile combination of online media proficiency, industry clout, cutting-edge technology as well as sophisticated modeling and analytical tools.

All in all, Innity provides a diverse range of interactive marketing ad solutions such as:

- Online advertising network
- Wi-fi advertising network
- Mobile advertising network
- Self service advertising platform
- Performance and engagement based advertising solution

Reasons why Innity is highly sought after in the market:

a) *Innity is a trend setter*

  - 1st in APAC to introduce Cost Per Engagement (CPE)
  - 1st in APAC to introduce retargeting
  - 1st and only fully transparent ad serving system in Asia that is IAB certified

b) *Innity has a large and exhaustive network*

  - More than 10,000 websites, including major newspaper portals and premier sites
  - More than 16 content interest channels such as technology, lifestyle, automotive, business and entertainment that we are constantly evolving and expanding
  - 50,000,000 unique visitors each month
  - Over 2 billion ad impressions monthly

c) *Innity is one of the largest ad networks in Southeast Asia – comScore*

Top ad networks in Vietnam – February, 2011

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	6,926	100.0	3,476	13,088
Innity Network	5,909	85.3	900	221
RockYou	591	8.5	43	9

Source: comScore Media Metrix

Top ad networks in Indonesia – February 2011

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	9,177	100.0	3,803	10,544
Innity Network	7,130	77.7	762	253
Admax Network	6,475	70.5	518	153
Tribal Fusion	4,373	47.6	513	270
RockYou	1,165	12.7	117	65

Source: comScore Media Metrix

Top ad networks in Singapore – February 2011

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	2,881	100	1,623	4,617
Google Ad Network	2,553	88.6	818	1,828
a) Google Content Network	1,750	60.7	373	416
b) Google Search Network	1,327	46.0	188	97
Innity Network	2,245	77.9	498	97
Admax Network	2,241	77.8	476	447
Tribal Fusion	1,305	45.3	173	100
Adsfactor Network	547	19	51	18
Adconion Media Group	273	9.5	17	4

Source: comScore Media Metrix

Top ad networks in Malaysia – February 2011

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	10,593	100.0	5,134	12,479
Google Ad Network	9,223	87.1	2,540	5,017
a) Google Content Network	5,528	52.2	1,035	1,202
b) Google Search Network	3,886	36.7	485	203
Innity Network	7,998	75.5	1,587	632
Admax Network	6,227	58.8	727	193
Tribal Fusion	5,094	48.1	627	287
Adsfactor Network	3,192	30.1	358	86
Adconion Media Group	1,396	13.2	104	14

Source: comScore Media Metrix

corporate structure

INNITY CORPORATION BERHAD
Investment Holding

- **100% SPIRAL VIBE SDN BHD** — Advertising agency with a full suite of services (Malaysia)
- **100% INNITY SDN BHD** — Technology-based online advertising solutions and other related internet services (Malaysia)
  - **95% PT. MEDIA INNITY** — Technology-based online advertising solutions and other related internet services (Indonesia)
  - **100% INNITY LIMITED** — Investment holdings of overseas operations (Hong Kong)
    - **95% INNITY SINGAPORE PTE LTD** (formerly known as IM Innity Pte Ltd) — Technology-based online advertising solutions and other related internet services (Singapore)
    - **88% INNITY VIETNAM CO LTD** — Software production house (Vietnam)
      - **79% INNITY SOFTWARE & ADVERTISING CO LTD** — Provision of technology-based online advertising solutions and other related internet services (Vietnam)
    - **49% INNITY DIGITAL MEDIA (THAILAND) CO LTD** (formerly known as Innity Online Co Ltd) — Technology-based online advertising solutions and other related internet services (Thailand)
  - **100% DOMEDIA ASIA SDN BHD** — Provision of technology-based online advertising solutions and other related internet services (Malaysia)
- **100% ADVENUE DIGITAL ADVERTISING SDN BHD** — Technology solutions provider for digital advertising activities (Malaysia)

corporate information

BOARD OF DIRECTORS

Phang Chee Leong
Executive Chairman

Looa Hong Tuan
Managing Director

Wong Kok Woh
Executive Director

Seah Kum Loong
Executive Director

Shamsul Ariffin Bin Mohd Nor
Independent Non-Executive Director

Robert Lim Choon Sin
Independent Non-Executive Director

Abd Malik Bin A Rahman
Independent Non-Executive Director

Gregory Charles Poarch
Non-Independent Non-Executive Director

Chang Mun Kee
- Alternate Director to Gregory Charles Poarch

AUDIT COMMITTEE

Shamsul Ariffin Bin Mohd Nor
(Chairman)

Robert Lim Choon Sin

Abd Malik Bin A Rahman

REMUNERATION COMMITTEE

Robert Lim Choon Sin
(Chairman)

Shamsul Ariffin Bin Mohd Nor

Phang Chee Leong

NOMINATING COMMITTEE

Robert Lim Choon Sin
(Chairman)

Abd Malik Bin A Rahman

Shamsul Ariffin Bin Mohd Nor

COMPANY SECRETARIES

Ng Yen Hoong (LS 008016)
Lim Poh Yen (MAICSA 7009745)

AUDITORS

Russell Bedford LC & Company (AF 1237)
10th Floor, Bangunan Yee Seng
15 Jalan Raja Chulan
50200 Kuala Lumpur

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2264 3883
Fax : 603-2282 1886

LEGAL ADVISORS

Tay & Helen Wong
Suite 703, Block F
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No. 9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

SPONSOR

PM Securities Sdn Bhd
Mezzanine Floor, Menara PMI
No. 2, Jalan Changkat Ceylon
50200 Kuala Lumpur
Tel : 03-2715 1330
Website: www.pmsecurities.com.my

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTERED OFFICE

Level 18, The Gardens North Tower
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Tel : 603-2264 8888
Fax : 603-2282 2733

BUSINESS OFFICE

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Selangor Darul Ehsan
Tel : 603-7880 5611
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Email : enquiry@innity.com

STOCK INFORMATION

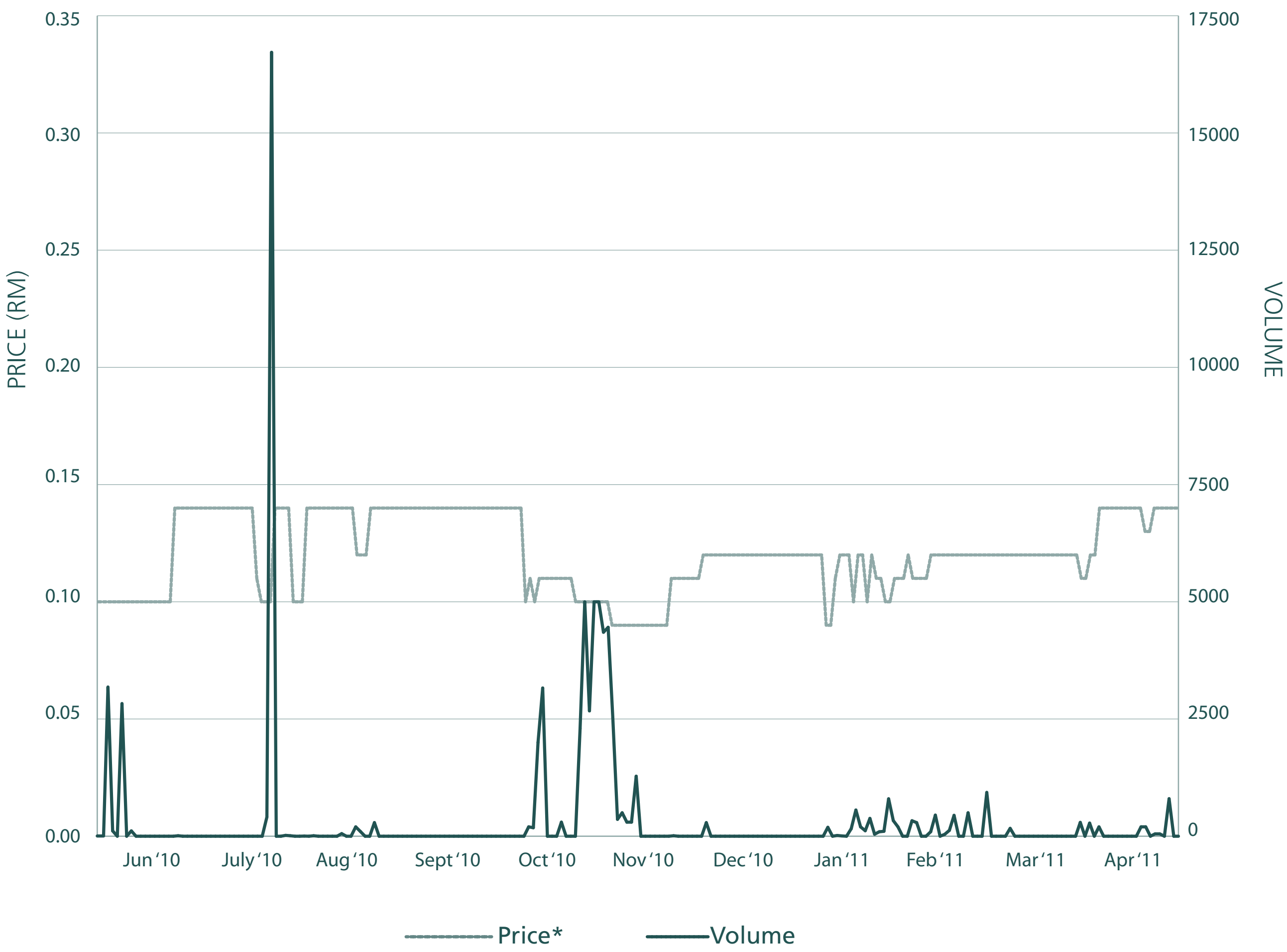
Bursa Malaysia – ACE Market
Bursa Malaysia Code: 0147
Reuters Code: INNY.KL
Bloomberg Code: INNC:MK

WEBSITE

www.innity.com

share performance

SHARE PRICE PERFORMANCE
FOR THE PERIOD 30 JUNE 2010 TO 30 APRIL 2011



MARKET VALUE RATIOS
At 30 April 2011

Market Capitalisation : RM17.61Mil
Price/Book Value : 1.5x

Dear Shareholders,

On behalf of the Board of Directors of Innity Corporation Berhad ("Innity" or "the Group"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2010.

ECONOMIC OVERVIEW

The Malaysian economy registered a strong resumption of growth in 2010 after overcoming the full impact of the global economic downturn in 2009. The economy registered a growth of 7.2% compared with a contraction of 1.7% recorded in 2009 (Source: Bank Negara Report 2010). Growth was mainly driven by robust consumer spending evidenced by the strong performance of major consumption indicators such as passenger car sales, retail sales and imports of consumption goods. Private consumption expanded at a faster rate of 6.6% (2009:0.7%) supported by continued improvement in the employment market and sharply higher prices of commodities such as crude palm oil and rubber.

Meanwhile, the public sector continued to shore up the domestic economy through the prompt implementation of fiscal stimulus measures to contain inflation and the implementation of an equitable subsidy rationalisation to cope with significant increases in global energy prices. Inaction or non-implementation of these measures would have otherwise, contributed to higher domestic food and fuel prices. These proactive measures have largely contributed to stabilization in the domestic economy and continued recovery.

In tandem with the improving economy, the Malaysian advertising and promotions industry recorded strong growth in 2010. The advertising market recorded an overall increase of 15.8% to close the year at RM7.7 billion (2009: 7%), driven by solid growth in the first half of 2010 (22% year-on-year) and an ensuing strong momentum in the second half. Nielsen Advertising Information Services reported that the growth in 2010 was broad-based across all media: Terrestrial TV (+18%), Newspapers (+14%), Radio (+13%), Magazines (+9%), In-Store (+43%), Outdoor (+7%), Cinema (+6%) and Internet (+29%).

Although traditional media such as newspapers and terrestrial TV commanded the lion's share of total advertising spend in 2010, the growth in digital or internet advertising continued to surge. According to eMarketer, the internet's share of total media spending would continue to rise, from 15% in 2010 to 20% in 2014 during which an additional US$11 billion will flow into online advertising space. This enhanced level of spending only goes to show that the internet is where advertisers and marketers are finding their audiences today.

CORPORATE INITIATIVES

I am pleased to report that the business plan revision the Group had started in 2009, to combat the global downturn, has been a tremendous success. In 2010, the Group's position in the market has been further strengthened and remains Southeast Asia's leading online interactive marketing provider.

To recapitulate, the business plan revision entailed the shifting of our entire marketing focus from the premium advertising to the performance-based or engagement advertising. In premium advertising, the targeted websites of which the advertisements are to be displayed would be pre-defined and revenue is generated based on duration of the ad campaigns. Performance-based or engagement advertising fully utilises our in-house technology by targeting advertisement to internet audiences based on demographics and psychographics. Because there is flexibility in payment options such as payment per engagement basis, the technology also allows our customers needing us to do more for less.

executive chairman's statement

(cont'd)

Innity charted several milestones by launching its array of efficient online marketing technologies. Innity rolled out the Cost-Per-Engagement (CPE) product range by introducing CPE products such as light box and dynamic in-text formats. As opposed to the traditional online display advertisements, these formats are more entertaining as they are user-initiated meaning, that it is only upon user's decision that these formats start engaging and interacting with the user. One of the latest CPE product additions called the Engagement Bar, has been designed for brands to fully leverage on its engaging features and a useful tool for customers to interact with the brands and even make purchases. AirAsia was the first brand to explore on this highly engaging advertising format combining Youtube, Facebook, Twitter, Holiday Promotions as well as Traffic Generating Tools into a single Engagement Bar banner.

In August 2010, Innity launched its cutting-edge Retargeting Technology (RT). The Company observed that a large number of Internet users steer away from a site without taking any action. Innity reasoned that businesses cannot afford to lose these potential leads, especially when the global economy has yet to recover. Hence, RT enabled advertisers three (3) main reasons to re-engage potential customers and by doing so, drive their e-commerce platforms through:

- Revenue – redirect internet users to the advertiser's site resulting in better conversion rates and ultimately higher revenue potential;
- Retention – uses retargeting to draw customers back to the advertiser's site to retain them as regular site visitors;
- Recognition – Retargeting advertisements keep the advertiser's site and brand name top of mind with their target audience as they browse the Internet when comparing competing brands.

To complement RT, Innity also introduced a platform to provide marketers with a novel and unique avenue to reach male and female audiences through an exciting mix of sites across the globe. Known as "Engage Him and Engage Her," the networks bring together some of the best local, regional and international sites catering to the interests of the modern age namely, digitally-savvy men and women.

In comparison to a standard Run of Network buy, a network such as Engage Him and Engage Her, has a specific focus to ensure in-depth and effective targeting to the right audience. Some of the sites that are part of the new network include but are not limited to Cozycot, Female First, Women's Health, Goal.com, Vr-Zone and Top Gear. The service is currently offered in Singapore, Malaysia and Indonesia and to other countries in Southeast Asia at a later stage.

Innity also formed exclusive partnerships with leading mobile advertisers in Southeast Asia. It signed an exclusive partnership with Mobile88.com, an established technology player in the region, to fortify Mobile88.com's advertising sales. Through its extensive reach and widespread network, Innity is able to provide an effective channel to distribute Mobile88.com's messages to advertisers.

Innity's regional expansion plans continue to grow with the opening of its operations in the Philippines. We foresee this growth persisting over the next few years with our plans to open new offices in other parts of the globe.

These business initiatives and innovative ideas have clearly positioned Innity with a solid foundation to move forward into a new decade of the 21st century. Additionally, with the renewal of Innity's Interactive Advertising Bureau certification, the company continues to be the first and only fully transparent ad serving system in Asia that is IAB certified reinforcing our leadership within the region.

FY2010 PERFORMANCE

For the financial year ended 31 December 2010, the Group recorded a modest net profit after tax of approximately RM268,000 (FY2009 : net loss after tax of RM1.5million) on a 76% increase in revenue from RM13.0 million in 2009 to RM22.9 million in 2010.

Our Malaysian operations contributed RM16.3 million or 71% of the Group's consolidated revenue for the financial year ended 2010 whilst our overseas operations, particularly Vietnam and Indonesia, registered a 18% jump in group revenue.

The integration and strengthening of our regional platforms have resulted in a major turnaround in our operations in Vietnam and Indonesia. In 2010, these operations including that of Singapore, registered nearly RM1.0 million in combined pre-tax profits. Faced with the uncertain political developments which occurred in 2010, our operation in Thailand must be given more time to bring about the expected benefits. As such, the management would continue to monitor the progressive development of new target markets in Thailand in the months ahead.

Despite the difficult operating environment, the Group maintained its strong net cash position. As at 31 December 2010, the Group had cash and cash equivalents of approximately RM5.7 million (2009: RM8.0 million) with total borrowings of about RM0.8 million (2009:RM0.4 million) and net gearing of about 6% (2009:3%) The Group remains in a strong net cash position to undertake future expansion at the opportune time.

STATUS OF UTILISATION OF INITIAL PUBLIC OFFER ("IPO") PROCEEDS

Innity raised gross proceeds of RM11.35 million from the rights issue and public issue during the IPO and has utilised approximately 67% of the proceeds as at 30 April 2011.

As announced on 13 November 2009, the Company had obtained the Securities Commission's approval to revise the utilisation proceeds raised during the IPO.

The revised utilisation and actual utilisation as at 30 April 2011 are as follows:-

Purpose	Planned utilisation as stated in Prospectus (RM'000)	Revised utilisation (RM'000)	Actual utilisation as at 30 April 2011 (RM'000)	Balance unutilised (RM'000)	Balance unutilised %	Intended timeframe for utilisation from listing date i.e. June 2008	Extended timeframe for the balance unutilised
Research and development expenditure	4,500	4,500	(2,887)	1,613	35.8	Within 24 months	30 June 2012
Set up cost of regional offices	1,500	1,500	(515)	985	65.7	Within 24 months	30 June 2012
Marketing expenditure	1,000	207	(207)	-	-	Within 18 months	-
Working capital	2,850	3,643	(2,548)	1,095	30.1	Within 24 months	30 June 2012
Defrayment of listing expenses	1,500	1,500	(1,500)	-	-	Within 6 months	-
Total	**11,350**	**11,350**	**(7,657)**	**3,693**	**32.5**	**-**	**-**

Innity's rationale to extend the timeframe for utilisation of its IPO proceeds was attributed to the severe global economic downturn in 2009. Innity had adopted a conservative posture in 2010 and in so doing, the following initiatives were deferred:-

(i) The intended utilisation of RM1.61 million for research and development (R&D) activities was deferred for two (2) years because Innity decided to undertake further R&D effort to make improvements, add-ons and upgrades for new technology solutions, particularly for digital TV advertising, mobile interactive advertising and new media such as wireless networks and internet kiosks;

(ii) To control operating costs amid a subdued economic forecast in 2010, Innity deferred its plans to open new offices in other parts of the globe. Should these plans not materialise, there is a possibility of re-allocation of the unutilised balance to fund Innity's existing operations in Singapore, Vietnam, Thailand and Indonesia should the need arises; and

(iii) In tandem with the above initiatives, the timeline for utilisation of working capital proceeds had to be extended to cater for R&D activities, regional expansion expenses and for future working capital requirements of the Group.

executive chairman's statement

(cont'd)

OVERVIEW OF GROUP OPERATIONS

Online Advertising

The Innity Group continues to gain a solid foothold in the Southeast Asian market with an online advertising platform spanning over 10,000 websites, roping in major newspaper portals and news/blog sites across a spectrum of industries such as media, automotive, technology, business, lifestyle and entertainment, travel, sports and recreation, food and dining, career and education, real estate, social and community. We continue to build a stable portfolio of online advertising campaigns and promotions by taking on projects in various industries notably, in telecommunications, automotive, tourism, lifestyle and entertainment industries.

Overseas Subsidiaries and Associates

Despite breaking through in 2010, there is a lot more work to be done in Vietnam and Indonesia as there is huge growth potential for online advertising in these countries.

Our Singapore-based subsidiary, Innity Singapore Pte Ltd continues to take the lead in the transformation of corporate culture from traditional media to the internet media.

As highlighted above, our operation in Thailand must be given sufficient time to register profits in light of the uncertain political landscape.

Business Outlook

Innity firmly believes in the growth potential and increasing dynamism of online advertising within the Southeast Asian region. To guarantee more accuracy in the measurability of its reach in the region, Innity recently deployed a tagging technology developed by comScore Incorporated (comScore), a global leader in online measurement standards and reporting in the digital world. The tagging technology allows for web tags to be placed on the website content of participating publishers, advertising networks and content creators which is in turn recorded by comScore servers each time the tagged content is accessed.

Based on comScore's latest Media Metrix report, Innity ranked as the largest advertising network in Vietnam and Indonesia, reaching out to 98% of Vietnam's 6.9 million Internet audience and 83% of Indonesia's 9.5 million Internet audience respectively. Innity also ranked as one of the largest advertising networks in Singapore and Malaysia. In Singapore, Innity reached more than 84% of Singapore's 2.9 million Internet audience while in Malaysia, the penetration rate was 80% of Malaysia's 10.7 million Internet audience. In both Singapore and Malaysia, Innity's results exceeded that of the scores of the Content Network of the first ranking network by a mile – Innity only competes in the Content Network space with the first ranking network and not with the competitor's Search Network.

The statistics highlighted above are a testimony of Innity's emergence as the region's online marketing technology powerhouse. With our in-depth knowledge of online users' behavioural trends, we believe that there has never been a greater opportunity for Innity to be totally engaged in the speedy and progressive paradigm shift from traditional media to new media.

It is vital that we hone our competitive edge through continuous R&D. It has been the Group's principle to typically allocate a percentage of group revenue to R&D each year. FY2010 saw Innity spending RM1.0 million(2009: RM0.6 million) in R&D on the development of new technology solutions and improvements for digital television advertising, mobile interactive advertising, wireless networks and internet kiosks.

Economic conditions may be beyond our control, but by seeking out new ways to maximise our reach and responding intelligently and adapting swiftly to change, Innity will continue to excel in its products and services, going forward.

CORPORATE GOVERNANCE

To protect and enhance shareholder value, the Board recognises the importance of practising good Corporate Governance and continues to implement the recommendations of the Malaysian Code on Corporate Governance ("the Code"), to ensure that corporate governance best practices are complied throughout the Group as an imperative part of discharging their responsibilities.

The Corporate Governance Statement in the ensuing pages details how the Group has otherwise applied the principles and the extent of compliance with best practices, as set out in the Code, throughout the 12 months ended 31 December 2010.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Innity, we recognise the need to strike a harmonious balance between achieving our corporate goals and giving back to the community at large. The latter is viewed equally as important within the context of CSR.

The alliance with UNICEF, established in recent years, signifies an important step for Innity's efforts in the area of CSR. Through its extensive online network of local, regional and international websites, Innity continued its collaboration with UNICEF in 2010 by supporting UNICEF in the following activities:-

i) Hosting of UNICEF's donation pages in Innity's server, https://www.supportunicefmalaysia.org/donation/;and
ii) Assisting UNICEF in their donation pages and fund raising messages.

Innity's objective is to draw netizens to the UNICEF Malaysia website to help advance the awareness of child rights. This include, amongst others, access to quality health and education services for all children, strengthening social policies for the most vulnerable children and providing comprehensive protection services for children and young people.

Protecting children's rights is an important responsibility and we are excited about the partnership with UNICEF Malaysia.

ACKNOWLEDGEMENT

I would like to express my profound appreciation to my fellow Directors for their invaluable contributions during the year.

Together with the Board, we would like to express our appreciation and thanks to the management and staff for their commitment and dedication in performing their responsibilities in a challenging and competitive environment.

Finally, on behalf of the Board, I would like to express my profound gratitude to our valued shareholders, customers, business associates and financiers for placing their continuing support and trust in the Innity Group.

PHANG CHEE LEONG
Executive Chairman

directors' profile

PHANG CHEE LEONG
Executive Chairman

- Member of the Remuneration Committee
- Malaysian, aged 40

Phang Chee Leong was appointed as the Executive Chairman on 28 April 2008.He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University,USA in 1995. He started his career as a software engineer with PC Automation Sdn Bhd, a company involved in industrial automation. Moving on,he joined Asia Connect Sdn Bhd as a senior software architect and technical manager where he was involved in video streaming, testing and deployment of new technology. Subsequently in 1997, he joined Consortio,a US company that implemented large-scale e-business solutions.In 2001, he joined Innity and took on the position of Chief Executive Officer / Chief Technology Officer. The growth and development of the Group is attributed to Mr. Phang vision and business experience. He has approximately 15 years of experience in the online information technology industry. He currently heads the R&D team. He is also in charge of directing product development and R&D strategies in order to ensure that all future developments are integrated with cutting edge technology so as to deliver value-added and optimised digital advertising solutions.

LOOA HONG TUAN
Managing Director

- Malaysian, aged 40

Looa Hong Tuan was appointed as the Managing Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. He started his career as the Head of Sales Department in Jebsen & Jessen,a Danish multinational video conferencing, streaming and networking company and has since been involved in a number of projects across various industries, such as e-learning, e-government and telemedicine.In 1999, he established Innity and took on the position of Sales and Marketing Director. He is responsible for leading the sales and marketing team in pitching for new online advertising campaigns, establishing relationships with various online publishers, and planning the Group's branding efforts. He currently heads the sales and marketing team. He is also involved in the Group's business development together with Phang Chee Leong.

WONG KOK WOH
Executive Director

- Malaysian, aged 40

Wong Kok Woh was appointed as the Executive Director on 28 April 2008. He graduated with a Bachelor of Science Degree in Microelectronics from Campbell University, USA in 1995. Upon his graduation from university, he joined Nokia Malaysia as a wireless network-planner under the client-servicing department,where he was in charge of handling and implementing numerous GSM phone network projects across the Asia Pacific region. After a few internal promotions,he left Nokia Malaysia in 1999 as Jiang Xi's province network planning manager.Moving on, he joined Innity in 2001 and took on the role as Client Services Director. His job scope entails the implementation and streamlining of daily workflow processes in order to ensure timely and efficient communications with clients to deliver quality work of the highest standards. He plays a critical role in the account management for clients, due to his vast experience in the campaign management of large scale projects. He also works closely with the R&D team to ensure development efforts are consistent with prospective client requirements.

SEAH KUM LOONG
Executive Director
- Malaysian, aged 39

Seah Kum Loong was appointed as the Executive Director on 28 April 2008. He obtained an Advanced Diploma in Advertising and Design from the Lim Kok Wing Institute of Creative Technology. Following his graduation, he joined Asia Connect Sdn Bhd as a design executive from 1996 to 1998. In 1998, he moved on to Mcities Sdn Bhd, a leading online music entertainment portal as their Creative Director. He later joined Labtyd Sdn Bhd, a leading local advertising agency, as an Art Director, where he was part of a team in designing and producing advertisements catering to specific customer needs. He has vast experience in multiple aspects of the design process, encompassing traditional branding, brand identity and packaging to conceptual interface development. In 2001, he joined Innity and was appointed as Creative Director. He currently heads the design department and is in charge of leading and managing the various designers to ensure consistent design output of the finest quality. He is also actively involved with the Group's R&D efforts due to his insights of the ad creation process, current online advertising design trends and the technologies used to create these ads. His job requires him to communicate and fully understand specific needs of clients and then designing an advertisement that accurately represents the client's business.

SHAMSUL ARIFFIN BIN MOHD NOR
Independent Non-Executive Director
- Chairman of the Audit Committee, and Member of the Remuneration and Nominating Committees
- Malaysian, aged 65

Shamsul Ariffin Bin Mohd Nor was appointed as the Independent Non-Executive Director on 30 April 2008. He holds a Bachelor of Arts (Honours) Degree from Universiti Sains Malaysia and a Masters in Business Administration from Universiti Kebangsaan Malaysia. He has served in various capacities in the public service including as Assistant Secretary and Principal Assistant Secretary to the Ministry of Land & Regional Development, Senior Assistant Director to the Director General Land & Mine Department and Director of Enforcement Road Transport Department, Malaysia.He was also a board member of Perbadanan Niaga FELDA, NARSCO Bhd, NASPRO Sdn Bhd, NARSCO Properties Sdn Bhd, NARSCO Management Services Sdn Bhd and Commercial Vehicle Licensing Board. He is currently the Executive Director of See Hup Consolidated Berhad and also holds directorship in several private companies.

ROBERT LIM CHOON SIN
Independent Non-Executive Director
- Chairman of the Remuneration and Nominating Committees, and Member of the Audit Committee
- Malaysian, aged 54

Robert Lim Choon Sin was appointed as the Independent Non-Executive Director on 30 April 2008. He graduated with a Bachelor of Science (Honours) Degree in Computer Science from Brighton Polytechnic, UK in 1982. He was previously the Chief Technology Officer of Rexit Berhad and the Asia-Pacific Vice President of Technical Services at Consortio Corporation, a Seattle-based system integration company specialising in building e-communities and B2B portals.He has more than 25 years experience in ICT, end user environment and consultancy services. His expertise covers a wide-area ranging from, amongst others, product development, consulting and solution architect, designing and managing IT strategies and infrastructure, large project management, building and managing infrastructures such as data-centres, corporate networks and office-automation projects. He is currently the Head of Technical Services for a foreign financial institution in Malaysia and is responsible for the delivery of IT client services including telephony for business applications and technical infrastructure throughout the entire institution and its network of branches.

directors' profile

(cont'd)

ABD MALIK BIN A RAHMAN
Independent Non-Executive Director
- Member of the Audit and Nominating Committees
- Malaysian, aged 62

Abd Malik Bin A Rahman was appointed to the Board as an Independent and Non-Executive Director of Innity Corporation Berhad on 30 April 2008. Encik Malik is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA). He is also a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants and a Certified Financial Planner (USA). He is a member of both the Malaysian Institute of Management and Chartered Management Institute (U.K.). Encik Malik held various senior management positions in Peat Marwick Mitchell (KPMG), Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn. Bhd., Fima Metal Box Berhad and Guinness Anchor Berhad. He was the General Manager, Corporate Services of Kelang Multi Terminal Sdn. Bhd. (Westports) from 1994 until 2003. Encik Malik sits on the Board of Affin Holdings Berhad, Boustead Heavy Industries Corporation Berhad, CYL Corporation Berhad, Lee Swee Kiat Group Berhad and several private limited companies.

GREGORY CHARLES POARCH
Non-Independent Non-Executive Director
- American, aged 46

Gregory Charles Poarch was appointed as the Non-Independent Non-Executive Director on 19 August 2009. He graduated with a Bachelor of Science in Accounting from Southwestern Oklahoma State University, USA in 1988. He commenced his career in 1988 as a Senior Auditor with Finley & Cook, Certified Public Accounting Firm. Moving on, he joined Occidental Petroleum Corporation as an Audit Supervisor. Subsequently in 1996, he joined MEASAT Broadcast Network Systems Sdn. Bhd. as a Project Manager. He was promoted to Senior Manager level in 1997. He joined the JobStreet.com group in 2000 and took on the position of Vice President, Finance & Administration. With the listing of the JobStreet group in November 2004, he became the Chief Financial Officer of JobStreet Corporation Berhad. He does not hold any other directorship of public companies.

CHANG MUN KEE
Alternate director to Gregory Charles Poarch
- Malaysian, aged 46

Chang Mun Kee was appointed as the Alternate Director to Gregory Charles Poarch on 19 August 2009. He obtained his Bachelor of Science in Mechanical Engineering from the University of Texas, Austin, USA in 1988 and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology, USA in 1990. Prior to founding MOL Online Sdn Bhd in 1995 and subsequently JobStreet.com Sdn Bhd in 1997, he was with Kendall International, a US healthcare company, for 5 years, starting as a process engineer in 1990 before being promoted to manufacturing manager in 1992 and regional director of sales and marketing for Malaysia in 1994. He left Kendall International in 1996 to establish JobStreet.com Sdn Bhd which expanded regionally under his direction. He is an Executive Director of JobStreet and founder of the JobStreet Group.

Notes:
Save as disclosed above:
1. *None of the Directors have family relationships with any other Director and/or major shareholder of the Company.*
2. *None of the Directors have been convicted of any offences within the past ten years.*
3. *None of the Directors have any conflict of interest with the company.*

The Board of Directors of the Company ("the Board") is fully committed in ensuring that the highest standards of Corporate Governance, as articulated in Part 1 of the Malaysian Code of Corporate Governance ("the Code"), is practised throughout the Group. The Board views the principles and best practices set out in the Code as a fundamental part of discharging its responsibilities with the objective of protecting and enhancing shareholders' value and the financial position of the Group. In line with this commitment, the Board is pleased to report on the application by Innity on the principles of the Code and the extent of compliance with the Best Practices of the Code as required under the Bursa Securities Listing Requirements ("Bursa Securities LR") throughout the (twelve) 12 months of its financial year ended 31 December 2010.

A. DIRECTORS

1) The Board

Innity is headed by an effective Board which chart the strategic directions and policies of the Group. It therefore, comprises qualified professionals who have the requisite experience, knowledge and skills to review corporate strategies, resolve operational issues and monitor the financial performance of the Group.

2) Board Composition and Balance

As at the date of this statement, the Board consists of eight (8) members, comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors. The individual profile of each director is presented on the preceding pages of this Annual Report.

The Board complied with Rule 15.02 of Bursa Securities LR which requires at least two (2) directors or one-third of the Board, whichever is higher, to be Independent Directors. The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

The varied academic background, skills and industry expertise of the Directors are vital to the Board. Together, the Board retains full and effective control over the Group's performance.

There is a clear segregation of duties between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority in managing the Group. The primary responsibilities of the Executive Chairman, among others, are providing overall leadership to the Board and performing ceremonial obligations, such as presiding at general meetings of shareholders, Board meetings and informal meetings with other Board members. In contrast, the Managing Director is primarily responsible for managing the daily business operations of the Group by ensuring that the corporate strategies, policies and matters approved by the Board are implemented and managed expeditiously.

All decisions of the Board are based on the decision of the majority. No single Board member can make any decision on the Board's behalf unless prior authorisation has been given by the Board.

3) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors, including the Executive Chairman, shall retire by rotation from office at each Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGM. The directors to retire shall be the directors who have been longest in office since their appointment or last re-election. In addition, all directors shall be subject to retirement by rotation once every three (3) years.

Directors who are appointed by the Board in the course of the year shall be subject for re-election at the next AGM to be held following their appointments.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

A. DIRECTORS (CONT'D)

4) Board Meetings

The Board aims to meet at least four (4) times a year, normally after the end of every quarter of the financial year. When necessary, additional meetings will be convened by the Board to deliberate and make decisions on urgent matters.

During the financial year, six (6) Board meetings were held. Details of the Directors' attendance are as follows:-

Directors' Meeting Attendance

Director	Number of Board Meetings Attended
Mr Phang Chee Leong	6/6
Mr Looa Hong Tuan	6/6
Mr Wong Kok Woh	5/6
Mr Seah Kum Loong	5/6
Encik Shamsul Ariffin Bin Mohd Nor	5/6
Mr Robert Lim Choon Sin	5/6
Encik Abdul Malik Bin A Rahman	6/6
Mr Gregory Charles Poarch	5/6
Mr Chang Mun Kee (Alternate director to Gregory Charles Poarch)	3/6

5) Board Responsibilities and Supply of Information

The Board is accountable for all key decisions affecting the Group's business. These decisions include reviewing and approving the Group's strategic plans, key operational initiatives, major investment and funding decisions, reviewing the risk management process and internal control systems to minimize downside risks for the Group in order to safeguard shareholders' interests.

All Directors have access to all information within the Group whether as a full Board or in their individual capacity. Where necessary, the Directors may seek the advice of external professional advisors, at the Group's expense, on specialised issues to enable the Directors to discharge their duties with adequate knowledge of the issues being deliberated.

The agenda for Board meetings and a set of Board papers containing information relevant to the business of the meeting, are circulated to all Directors prior to the meeting. This to ensure sufficient time has been given for the Directors to prepare, obtain additional information or clarification prior to attendance at the meeting.

6) Directors' Training

All Directors of the Group have completed the Mandatory Accreditation Programme and the Continuing Education Programme prescribed by Bursa Securities. The Directors will continue to undergo other relevant training programmes on a continuous basis in compliance with Rule 15.08 of the Bursa Securities LR.

A. DIRECTORS (CONT'D)

6) Directors' Training (cont'd)

During the financial year ended 31 December 2010, the following Directors have attended the following training :-

	Name of Director	Training Programme	Date
1	Phang Chee Leong	Managing Related Party Transactions and Share Buy-Back	29th June 2010
2	Looa Hong Tuan	2011 Tax & Business Planning Seminar	25th November 2010
3	Wong Kok Woh	Managing Related Party Transactions and Share Buy-Back	29th June 2010
4	Seah Kum Loong	Managing Related Party Transactions and Share Buy-Back	29th June 2010
5	Shamsul Ariffin Bin Mohd Nor	Managing Related Party Transactions and Share Buy-Back	29th June 2010
6	Robert Lim Choon Sin	Tricor Goods and Services Tax Seminar	14th July 2010
7	Abd Malik Bin A Rahman	Forum on FRS139 Financial Instruments: Recognition and Measurement	6th January 2010
		Managing Related Party Transactions and Share Buy-Back	29th June 2010
		The Non-Executive Director Development Series: Is It Worth The Risk?	1st December 2010
8	Gregory Charles Poarch	Prof Nabil's Colloquium-What happened at Citibank	11th March 2010
		Bursa Malaysia Corporate Governance (CG) Week 2010 – Launch of the CG Week & CG Roundtable	28th June 2010
		Managing Related Party Transactions and Share Buy-Back	29th June 2010
		Bursa Malaysia Corporate Governance Week: Independent Directors – Actual vs Perceived Independence & Views from the Boardroom	30th June 2010
		The Global Leadership Summit 2010	5th & 6th August 2010
		Harvard Business School: The General Manager as Strategist & Implementer	11th October 2010
		London Business School: The New Faces of Entrepreneurship	23rd November 2010
9	Chang Mun Kee (Alternate director to Gregory Charles Poarch)	The 11th National Human Resources Summit	18th March 2010
		Harvard Business Centre: Marketing for Directors and Senior Executives by Prof. Das	10th & 11th June 2010
		Influencing Difficult People in the Workplace	28th June 2010
		Financial Statement Fraud	29th & 30th June 2010
		Tiger Global Internet Conference 2010	29th September to 1st October 2010

A. DIRECTORS (CONT'D)

7) The Board Committees

The role of the Board Committees is to advise and make recommendations to the Board. Each of the Committees operates under its respective terms of reference. At the relevant Board meetings, the Chairmen of each committee furnish a verbal report on the outcome of major issues being addressed. The confirmed minutes of various committees are tabled to the Board for information and to assist the Board if further deliberation at the board level is required.

The following committees have been established to assist the Board in the discharge of its duties:-

a. Audit Committee

The objective of the Audit Committee is to assist the Board to review the adequacy and integrity of the Company's and Group's internal control systems and management information systems. The composition, summary of activities and terms of reference of the Audit Committee are found in the Audit Committee Report.

b. Nomination Committee

The Nomination Committee, established on 30 April 2008, is tasked with ensuring that the appointed directors bring to the Board, a mix of skills and expertise necessary to meet the requirements of corporate stewardship. The Nomination Committee will also assist the Board in reviewing, on an annual basis, the appropriate balance and size of Non-Executive Directors' participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole.

The Nomination Committee, in its terms of reference, is also tasked with the duty of making suitable recommendations to fill vacancies on the Board and its Committees. Nonetheless, the approval for appointment of new Board or Committee Members rests with the Board as a whole.

The Nomination Committee currently consists of the following Non-Executive Directors, all of whom are Independent Non-Executive Directors:

Chairman
Mr Robert Lim Choon Sin (Independent Non-Executive Director)

Members
Encik Shamsul Ariffin Bin Mohd Nor (Independent Non-Executive Director)
Encik Abd Malik Bin A Rahman (Independent Non-Executive Director)

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2010. During the meetings, the Nomination Committee:-

i) Revised the terms of reference of the Nominating Committee; and
ii) Conducted the Directors' appraisal for the year 2010. The Directors were appraised based on their core competencies.

c. Remuneration Committee

The role of the Remuneration Committee is described below under B) Directors' Remuneration.

The Remuneration Committee shall meet at least once a year. Additional meetings can be convened if necessary by the Chairman of the Remuneration Committee.

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2010.

B. DIRECTORS' REMUNERATION

The objective of the Remuneration Committee is to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure, and fringe benefits for Executive Directors, the Managing Director and other selected top management positions with the aim of attracting, retaining, and motivating individuals of the highest calibre.

The remuneration of the Executive Directors is based on their performance. Fees payable to Non-Executive Directors are determined by way of benchmarking to comparable organisations. Non-Executive Directors are paid monthly fees and meeting allowances based on attendance.

The Remuneration Committee consists mainly of Independent Non-Executive Directors and the present members are:-

Chairman
Mr Robert Lim Choon Sin (Independent Non-Executive Director)

Members
Encik Shamsul Ariffin Bin Mohd Nor (Independent Non-Executive Director)
Mr Phang Chee Leong (Executive Chairman)

The Remuneration Committee shall recommend to the Board the remuneration and entitlements of all directors (including the Executive Chairman) and the Board will decide based on the recommendations of the Remuneration Committee. The approval for Directors' remuneration rests with the Board as a whole with the Directors abstaining from voting and deliberating on decisions in respect of their own remuneration package.

The aggregate remuneration of the Directors from the Group for the financial year ended 31 December 2010 is as follows:-

	Fees (RM)	Salaries and other emoluments (RM)	Total (RM)
Executive Directors	132,000	573,672	705,672
Non-Executive Directors	72,000	9,500	81,500
Total	204,000	583,172	787,172

Individual Directors' remuneration is not disclosed in the Annual Report. Directors' remuneration aggregated and categorised into appropriate components, number of Directors whose total remuneration from the Group during the financial year under review falling within the following bands are as follows:-

Range of Remuneration	Executive	Non-Executive
RM0	-	1
Below RM50,000	-	3
RM50,001-RM200,000	3	-
RM200,001-RM250,000	1	-
Total	4	4

C. SHAREHOLDERS

1) Shareholders and Investor Relations

The Board is committed to maintaining effective communications with the Company's shareholders, stakeholders and the public generally. In accordance with Rule 9.02 of Bursa Securities LR, the Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.

Timely and equitable dissemination of relevant information to shareholders and investors on the Group's business, financial performance and corporate developments are furnished by the Company through its corporate website known as "innity.com". Apart from the website, the Company reaches out to its shareholders and investors through its AGM, Annual Report, Quarterly Financial Statements, press releases and the various disclosures and announcements made to Bursa Securities.

2) The AGM

Notice of the AGM and related papers are sent out to shareholders at least 21 days before the date of the meeting.

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate and to raise questions about the resolutions being proposed and about the Group's operations in general. Executive Directors and, where appropriate, the Chairmen of the various Board Committees are available to respond to shareholders' questions during the meeting.

Shareholders, institutional investors, fund managers and market analysts are invited to meet with Directors after each AGM.

D) ACCOUNTABILITY AND AUDIT

1) Financial Reporting

In presenting the annual financial statements and quarterly unaudited results to shareholders, the Board aims to present a balanced and meaningful assessment of the Group's financial position and future prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Directors, pursuant to Section 169 of the Companies Act 1965, is set out in this Annual Report.

2) Internal Control

The Board fully acknowledges its responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management and is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

Information pertaining to the Company's internal controls are presented in the Statement of Internal Control laid out in this Annual Report.

3) Relationship with Auditors

The Board maintains a formal and transparent relationship with the Group's auditors in seeking their professional advice towards ensuring compliance with the accounting standards.

The role of the Audit Committee in relation to the External Auditors is stated in the Audit Committee's terms of reference.

E) DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements giving a true and fair view of the state of affairs of the Group and Company as at the end of each financial year and of their results of the operations and their cash flows for that year ended.

In preparing the financial statements set out in this Annual Report, which statements have been prepared on a going concern basis, the Directors have ensured that:-

i) Appropriate accounting policies are consistently applied;
ii) Reasonable and prudent judgments and estimates were made; and
iii) All applicable approved accounting standards in Malaysia have been followed.

The Directors have a general responsibility for taking such steps as is reasonably open to them to safeguard shareholders' investment and the Group's assets, and to prevent and detect fraud and other irregularities.

F) CORPORATE SOCIAL RESPONSIBILITY

The Company is aware of its Corporate Social Responsibility and endeavours to operate as a responsible and ethical corporate entity.

Through its extensive online network of local, regional and international websites, Innity continued its collaboration with UNICEF in 2010 by supporting UNICEF in the following activities:-

i) Hosting of UNICEF's donation pages in Innity's server, https://www.supportunicefmalaysia.org/donation/; and
ii) Assisting UNICEF in their donation pages and fund raising messages.

Innity's objective is to draw netizens to the UNICEF Malaysia website to help advance the awareness of child rights. This include, amongst others, access to quality health and education services for all children, strengthening social policies for the most vulnerable children and providing comprehensive protection services for children and young people.

This statement is made at the Board of Directors' Meeting held on 19th May 2011.

audit committee report

The Board of Directors ("Board") is pleased to present the Audit Committee Report for the financial year under review.

1. Constitution

The Audit Committee was set up on 30 April 2008. The Terms of Reference of the Audit Committee are set out in the following pages of this Annual Report.

2. Composition

Presently, the Audit Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors.

3. Members

Members of the Board who are currently serving on the Audit Committee as at the date of the Annual Report are:-

Chairman
Encik Shamsul Ariffin bin Mohd Nor (Independent Non-Executive Director)

Members
Mr Robert Lim Choon Sin (Independent Non-Executive Director)
Encik Abd Malik bin A Rahman (Independent Non-Executive Director)

4. Frequency of Meetings

During the financial year ended 31 December 2010, the Audit Committee convened five (5) meetings. The attendance of each Audit Committee member at these meetings during the financial year were as follows:-

Director	Number of Meetings Attended
Encik Shamsul Ariffin Bin Mohd Nor	5/5
Mr.Robert Lim Choon Sin	4/5
Encik Abdul Malik Bin A Rahman	5/5

5. Summary of Activities

During the year, the Audit Committee undertook the following activities:-

i. Review of the unaudited Quarterly Report on Consolidated Results;
ii. Review of the internal audit planning and internal audit report presented by internal auditor;
iii. Review of the new development of financial reporting standards issued by the Malaysian Accounting Standards Board and their impact on the Group;
iv. Review of the Circular to Shareholders in relation to the recurrent related party transactions of a revenue or trading nature;
v. Review of the Audited Financial Statements presented by external auditor;
vi. Review of the Executive Chairman's Statement, Audit Committee Report, Corporate Governance Statement, Statement of Directors' Responsibility and Statement of Internal Control for inclusion in the Annual Report;
vii. Review Register of the Recurrent Related Party Transactions in every quarter;
viii. Review of the Audit Planning Memorandum to be presented by external auditor; and
ix. Review of the Whistle Blowing Policy.

6. Internal Audit Function

The Audit Committee is supported by an independent internal audit service provider. Its main role is to conduct regular and systematic reviews of the operation, procedures and internal control of the Company and its subsidiaries so as to provide reasonable assurance that the internal control systems put in place continue to operate satisfactorily and effectively.

The cost incurred for the internal audit function for the financial year ended 31 December 2010 was RM35,000.

7. Terms of Reference

a. Constitution

The Board of Directors has established a Committee of the Board to be known as the Audit Committee.

b. Composition of the Audit Committee

- The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) members, the majority of whom are independent directors. All members of the Audit Committee shall be non-executive directors.

- At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or possess at least three (3) years' working experience and has passed the examinations set out in Part I of the First Schedule or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act, 1967, respectively or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

- No alternate Director(s) shall be appointed to be member(s) of the Audit Committee.

- The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director.

- The Board must ensure that the Executive Chairman shall not be a member of the Audit Committee.

- The Board must review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

c. Meetings

(i) Frequency of Meeting

- The Audit Committee shall meet not less than four (4) times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed.

(ii) Proceedings of Meeting

- At least four (4) meetings are held in a year. However, meetings are also held as and when required or upon the request of the external auditors to consider any matters that the external auditors believe should be brought to the attention of the Directors and/or shareholders.

- The quorum for meeting of the Audit Committee shall be two (2) members of which the majority of members present must be Independent Non-Executive Directors.

7. Terms of Reference (cont'd)

c. Meetings (cont'd)

(ii) Proceedings of Meeting (cont'd)

- The agenda of the Audit Committee meetings shall be circulated before each meeting to members of the Audit Committee. The Audit Committee may require the external auditors and any officer of the Company to attend any of its meetings as it determines.

- If at any meeting, the Chairman of the Audit Committee is not present within fifteen (15) minutes after the time appointed for holding the same, the members of the Audit Committee present shall choose one of their number who shall be an Independent Non-Executive Director to be Chairman of such meeting.

- The Company Secretary shall be the Secretary of the Audit Committee.

- Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

(iii) Attendance at Meeting

- The presence of external auditors and internal auditors (if any) at any meeting of the Audit Committee can be requested if required by the Audit Committee.

- Other members of the Board and officers of the Company and its Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Audit Committee.

(iv) Keeping and Inspection of Minutes

- The Company shall cause minutes of all proceedings of the Audit Committee Meeting to be entered in books kept for that purpose within fourteen (14) days of the date upon when the relevant meeting was held.

- Those minutes to be signed by the Chairman of the Audit Committee Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.

- The books containing the minutes of proceedings of the Audit Committee Meeting shall be kept by the Company at the place to be determined by the Board, and shall be open to the inspection of any members of the Board of Directors or Audit Committee members without charge.

- The minutes of the Audit Committee Meeting shall be circulated to the members of the Board for notation.

8. Authority

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:-

(a) have the authority to appoint the Internal Auditor of the Company and establish an internal audit function which is independent of the activities and ensure that the Internal Auditor reports directly to the Audit Committee.

(b) have explicit authority to investigate any matter within the terms of reference;

8. Authority (cont'd)

(c) have the resources which the Audit Committee require to perform the duties;

(d) have full and unrestricted access to any information which the Audit Committee requires in the course of performing the duties.

(e) have unrestricted access to the Executive Chairman of the Company;

(f) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity (if any);

(g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;

(h) be able to invite outsiders with relevant experience to attend its meetings, if necessary; and

(i) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other executive Board members and employees of the Company, whenever deemed necessary.

9. Duties & Responsibilities

The duties and responsibilities of the Audit Committee shall include the following:-

(A) Matters relating to External Audit:-

(a) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

(b) To review the nature, scope and quality of external audit plan/arrangements;

(c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgment issues;

(d) To review the external auditors' audit report on the financial statement;

(e) To review any management letter sent by the external auditors to the Company and the management's response to such letter;

(f) To review any letter of resignation from the external auditors;

(g) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

(h) To review the assistance given by the Company's officers to the external auditors;

(i) To discuss problems and reservations arising from the interim and final audits on any significant audit findings, reservations, difficulties encountered or material weakness reported.

(j) To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.

9. Duties & Responsibilities (cont'd)

(B) Matters relating to Internal Audit function, if any exists:-

(a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out the work;

(b) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary ensure that appropriate actions are taken on the recommendations of the internal audit function;

(c) To review the follow up actions by the management on the weakness of internal accounting procedures and controls;

(d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;

(e) To review the assistance and co-operation given by the Company and its officers to the internal auditors;

(f) To review any appraisal or assessment of the performance of staff of the internal audit function, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgment issues;

(g) To approve any appointment or termination of senior staff members of the internal audit function; and

(h) To review any letter of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.

(C) Roles and Rights of the Audit Committee:-

(a) To consider and review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company and the Group.

(b) To report to Bursa Securities on any matter reported by the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements for the ACE Market.

(c) To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Audit Committee's duties and responsibilities.

(D) Retirement and Resignation of Member of Audit Committee:-

(a) Retirement/Resignation

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

(b) Vacancy

In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

statement on internal control

INTRODUCTION

Pursuant to 15.26(b) of the Listing Requirements for the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") of Innity Corporation Berhad ("Company") is pleased to provide the following Statement on Internal Control of the Company and its subsidiary companies ("Group") prepared in accordance with Statement on Internal Control: Guidance for Directors of Public Listed Companies. This statement outlines the nature and state of internal controls of the Group during the financial year.

BOARD RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for the Group's system of internal control and for reviewing its adequacy and integrity to ensure that shareholders' interests and the Group's assets are safeguarded. In this respect, the responsibility for reviewing the adequacy and integrity of the internal control system has been delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through reports it receives from independent reviews conducted by the internal audit function, the external auditors and management of the Group ("Management").

However, as there are inherent limitations in any system on internal control, such internal control system put into effect by the Management can only manage rather than eliminate all risks that may impede the achievement of the Group's business objectives or goals. Therefore, such internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

In addition, in devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of internal controls.

RISK MANAGEMENT

The Board acknowledges that the Group's business activities involve some degree of risk and key management staff and Head of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic management meetings are held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the on-going process to identify, evaluate and manage significant risks.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm. The outsourced internal auditor assists the Board and the Audit Committee in providing independent assessment of the adequacy and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2010, the outsourced internal audit function carried out audit reviews in accordance with the internal audit plan approved by the Audit Committee. The results of internal audit reviews together with recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

In addition, follow-up visits were also conducted to ensure that corrective actions have been implemented on a timely manner. Based on the internal audit reviews conducted, none of the weaknesses found have resulted in material losses, contingencies or uncertainties that would require a separate disclosure in the annual report.

statement on internal control

(cont'd)

The other key elements of the Group's internal control system are:

i) Clearly defined and structured lines of reporting and responsibilities within the Group including proper segregation of duties, adequate review and approval procedures;

ii) An annual Group budget is prepared by the Management and tabled to the Board for approval. Continuous monitoring is carried out quarterly to measure actual performance against budget so as to identify significant variances arising and devise remedial action plans;

iii) Regular dialogues on operational matters are conducted by the Executive Directors;

iv) Scheduled management meetings to discuss the Group's operations and performance are held on a periodical basis;

v) Regular visits to Overseas Subsidiary offices by members of the senior management team and executive directors;

vi) Quarterly reviews on the performance of the Group by the Board; and

vii) Active participation of executive members of the Board in the day-to-day running of the operations.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholder's investment and the Group's assets. However, the Board is conscious of the fact that the systems of internal control and risk management practices must continuously evolve to support the Group's operations and its changing business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 19 May 2011.

additional compliance information

1. **SHARE BUYBACK**
During the financial year, the Company did not enter into any share buyback transaction.

2. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
During the financial year, no option, warrants or convertible securities were issued by the Company.

3. **DEPOSITORY RECEIPT PROGRAMME**
The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 December 2010.

4. **SANCTIONS AND/OR PENALTIES**
During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

5. **NON-AUDIT FEES**
There was an amount of RM7,000 paid to the Company's auditors Messrs Russell Bedford LC & Company during the financial year ended 31 December 2010 on the review of Statement of Internal Control and Compliance with the Group reporting requirements.

6. **PROFIT GUARANTEE**
There were no profit guarantees given by the Group and the Company during the financial year ended 31 December 2010.

7. **VARIATION OF RESULTS**
There was no significant variance between the results for the financial year ended 31 December 2010 as per the audited financial statements and the unaudited results previously announced.

8. **MATERIAL CONTRACTS**
There were no material contracts entered into by the Company and its subsidiaries which involved the directors and substantial shareholders' interest during the financial year ended 31 December 2010.

9. **REVALUATION POLICY ON LANDED PROPERTIES**
The Group has not adopted a revaluation policy on landed properties as at the end of the financial year under review.

10. **RECURRENT RELATED PARTY TRANSACTION**
The Company had on 19 May 2011 announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on the renewal and new mandate for the recurrent related party transactions of a revenue or trading nature entered/ to be entered into from forthcoming AGM until the next AGM by 30 June 2012.

    The Company will, at the forthcoming AGM, seek shareholders' approval for the RRPTs entered into from forthcoming AGM until the next AGM by 30 June 2012.

    The related parties are as follows:

    Jobstreet Corporation Berhad, a substantial shareholder with a direct holding of a 23.25% equity interest in the Company;

    Jobstreet.com Sdn Bhd and Autoworld.com.my Sdn Bhd, is a wholly owned subsidiary of Jobstreet Corporation Berhad;

    Tan Tian San is a shareholder of IM Communications Pte Ltd as well as Innity Singapore Pte Ltd.

additional compliance information

(cont'd)

10. RECURRENT RELATED PARTY TRANSACTION (CONT'D)

The RRPT entered into by the Group during the financial year ended 31 December 2010 were as follows:

Related Party	Nature of Recurrent Transactions	Interested Related Parties	Actual value transacted for the financial year (RM)
Jobstreet Corporation Berhad	Purchase of advertisement space by ISB from Jobstreet Corporation Berhad	Jobstreet Corporation Berhad	52,850
Jobstreet.com Sdn Bhd	Online recruitment services	Jobstreet Corporation Berhad	21,788
Autoworld.com.my Sdn Bhd	Purchase of advertisement space by ISB from Autoworld.com.my Sdn Bhd	Jobstreet Corporation Berhad	6,497
Total			81,135

reports & financial statements

For the year ended 31 December 2010 (in Ringgit Malaysia)

Innity Corporation Berhad (764555-D)

The directors submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit/(loss) for the year	268,341	(235,291)
Attributable to:		
Owners of the Company	201,373	(235,291)
Minority interests	66,968	-
	268,341	(235,291)

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares and debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The directors of the Company in office since the date of the last report are:

Phang Chee Leong
Looa Hong Tuan
Seah Kum Loong
Wong Kok Woh
Abd Malik Bin A Rahman
Robert Lim Choon Sin
Shamsul Ariffin Bin Mohd Nor
Gregory Charles Poarch
Chang Mun Kee (alternate to Gregory Charles Poarch)

DIRECTORS' INTEREST IN SHARES

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.1.2010	Bought	Sold	Balance as at 31.12.2010
Shareholdings registered in the name of directors:				
In the Company				
Phang Chee Leong	17,950,474	-	-	17,950,474
Wong Kok Woh	11,651,189	-	-	11,651,189
Looa Hong Tuan	16,726,787	-	-	16,726,787
Seah Kum Loong	9,995,280	-	-	9,995,280

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2010	Bought	Sold	Balance as at 31.12.2010
In a subsidiary, DoMedia Asia Sdn Bhd				
Phang Chee Leong	-	1	1	-
Looa Hong Tuan	-	1	1	-

Other than as disclosed above, none of the other directors in office at the end of the financial year, had any interest in shares of the Company and its related companies during the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

AUDITORS

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors,

PHANG CHEE LEONG	**LOOA HONG TUAN**

Kuala Lumpur

Dated: 15 April 2011

statement by directors

The directors of INNITY CORPORATION BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 28, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the directors,

PHANG CHEE LEONG

LOOA HONG TUAN

Kuala Lumpur

Dated: 15 April 2011

statutory declaration

I, CHOW TAT KEE, being the officer primarily responsible for the financial management of INNITY CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named CHOW TAT KEE at)
Kuala Lumpur in Wilayah Persekutuan)
on 15 April 2011)

CHOW TAT KEE

Before me,

COMMISSIONER FOR OATHS

report of the independent auditors

to the members of INNITY CORPORATION BERHAD (Incorporated in Malaysia)

1. Report on the financial statements

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the related statements of comprehensive income, changes in equity and cash flows for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 ("Act") and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.2 Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1.3 Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Act and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and their cash flows for the year ended on that date.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we also report on the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements that have been included in the Group's financial statements.

report of the independent auditors

(cont'd)

2. Report on other legal and regulatory requirements (cont'd)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. Other reporting responsibilities

The supplementary information set out in Note 28 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

4. Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

CHIN KIM CHUNG
2006/09/12 (J/PH)
PARTNER

Kuala Lumpur

Dated: 15 April 2011

statements of comprehensive income

for the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	4	22,947,665	13,047,021	-	-
Other operating income		116,386	151,675	93,193	98,419
Purchases		(14,297,500)	(8,583,731)	-	-
Staff costs	5	(4,756,791)	(3,489,126)	-	-
Depreciation		(168,971)	(157,492)	-	-
Amortisation of development expenditure		(746,095)	(621,613)	-	-
Other operating expenses		(2,706,216)	(1,869,750)	(328,484)	(262,776)
Profit/(loss) from operations		388,478	(1,523,016)	(235,291)	(164,357)
Finance costs		(33,494)	(31,535)	-	-
Share of loss from an associate		-	(2,148)	-	-
Profit/(loss) before tax	6	354,984	(1,556,699)	(235,291)	(164,357)
Income tax expense	7	(86,643)	-	-	-
Net profit/(loss) for the year		268,341	(1,556,699)	(235,291)	(164,357)
Other comprehensive loss:					
Foreign currency translation		(67,502)	(13,718)	-	-
Other comprehensive loss for the year, net of tax		(67,502)	(13,718)	-	-
Total comprehensive income/(loss) for the year		200,839	(1,570,417)	(235,291)	(164,357)
Profit/(loss) attributable to:					
Owners of the Company		201,373	(1,498,043)	(235,291)	(164,357)
Minority interests		66,968	(58,656)	-	-
		268,341	(1,556,699)	(235,291)	(164,357)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		147,998	(1,511,761)	(235,291)	(164,357)
Minority interests		52,841	(58,656)	-	-
		200,839	(1,570,417)	(235,291)	(164,357)
Basic earnings/(loss) per share (sen)	8	0.16	(1.19)		

The accompanying notes form an integral part of the financial statements.

statements of financial position

as at 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non current assets					
Property, plant and equipment	9	1,165,124	1,145,114	-	-
Development expenditure	10	2,641,707	2,395,456	-	-
Investment in subsidiaries	11	-	-	2,922,175	2,922,175
Investment in an associate	12	-	-	-	-
		3,806,831	3,540,570	2,922,175	2,922,175
Current assets					
Trade receivables	13	9,669,605	5,597,785	-	-
Other receivables, deposits and prepayments	14	490,515	470,650	1,500	85,500
Amount due from an associate	15	371,962	248,294	123,594	123,594
Amount due from subsidiaries	16	-	-	4,988,356	2,186,628
Tax recoverable		-	95,143	-	-
Fixed and short term deposits	17	4,804,781	7,652,196	4,259,781	7,167,196
Cash and bank balances		1,865,880	573,140	63,221	88,297
		17,202,743	14,637,208	9,436,452	9,651,215
Current liabilities					
Trade payables	18	5,056,145	3,288,688	-	-
Amount due to an associate	15	14,332	-	-	-
Other payables and accruals		730,192	376,961	64,884	44,356
Short term borrowings	19	444,627	23,901	-	-
Tax payable		65,033	-	-	-
		6,310,329	3,689,550	64,884	44,356
Net current assets		10,892,414	10,947,658	9,371,568	9,606,859
Non current liabilities					
Long term loans	20	351,045	381,020	-	-
Retirement benefits obligation	21	15,292	-	-	-
		(366,337)	(381,020)	-	-
		14,332,908	14,107,208	12,293,743	12,529,034
Represented by:					
Share capital	22	12,582,129	12,582,129	12,582,129	12,582,129
Reserves	23	1,633,361	1,485,363	(288,386)	(53,095)
Equity attributable to owners of the Company		14,215,490	14,067,492	12,293,743	12,529,034
Minority interests		117,418	39,716	-	-
Total equity		14,332,908	14,107,208	12,293,743	12,529,034

The accompanying notes form an integral part of the financial statements.

statements of changes in equity

for the year ended 31 December 2010

Group	Share Capital RM	Share premium RM	Reverse acquisition reserve RM	Foreign currency translation reserve RM	Retained profits RM	Equity attributable to owners of the Company RM	Minority interests RM	Total equity RM
At 1 January 2009	12,582,129	136,213	(2,512,173)	(9,199)	5,382,283	15,579,253	98,372	15,677,625
Total comprehensive loss for the year	-	-	-	(13,718)	(1,498,043)	(1,511,761)	(58,656)	(1,570,417)
At 31 December 2009	12,582,129	136,213	(2,512,173)	(22,917)	3,884,240	14,067,492	39,716	14,107,208
Additional minority interests arising on the acquisition of subsidiaries	-	-	-	-	-	-	24,861	24,861
Total comprehensive income/(loss) for the year	-	-	-	(53,375)	201,373	147,998	52,841	200,839
At 31 December 2010	12,582,129	136,213	(2,512,173)	(76,292)	4,085,613	14,215,490	117,418	14,332,908

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2009	12,582,129	136,213	(24,951)	12,693,391
Total comprehensive loss for the year	-	-	(164,357)	(164,357)
At 31 December 2009	12,582,129	136,213	(189,308)	12,529,034
Total comprehensive loss for the year	-	-	(235,291)	(235,291)
At 31 December 2010	12,582,129	136,213	(424,599)	12,293,743

The accompanying notes form an integral part of the financial statements.

statements of cash flows

for the year ended 31 December 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from/(used in) operating activities				
Profit/(loss) before tax	354,984	(1,556,699)	(235,291)	(164,357)
Adjustments for:				
Amortisation of development expenditure	746,095	621,613	-	-
Depreciation	168,971	157,492	-	-
Interest expense	33,494	31,535	-	-
Interest income	(111,226)	(111,325)	(92,585)	(98,419)
Provision for doubtful debts	-	73,679	-	-
Retirement benefits	15,729	-	-	-
Share of loss of an associate	-	2,148	-	-
Unrealised loss on foreign exchange	-	697	-	-
Operating profit/(loss) before working capital changes	1,208,047	(780,860)	(327,876)	(262,776)
(Increase)/Decrease in trade and other receivables	(4,156,419)	(1,145,989)	84,000	(84,000)
Increase in trade and other payables	2,132,150	1,291,612	20,528	16,356
Cash used in operations	(816,222)	(635,237)	(223,348)	(330,420)
Income tax refunded/(paid)	77,633	(34,138)	-	-
Net cash used in operating activities	(738,589)	(669,375)	(223,348)	(330,420)
Cash flows from/(used in) investing activities				
Development expenditure paid	(992,346)	(622,411)	-	-
Increase in fixed deposits pledged	(60,000)	(60,000)	-	-
Interest received	111,226	111,325	92,585	98,419
Purchase of property, plant and equipment	(190,791)	(349,631)	-	-
Acquisition of subsidiaries	-	-	-	(4)
Advances to an associate	(123,668)	(120,000)	-	(50,000)
Advances to subsidiaries	-	-	(2,801,728)	(1,113,775)
Net cash used in investing activities	(1,255,579)	(1,040,717)	(2,709,143)	(1,065,360)

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from/(used in) financing activities				
Interest paid	(33,494)	(31,535)	-	-
Proceeds of subscription of shares by minority shareholders of the subsidiaries	24,861	-	-	-
Repayments of term loans	(25,993)	(24,110)	-	-
Repayments to a director of a subsidiary	-	(48,368)	-	-
Net cash used in financing activities	(34,626)	(104,013)	-	-
Exchange differences	(2,625)	(13,980)	-	-
Net decrease in cash and cash equivalents	(2,031,419)	(1,828,085)	(2,932,491)	(1,395,780)
Cash and cash equivalents at beginning of year	7,740,336	9,568,421	7,255,493	8,651,273
Cash and cash equivalents at end of year	5,708,917	7,740,336	4,323,002	7,255,493
Cash and cash equivalents comprise:				
Bank overdrafts	(416,744)	-	-	-
Cash and bank balances	1,865,880	573,140	63,221	88,297
Fixed and short term deposits	4,804,781	7,652,196	4,259,781	7,167,196
	6,253,917	8,225,336	4,323,002	7,255,493
Less: Fixed deposits pledged	(545,000)	(485,000)	-	-
	5,708,917	7,740,336	4,323,002	7,255,493

	Group	
	2010 RM	2009 RM
Analysis of acquisition of subsidiaries		
Purchase consideration paid in cash	385,249	4
Less: Cash and cash equivalents acquired	(410,110)	(4)
Net cash inflow on acquisition	(24,861)	-

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

31 December 2010

1. GENERAL INFORMATION

The Company is principally involved in investment holding. The principal activities of the subsidiaries are disclosed in Note 11.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business is located at C501 & C502, Block C, Kelana Square, 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the board of directors on 15 April 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act, 1965 and the Approved Accounting Standards for Entities Other Than Private Entities issued by the Malaysian Accounting Standards Board ("MASB").

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described below, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than the approval from the authorities on the extension of pioneer status of a subsidiary of the Company as disclosed in Note 7.

The Group and the Company have adopted the new and revised Financial Reporting Standards ("FRSs") and IC Interpretations that become mandatory for the current financial year. The adoption of the new and revised FRSs and IC Interpretations does not result in significant changes in accounting policies of the Group and the Company other than as follows:

(i) FRS 7 Financial Instruments: Disclosure

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS132 Financial Instruments: Disclosure and Presentation. FRS7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(i) FRS 7 Financial Instruments: Disclosure (cont'd)

The Group and the Company have applied FRS7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

(ii) FRS 8 Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group has adopted FRS 8 retrospectively. These disclosures, including the related comparative information, are shown in Note 26.

(iii) FRS 101 Presentation of Financial Statements (revised)

FRS 101, which prohibits the presentation of items of income and expenses (that is, non owner changes in equity) in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented, separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of other comprehensive income). The Group and the Company have elected to present this statement as a single statement.

Where the Group and the Company restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present the statement of financial position at the end of the current period and comparative period.

FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

(iv) FRS139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS139 are discussed below:

Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS139 and no adjustment is required to be made to the opening balance of retained earnings as at that date.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

The Group and the Company have not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group and the Company upon their initial application other than the following:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect accounting treatment of future acquisitions or loss of control and transactions with minority interests.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries listed under Note 11 made up to the end of the financial year. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

All significant inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Minority interests in the consolidated statement of financial position consist of the minorities' share of the fair value of the identifiable assets and liabilities and contingent liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Business Combination - Reverse Acquisition

In 2008, the Company acquired the entire equity interest in Innity Sdn Bhd ("ISB") via the issuance of 29,221,710 new ordinary shares of RM0.10 each at par in the Company. The Company became the legal parent company of ISB. Due to the relative values of ISB and the Company, the former owners of ISB became the majority shareholders through the 29,221,710 new ordinary shares of RM0.10 in the Company issued to them, controlling the entire issued and paid up share capital of the Company at that time. Further, the key executive management of ISB has the power to govern the financial and operating policies of the legal parent company so as to obtain benefits from its activities. Accordingly, the substance of the business combination is that ISB acquired the Company in a reverse acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combination - Reverse Acquisition (cont'd)

FRS 3 requires that the consolidated financial statements be issued under the name of the legal parent company, a continuation of the financial statements of the legal subsidiary. Hence, the following have been reflected in the consolidated financial statements:

(i) the assets and liabilities of ISB have been recognised and measured at their pre-combination carrying amounts immediately prior to the reverse acquisition;

(ii) the identifiable assets and liabilities of the Company were recorded in the consolidated financial statements at fair value on the date of reverse acquisition;

(iii) the retained earnings and reserves recognised in the consolidated financial statements are those of ISB immediately prior to the reverse acquisition; and

(iv) the comparative information presented in the consolidated financial statements is that of ISB.

Revenue and income recognition

Revenue from services rendered is recognised in the profit or loss when the services are rendered.

Interest income is recognised as it accrues (using the effective interest rate method) unless collectibility is in doubt.

Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in 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 also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currency are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies (cont'd)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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

	2010 RM	2009 RM
1 United States Dollar	3.084	3.370
1 Hong Kong Dollar	0.396	0.442
1 Singapore Dollar	2.386	2.441
100 Indonesian Rupiah	0.040	0.040
100 Thai Baht	10.227	10.367
100 Vietnamese Dong	0.016	0.019

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense in the profit or loss as incurred.

(iii) Retirement benefits

The cost of providing retirement benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a benefit plan, past service cost is recognised immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Impairment of non financial assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss in the period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Depreciation on property, plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Long term leasehold shop offices	2%
Furniture, fittings and office equipment	10%
Computers and peripherals	20%
Renovations	20%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the profit or loss as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and sufficient resources are available to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is expensed in the profit or loss as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses, if any. Capitalised development expenditure is amortised from the commencement of the income recognition to which it relates on the straight line basis over the period of expected benefit of five years.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to derive benefits from its activities.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Investment in associates

An associate is a company in which the Group or the Company has significant influence and which is neither a subsidiary nor a joint venture of the Group or the Company.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the reporting date. Under this method of accounting, the Group's interest in the post acquisition profit of the associates is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated statement of financial position.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associates to ensure consistency of accounting policies with the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill on consolidation

Goodwill arising on acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair values of the net identifiable assets, liabilities and contingent liabilities acquired. Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the profit or loss.

Segment information

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group and the Company has become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are classified as either at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale as appropriate. Financial liabilities are classified as either at fair value through profit or loss (derivative financial liabilities) or at amortised cost (borrowings and trade and other payables), as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(iii) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged fixed deposits.

4. REVENUE

	Group 2010 RM	Group 2009 RM
Technology based online advertising solutions	20,983,770	11,776,458
Other related internet services	1,963,895	1,270,563
	22,947,665	13,047,021

5. STAFF COSTS

	Group 2010 RM	Group 2009 RM
Salaries, wages and bonus	4,839,933	3,565,370
Defined contribution plan	421,735	321,235
Other employee related expenses	441,771	224,932
	5,703,439	4,111,537
Staff costs capitalised under development expenditure (Note 10)	(946,648)	(622,411)
	4,756,791	3,489,126

The number of directors of the Company where total remuneration during the financial year falls within the following bands is analysed as follows:

	Group 2010	Group 2009
Executive directors:		
RM150,001 to RM200,000	3	4
RM200,001 to RM250,000	1	-
Non executive directors:		
RM0	2	2
Below RM50,000	3	3

5. STAFF COSTS (CONT'D)

The emoluments received and receivable by the directors of the Company during the financial year are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors:				
Basic salaries and other emoluments included in:				
- profit and loss	463,406	420,403	-	-
- development expenditure (Note 10)	110,266	110,371	-	-
Fees included in profit and loss	132,000	132,000	-	-
	705,672	662,774	-	-
Non executive directors:				
Other emoluments included in profit and loss	9,500	11,500	9,500	11,500
Fees included in profit and loss	72,000	72,000	72,000	72,000
Total	787,172	746,274	81,500	83,500

6. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of development expenditure	746,095	621,613	-	-
Auditors' remuneration				
- auditors of the Company				
- statutory	40,924	35,381	17,000	14,000
- non statutory	7,000	-	7,000	-
- other auditors	18,472	11,289	-	-
Depreciation	168,971	157,492	-	-
Directors' remuneration				
- directors of the Company				
- fees	204,000	204,000	72,000	72,000
- others	472,906	431,903	9,500	11,500
- director of a subsidiary				
- other than fees	-	48,719	-	-
Interest expense				
- term loans	29,651	31,535		
- bank overdrafts	3,843	-	-	-
Loss on foreign exchange				
- realised	66,246	1,637	-	-
- unrealised	-	697	-	-
Office rental	324,342	239,626	-	-
Preliminary expenses	4,300	5,000	-	-
Provision for doubtful debts	-	73,679	-	-
Retirement benefits	15,729	-	-	-
And crediting:				
Interest income				
- short term deposits	(92,585)	(98,419)	(92,585)	(98,419)
- bank deposits	(18,641)	(12,906)	-	-

7. INCOME TAX EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Estimated current year income tax payable	86,643	-	-	-

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(Loss) before tax	354,984	(1,556,699)	(235,291)	(164,357)
Taxation at statutory tax rate of 25% (2009: 25%)	(88,700)	389,000	58,000	41,000
Expenses not deductible for tax purposes	(117,143)	(56,000)	(58,000)	(41,000)
Different tax rates in other countries	38,700	-	-	-
Deferred tax assets not recognised during the year	(83,500)	(358,000)	-	-
Income not subject to tax	74,700	25,000	-	-
Utilisation of prior years unrecognised deferred tax assets	89,300	-	-	-
Income tax expense for the year	(86,643)	-	-	-

A subsidiary of the Company was granted pioneer status by Multimedia Development Corporation Sdn Bhd ("MDC") under provisions of the Promotion of Investments Act, 1986 with effect from 30 September 2005. By virtue of this pioneer status, certain statutory income of the subsidiary from pioneer activities during the pioneer period from 30 September 2005 to 29 September 2010 is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders. The subsidiary currently is awaiting extension of pioneer status for another five (5) years from MDC. As at the date of report, the application is pending approval from the authorities.

The subsidiary computed the income tax expense based on the key assumption that the pioneer status will be extended based the following:

(i) The subsidiary has met all the extension criteria;
(ii) Application has been made and is pending approval from relevant authorities; and
(iii) The board of directors' opinion that the likelihood of the approval is very high.

Deferred tax assets have not been recognised in respect of the following:

	Group	
	2010	2009
	RM	RM
Tax effects of unabsorbed capital allowances and unutilised tax losses	346,600	386,000

7. INCOME TAX EXPENSE (CONT'D)

Deferred tax liabilities have not been recognised in respect of the following items:

	Group	
	2010	2009
	RM	RM
Tax effects of:		
Development expenditure incurred but not charged to profit or loss	635,000	598,000
Excess of capital allowances over related depreciation of plant and equipment	32,000	54,000
	667,000	652,000

The deferred tax assets and liabilities are not recognised as the initial recognition of the related assets and liabilities at the time of the transactions, affects neither accounting profit nor taxable profit.

8. BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share is calculated based on the net profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2010	2009
Net profit/(loss) attributable to ordinary shareholders (RM)	201,373	(1,498,043)

	Group	
	2010	2009
Weighted average number of ordinary shares in issue	125,821,287	125,821,287
Basic earnings/(loss) per ordinary share (sen)	0.16	(1.19)

Diluted earnings/(loss) per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 31 December 2009 and 2010.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold shop offices RM	Furniture, fittings and office equipment RM	Computers and peripherals RM	Renovations RM	Total RM
2010					
Cost					
At beginning of year	720,000	331,202	632,781	72,570	1,756,553
Additions	-	52,406	103,197	35,188	190,791
Exchange differences	-	(405)	(1,478)	-	(1,883)
At end of year	720,000	383,203	734,500	107,758	1,945,461
Accumulated depreciation					
At beginning of year	32,725	133,615	394,571	50,528	611,439
Charge for the year	8,773	38,095	106,975	15,128	168,971
Exchange differences	-	14	(87)	-	(73)
At end of year	41,498	171,724	501,459	65,656	780,337
Net book value					
At 31 December 2010	678,502	211,479	233,041	42,102	1,165,124
2009					
Cost					
At beginning of year	500,000	314,232	520,120	72,570	1,406,922
Additions	220,000	16,970	112,661	-	349,631
At end of year	720,000	331,202	632,781	72,570	1,756,553
Accumulated depreciation					
At beginning of year	23,952	100,544	293,699	36,014	454,209
Charge for the year	8,773	33,112	101,093	14,514	157,492
Exchange differences	-	(41)	(221)	-	(262)
At end of year	32,725	133,615	394,571	50,528	611,439
Net book value					
At 31 December 2009	687,275	197,587	238,210	22,042	1,145,114

At the reporting date:

(i) long term leasehold shop office of the Group with carrying amount of RM464,072 (2009: RM470,060) has been charged as collateral to secure the banking facilities referred to in Note 19; and

(ii) the title deeds of the long term leasehold shop offices of the subsidiary have yet to be transferred to the subsidiary by the developer.

10. DEVELOPMENT EXPENDITURE

	Group 2010 RM	Group 2009 RM
Costs		
At beginning of year	3,730,475	3,108,064
Additions	992,346	622,411
At end of year	4,722,821	3,730,475
Accumulated amortisation		
At beginning of year	1,335,019	713,406
Charge for the year	746,095	621,613
At end of year	2,081,114	1,335,019
Net carrying amount		
At end of year	2,641,707	2,395,456
The development expenditure is arrived at after charging:		
Directors' remuneration other than fees	110,266	110,371
Other staff costs	836,382	512,040
	946,648	622,411
Computers and telecommunication costs	45,698	-
	992,346	622,411

11. INVESTMENT IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted shares at cost/carrying amount		
At beginning of year	2,922,175	2,922,171
Additions	-	4
At end of the year	2,922,175	2,922,175

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest 2010	Group's effective interest 2009	Principal activities
Subsidiaries of the Company				
Innity Sdn Bhd	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Spiral Vibe Sdn Bhd	Malaysia	100%	100%	Advertising agency providing full suite of services

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Country of incorporation	Group's effective interest 2010	Group's effective interest 2009	Principal activities
Subsidiaries of the Company (cont'd)				
Advenue Digital Advertising Sdn Bhd	Malaysia	100%	100%	Dormant and intended activity is provision of digital advertising activities via ads serving, ads targeting, ads optimisation, report and analytics software system
Subsidiary of Innity Sdn Bhd				
Innity Limited	Hong Kong	100%	100%	Investment holding company
PT. Media Innity*	Indonesia	95%	-	Provision of technology based online advertising solutions and other related internet services
DoMedia Asia Sdn Bhd	Malaysia	100%	-	Provision of technology based online advertising solutions and other related internet services
Subsidiaries of Innity Limited				
Innity Singapore Pte Ltd*	Singapore	95%	95%	Provision of technology based online advertising solutions and other related internet services
Innity Vietnam Co Ltd*	Vietnam	88%	88%	Software production house
Subsidiary of Innity Vietnam Co Ltd				
Innity Software and Advertising Co Ltd*	Vietnam	79%	-	Provision of technology based online advertising solutions and other related internet services

* The financial statements of the subsidiaries indicated by * are not audited by Russell Bedford LC & Company.

During the financial year:

(i) On 10 February 2010, a subsidiary of the Company, Innity Sdn Bhd ("ISB") subscribed for 950 shares of USD100 each representing 95% of the total issued and paid up capital of PT. Media Innity, a company incorporated in Indonesia for a total cash consideration of USD95,000.

With the subscription, PT. Media Innity became a subsidiary of ISB.

(ii) On 11 February 2010, a subsidiary of the Company, Innity Vietnam Co Ltd ("IVCL") subscribed for 90% of the share capital of Innity Software and Advertising Co Ltd ("ISACL") a company incorporated in Vietnam, for a total cash consideration of USD27,000.

With the subscription, ISACL became a subsidiary of IVCL.

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) On 25 June 2010, a subsidiary of the Company, ISB acquired for 2 shares of RM1 each representing 100% of the equity interest in DoMedia Asia Sdn Bhd ("DoMedia"), a company incorporated in Malaysia for a total cash consideration of RM2.

With the acquisition, DoMedia became a subsidiary of ISB.

In the previous financial year:

(i) On 24 April 2009, the Company acquired 2 ordinary shares of RM1.00 each in Spiral Vibe Sdn Bhd, a company incorporated in Malaysia, for a cash consideration of RM2.00. The Company also acquire 2 ordinary shares of RM1.00 each in Advenue Digital Advertising Sdn Bhd for a cash consideration of RM2.00. Both companies became wholly-owned subsidiaries of the Company.

(ii) On 19 August 2009, Innity Limited further acquired additional shares in Innity Singapore Pte Ltd, a company incorporated in Singapore, for a total consideration of RM5;

The acquired subsidiaries have contributed the following results to the Group:

	2010 RM	2009 RM
Revenue	4,087,016	321,965
Profit/(Loss) for the year	310,999	(244,941)

The acquisitions had the following effects on the Group's financial position:

	2010 RM	2009 RM
Cash and bank balances	410,110	4
Fair value of net assets acquired	410,110	4
Less:		
- cost of business combination	(385,249)	
- minority interests	(24,861)	(4)
Goodwill	-	-

12. INVESTMENT IN AN ASSOCIATE

	Group	
	2010 RM	2009 RM
Unquoted shares at cost	51,524	51,524
Share in post acquisition losses of an associate	(51,524)	(51,524)
Carrying amount, representing share of net assets	-	-

12. INVESTMENT IN AN ASSOCIATE (CONT'D)

The details of the associate are as follows:

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010	2009	
Held through a subsidiary:				
Innity Digital Media (Thailand) Co Ltd (formerly known as Innity Online Co Ltd)	Thailand	49%	49%	Provision of technology based online advertising solutions and other related internet services

The financial statements of the associate are not audited by Russell Bedford LC & Company.

The summarised financial information of the associate is as follows:

	2010 RM	2009 RM
Assets and liabilities		
Current assets	16,812	54,953
Non current assets	118,921	15,339
Total assets	135,733	70,292
Current liabilities/Total liabilities	353,265	190,711

	2010 RM	2009 RM
Results		
Revenue	100,534	57,459
Loss for the year	(103,324)	(122,538)

13. TRADE RECEIVABLES

	Group	
	2010 RM	2009 RM
Trade receivables	9,750,922	5,679,638
Less: Provision for doubtful debts	(81,317)	(81,853)
	9,669,605	5,597,785

The Group's normal trade credit terms range from 45 days to 120 days (2009: 45 days to 120 days).

13. TRADE RECEIVABLES (CONT'D)

The following table provides information on the trade receivables' credit risk exposure.

	Group	
	2010 RM	2009 RM
Not impaired or past due	5,721,675	2,884,389
1 - 30 days past due not impaired	1,589,121	1,105,310
31 - 60 days past due not impaired	1,006,511	355,308
61 - 90 days past due not impaired	416,795	346,299
91 - 120 days past due not impaired	343,608	151,681
More than 120 days past due not impaired	591,895	754,798
	3,947,930	2,713,396
	9,669,605	5,597,785

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

The movement in the provision for doubtful debts accounts for trade receivables that are individually impaired at reporting date is as follows:

	Group	
	2010 RM	2009 RM
At beginning of year	81,853	8,174
Provision for the year	-	73,679
Written off	(536)	-
At end of year	81,317	81,853

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	104,729	150,448	-	-
Deposits	162,750	151,309	1,500	1,500
Prepayments	223,036	168,893	-	84,000
	490,515	470,650	1,500	85,500

15. AMOUNT DUE FROM/(TO) AN ASSOCIATE

The amount due from an associate represents unsecured interest free advances receivable on demand.

The amount due to an associate represents trade transactions under normal credit terms.

16. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries represents unsecured interest free advances receivable on demand.

17. FIXED AND SHORT TERM DEPOSITS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with a licensed bank	545,000	485,000	-	-
Short term deposits with licensed financial institutions	4,259,781	7,167,196	4,259,781	7,167,196
	4,804,781	7,652,196	4,259,781	7,167,196

The fixed deposits of a subsidiary of RM545,000 (2009: RM485,000) are pledged to a bank for facilities granted as disclosed in Note 19.

Included in short term deposits with licensed financial institutions is RM4,031,000 (2009: RM5,116,000) which represent the unutilised balance of gross proceeds raised from the flotation scheme which are restricted for the following intended use:

	Group	
	2010 RM	2009 RM
Research and development expenditure	1,951,000	2,943,000
Set up cost of regional offices	985,000	1,078,000
Working capital	1,095,000	1,095,000
	4,031,000	5,116,000

The weighted average effective interest rates of fixed and short term deposits at the reporting date are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Fixed deposits with a licensed bank	2.62	2.04	-	-
Short term deposits with licensed financial institutions	2.31	2.26	2.31	2.26

17. FIXED AND SHORT TERM DEPOSITS (CONT'D)

The average maturities of fixed and short term deposits at the reporting date are as follows:

	Group		Company	
	2010 Days	2009 Days	2010 Days	2009 Days
Fixed deposits with a licensed bank	63	68	-	-
Short term deposits with licensed financial institutions	30	30	30	30

18. TRADE PAYABLES

The normal trade credits granted to the Group range from 45 to 90 days (2009: 60 to 90 days).

19. SHORT TERM BORROWINGS

	Group	
	2010 RM	2009 RM
Bank overdrafts	416,744	-
Long term loans – current portion (Note 20)	27,883	23,901
	444,627	23,901

The average effective interest rates are as follows:

	Group	
	2010 %	2009 %
Bank overdrafts	8.3	-
Term loans	7.1	6.09

The long term loans and other banking facilities of the Group are secured by way of:

(i) fixed deposits of RM545,000 (2009: RM485,000);

(ii) flexi Guarantee Scheme (FGS) for RM200,000 and New Principal Guarantee Scheme for RM159,000 under Corporate Guarantee Corporation;

(iii) deed of assignment incorporating power of attorney on a subsidiary's long term leasehold shop office; and

(iv) joint and several guarantees by all the directors of a subsidiary.

notes to the financial statements

(cont'd)

20. LONG TERM LOANS

	Group 2010 RM	Group 2009 RM
Amount outstanding	378,928	404,921
Less: Portion due within one year (Note 19)	(27,883)	(23,901)
Non current portion	351,045	381,020

	Group 2010 RM	Group 2009 RM
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	30,061	25,770
Later than 2 years and not later than 5 years	105,035	95,486
Later than 5 years	215,949	259,764
	351,045	381,020

The long term loans are secured as disclosed in Note 19.

21. RETIREMENT BENEFITS OBLIGATION

	Group 2010 RM	Group 2009 RM
Present value of retirement benefits obligation	17,938	-
Net actuarial losses not recognised	(2,209)	-
Exchange differences	(437)	-
Net liability arising from retirement benefits obligation	15,292	-

Amounts recognised in profit or loss in respect of the retirement benefits obligation is as follows:

	Group 2010 RM	Group 2009 RM
Current service cost	10,805	-
Actuarial losses recognised in the year	4,924	-
	15,729	-

21. RETIREMENT BENEFITS OBLIGATION (CONT'D)

Movements in the present value of the retirement benefits obligation in the current year were as follows:

	Group	
	2010 RM	2009 RM
At beginning of year	-	-
Current service cost	10,805	-
Actuarial losses	4,924	-
Exchange differences	(437)	-
At end of year	15,292	-

The Group provides retirement benefits for qualifying employees of a subsidiary in Indonesia in accordance with the local labour law.

The most recent actuarial valuations of present value of the retirement benefits obligation was carried out at 31 December 2010 by an independent qualified actuarist. The present value of the retirement benefits obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method. The principal actuarial assumptions used are as follows:

	2010	2009
Discount rate	10%	-
Annual salary increase	8%	-

22. SHARE CAPITAL

	Group and Company			
	2010 No. of ordinary shares of RM0.10 each	2009 No. of ordinary shares of RM0.10 each	2010 RM	2009 RM
Authorised:				
At beginning/end of year	250,000,000	250,000,000	25,000,000	25,000,000

	Group and Company			
	2010 No. of ordinary shares of RM0.10 each	2009 No. of ordinary shares of RM0.10 each	2010 RM	2009 RM
Issued and fully paid:				
At beginning/end of year	125,821,287	125,821,287	12,582,129	12,582,129

notes to the financial statements

(cont'd)

23. RESERVES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Retained profits/(Accumulated losses)	4,085,613	3,884,240	(424,599)	(189,308)
Non distributable:				
Share premium	136,213	136,213	136,213	136,213
Reverse acquisition reserve	(2,512,173)	(2,512,173)	-	-
Foreign currency translation reserve	(76,292)	(22,917)	-	-
	1,633,361	1,485,363	(288,386)	(53,095)

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

	Type of Transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Significant transactions with related parties are as follows:					
With a company in which a director of a subsidiary has an interest					
- I.M Communications Pte Ltd	Sales	-	34,924	-	-
	Purchases	-	13,916	-	-
With a corporate shareholder of the Company					
- Jobstreet Corporation Berhad	Purchases	52,850	43,050	-	-
With a subsidiary of a corporate shareholder of the Company					
- Jobstreet.com Sdn Bhd	Purchases	-	10,185	-	-
	Staff recruitment fee	21,788	-	-	-

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Related party transactions (cont'd)

	Type of Transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
- Autoworld.com.my Sdn Bhd	Purchases	6,497	-	-	-

The directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

(b) Related party balances

	Type of transactions	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Individually significant outstanding balances arising from transactions (other than normal trade) are as follows:					
Financial assets:					
With subsidiaries					
- Advenue Digital Advertising Sdn Bhd	Advances	-	-	2,500	2,500
- Innity Limited	Advances	-	-	51,524	51,524
- Innity Sdn Bhd	Advances	-	-	4,934,332	2,130,104
- Spiral Vibe Sdn Bhd	Advances	-	-	-	2,500
With an associate					
- Innity Digital Media (Thailand) Co Ltd (formerly known as Innity Online Co Ltd)	Advances	371,962	248,294	123,594	123,594

(c) Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 5.

25. COMMITMENTS

	Group	
	2010	2009
	RM	RM
The future minimum rental payments under non cancellable tenancy agreements are as follows:		
Not later than 1 year	88,606	99,367
Later than 1 year and not later than 2 years	73,313	17,126
Later than 2 years and not later than 5 years	55,858	-
	217,777	116,493

26 SEGMENT INFORMATION OF THE GROUP

For management purposes, the Group is organised into business units based on their geographical location and has four reportable operating segments as follows:

- Malaysia
- Singapore
- Indonesia
- Vietnam

The above reportable segments mainly offer technology based online advertising solutions and other related internet services.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

The directors together with the management are of the opinion that all inter segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26. SEGMENT INFORMATION OF THE GROUP (CONT'D)

2010	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Elimination RM	Group RM
Revenue							
External revenue	16,294,624	1,924,937	1,702,325	3,025,779	22,947,665	-	22,947,665
Inter-segment revenue	446,620	70,956	21,949	170,000	709,525	(709,525)	-
Total revenue	16,741,244	1,995,893	1,724,274	3,195,779	23,657,190	(709,525)	22,947,665
Results							
Profit/(Loss) from operations before interest income	(673,720)	178,525	192,014	515,860	212,679	64,573	277,252
Interest income	104,913	-	3,085	3,228	111,226	-	111,226
Profit/(Loss) from operations	(568,807)	178,525	195,099	519,088	323,905	64,573	388,478
Finance costs	(33,494)	-	-	-	(33,494)	-	(33,494)
Profit/(Loss) before tax	(602,301)	178,525	195,099	519,088	290,411	64,573	354,984
Income tax expenses	-	-	(32,098)	(54,545)	(86,643)	-	(86,643)
Net profit/(loss) for the year	(602,301)	178,525	163,001	464,543	203,768	64,573	268,341
Minority interests	-	(6,436)	(8,150)	(52,382)	(66,968)	-	(66,968)
Profit/(Loss) attributable to owners of the Company	(602,301)	172,089	154,851	412,161	136,800	64,573	201,373
Assets and liabilities							
Segment assets	27,561,332	1,294,941	1,532,267	2,493,290	32,881,830	(11,872,256)	21,009,574
Consolidated total assets	27,561,332	1,294,941	1,532,267	2,493,290	32,881,830	(11,872,256)	21,009,574
Segment liabilities	11,206,180	1,118,241	1,035,385	1,756,167	15,115,973	(8,439,307)	6,676,666
Consolidated total liabilities	11,206,180	1,118,241	1,035,385	1,756,167	15,115,973	(8,439,307)	6,676,666
Other information							
Capital expenditure	1,147,498	5,562	16,612	13,465	1,183,137	-	1,183,137
Amortisation of development expenditure	746,095	-	-	-	746,095	-	746,095
Depreciation	156,184	8,829	3,322	636	168,971	-	168,971
Material non cash expense other than depreciation and amortisation							
- Retirement benefits	-	-	15,729	-	15,729	-	15,729

26. SEGMENT INFORMATION OF THE GROUP (CONT'D)

notes to the financial statements

(cont'd)

2009	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Elimination RM	Group RM
Revenue							
External revenue	11,811,346	853,425	-	382,250	13,047,021	-	13,047,021
Inter-segment revenue	117,403	-	-	-	117,403	(117,403)	-
Total revenue	11,928,749	853,425	-	382,250	13,164,424	(117,403)	13,047,021
Results							
Profit/(Loss) from operations before interest income	(1,865,761)	(251,231)	-	182,675	(1,934,317)	299,976	(1,634,341)
Interest income	111,325	-	-	-	111,325	-	111,325
Profit/(Loss) from operations	(1,754,436)	(251,231)	-	182,675	(1,822,992)	299,976	(1,523,016)
Finance costs	(31,535)	-	-	-	(31,535)	-	(31,535)
Share of loss of an associate	(2,148)	-	-	-	(2,148)	-	(2,148)
Profit/(Loss) before tax	(1,788,119)	(251,231)	-	182,675	(1,856,675)	299,976	(1,556,699)
Income tax expenses	-	-	-	-	-	-	-
Net profit/(loss) for the year	(1,788,119)	(251,231)	-	182,675	(1,856,675)	299,976	(1,556,699)
Minority interests	-	80,577	-	(21,921)	58,656	-	58,656
Profit/(Loss) attributable to the owners of the Company	(1,788,119)	(170,654)	-	160,754	(1,798,019)	299,976	(1,498,043)
Assets and liabilities							
Segment assets	20,748,867	500,763	-	675,024	21,924,654	(3,746,876)	18,177,778
Consolidated total assets	20,748,867	500,763	-	675,024	21,924,654	(3,746,876)	18,177,778
Segment liabilities	6,713,895	525,644	-	387,809	7,627,348	(3,556,778)	4,070,570
Consolidated total liabilities	6,713,895	525,644	-	387,809	7,627.348	(3,556,778)	4,070,570
Other information							
Capital expenditure	963,062	8,980	-	-	972,042	-	972,042
Amortisation of development expenditure	621,613	-	-	-	621,613	-	621,613
Depreciation	148,449	9,043	-	-	157,492	-	157,492
Material non cash expense other than depreciation and amortisation							
- Provision for doubtful debts	73,679	-	-	-	73,679	-	73,679

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Financial assets				
Loans and receivables:				
- Trade and other receivables excluding prepayments	10,309,046	6,147,836	5,113,450	2,311,722
- cash and cash equivalents	6,670,661	8,225,336	4,323,002	7,255,493
	16,979,707	14,373,172	9,436,452	9,567,215
Financial liabilities				
Amortised cost:				
- borrowings	795,672	404,921	-	-
- trade and other payables excluding statutory liabilities	5,700,201	3,588,502	64,884	44,356
	6,495,873	3,993,423	64,884	44,356

(b) Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

Foreign exchange risk management (cont'd)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies			
Functional currency of the Group	Thailand Baht RM	United States Dollar RM	Singapore Dollar RM	Total RM
At 31 December 2010				
Ringgit Malaysia	(262)	196,906	13,958	210,602
Indonesian Rupiah	-	99,179	-	99,179
Vietnamese Dong	-	(137,146)	-	(137,146)
Singapore Dollar	(6,865)	268,295	-	261,430
	(7,127)	427,234	13,958	434,065
At 31 December 2009				
Ringgit Malaysia	(292)	437,748	(58,906)	378,550
Vietnamese Dong	-	103,151	-	103,151
Singapore Dollar	-	125,888	-	125,888
	(292)	666,787	(58,906)	607,589

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, profit/(loss) before tax will increase/(decrease) by:

	Group Profit/(Loss)before tax	
	2010 RM	2009 RM
Functional currency in Ringgit Malaysia		
United States Dollar	19,691	43,775
Singapore Dollar	1,395	(5,891)
Thailand Baht	(26)	(29)
Functional currency in Indonesian Rupiah		
United States Dollar	9,918	-

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

Foreign exchange risk management (cont'd)

	Group Profit/(Loss)before tax	
	2010 RM	2009 RM
Functional currency in Vietnamese Dong		
United States Dollar	(13,715)	10,315
Functional currency in Singapore Dollar		
United States Dollar	26,830	12,589
Thailand Baht	(687)	-

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

The above is mainly attributable to the monetary assets and liabilities denominated in foreign currencies.

Interest rate risk management

The Group's and the Company's primary interest rate risk relates to interest bearing debts. The Group and the Company manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and Company actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below have been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group and Company's profit/(loss) before tax would decrease/increase by RM3,978 (2009: decrease/increase by RM2,025).

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Credit risks are managed by the application of credit approvals and amount due from related companies, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. For other financial assets including cash bank balances, the Group's minimise credit risk by dealing exclusively with high credit rating counterparties. This represents the Group's maximum exposure to credit risk. The Group's performs ongoing credit evaluation of its customers and generally does not require collateral on account receivables. At reporting date, there were no significant concentrations of credit risk.

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finance their operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity risk

	Contractual cash flows (including interest payments)					
	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM	More than 5 years RM
Group						
2010						
Non interest bearing debts	5,700,201	5,700,201	5,700,201	-	-	-
Fixed interest rate instruments	795,672	969,105	483,280	36,727	140,600	308,498
	6,495,873	6,669,306	6,183,481	36,727	140,600	308,498
2009						
Non interest bearing debts	3,588,502	3,588,502	3,588,502	-	-	-
Fixed interest rate instruments	404,921	575,725	32,128	36,219	138,755	368,623
	3,993,423	4,164,227	3,620,630	36,219	138,755	368,623
Company						
2010						
Non interest bearing debts	64,884	64,884	64,884	-	-	-
2009						
Non interest bearing debts	44,356	44,356	44,356	-	-	-

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

Fair values

The carrying amounts of cash and cash equivalents, receivables and payables, and other liabilities approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

The fair values of the Group's other financial assets, borrowing and retirement benefits obligations approximate their carrying amount.

The fair values of financial assets and financial liabilities are determined with standard terms and conditions.

(c) Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of debt-to-equity ratios, where the ratio is arrived at total debts (as shown in the statements of financial position) divided by total equity. During the financial year ended 31 December 2010, the Group's strategy was unchanged from 31 December 2009 which is to maintain the debt-to-equity ratios at a healthy level. The debt-to-equity ratios at 31 December 2010 and 31 December 2009 were as follows:

	Group	
	2010	**2009**
	RM	**RM**
Total debts	795,672	404,921
Total equity	14,332,908	14,107,208
Debt-to-equity ratio	0.06	0.03

28. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS/ACCUMULATED LOSSES INTO REALISED AND UNREALISED

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of the Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses at the reporting period, into realised and unrealised profits or losses in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants. The breakdowns of the retained profit/accumulated losses of the Group and of the Company as at 31 December 2010 are as follows:

	Group 2010 RM	Company 2010 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	4,092,752	(424,599)
- Unrealised	(45,134)	-
	4,047,618	(424,509)
Total share of accumulated losses from an associate		
- Realised	(51,524)	-
- Unrealised	-	-
	3,996,094	-
Less: Consolidation adjustments	89,519	-
Retained profits/(accumulated losses) as per financial statements	4,085,613	(424,599)

list of properties

Location	Tenure/ date of expiry of lease/tenancy	Approximate Age of Building (years)	Built-up Area (sq ft)	Description/ Existing Use	Date of Acquisition	Net Book Values as at 31 December 2010 RM
Selangor						
C501, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	14	1,301	Office Lot/ Office	27.07.2005	225,805
C502, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	14	1,371	Office Lot/ Office	27.07.2005	238,267
C517, Block C, Kelana Square, 17, Jalan SS7/26 Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan Master Title: PN 9936, Lot 24545 Seksyen 40 Bandar Petaling Jaya, District of Petaling, State of Selangor	Leasehold/ 13-Apr-2089	14 Office	1,192	Office Lot/	14.04.2009	214,430

analysis of shareholdings

As at 3 May 2011

Authorised Share Capital	: RM25,000,000.00
Issued and Fully Paid-up Capital	: RM12,582,128.70
Class Of Shares	: Ordinary shares of 10 sen each fully paid
Voting Rights	: One vote per 10 sen share

ANALYSIS BY SIZE OF HOLDINGS AS AT 3 MAY 2011

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	10	1.026	680	0.000
100 - 1,000	662	67.897	253,380	0.201
1,001 - 10,000	164	16.821	597,770	0.475
10,001 - 100,000	103	10.564	3,264,080	2.594
100,001 - 6,291,063 (*)	30	3.077	32,603,345	25.913
6,291,064 AND ABOVE (**)	6	0.615	89,102,032	70.817
TOTAL :	975	100.000	125,821,287	100.000

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2011

No.	Name	Holdings	%
1	JOBSTREET CORPORATION BERHAD	29,250,040	23.247
2	PHANG CHEE LEONG	17,950,474	14.266
3	LOOA HONG TUAN	16,526,787	13.134
4	WONG KOK WOH	11,451,189	9.100
5	SEAH KUM LOONG	9,995,280	7.943
6	LEE CHEL CHAN	9,151,757	7.273
	TOTAL	94,325,527	74.963

DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2011

No.	Name	Holdings	%
1	ADB MALIK BIN A RAHMAN	0	0
2	CHANG MUN KEE (ALTERNATE DIRECTOR TO GREGORY CHARLES POARCH)	0	0
3	GREGORY CHARLES POARCH	0	0
4	LOOA HONG TUAN	15,051,011	11.962
5	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR LOOA HONG TUAN	1,475,776	1.172
6	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR PHANG CHEE LEONG	1,605,876	1.276
7	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR SEAH KUM LOONG	1,460,765	1.160
8	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR WONG KOK WOH	681,078	0.541
9	PHANG CHEE LEONG	16,344,598	12.99
10	ROBERT LIM CHOON SIN	0	0
11	SEAH KUM LOONG	8,534,515	6.783
12	SHAMSUL ARIFFIN BIN MOHD NOR	0	0
13	WONG KOK WOH	10,770,111	8.559

analysis of shareholdings

(cont'd)

LIST OF TOP 30 HOLDERS AS AT 03 May 2011

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	JOBSTREET CORPORATION BERHAD	29,250,040	23.247
2	PHANG CHEE LEONG	16,344,598	12.990
3	LOOA HONG TUAN	15,051,011	11.962
4	WONG KOK WOH	10,770,111	8.559
5	LEE CHEL CHAN	9,151,757	7.273
6	SEAH KUM LOONG	8,534,515	6.783
7	CHANG CHEW TUCK	6,278,950	4.990
8	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,895,500	3.096
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONG KENG TONG @ HONG GAN GUI	3,774,000	2.999
10	MCONTECH SDN.BHD.	2,439,000	1.938
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON SHING	2,200,000	1.748
12	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR PHANG CHEE LEONG	1,605,876	1.276
13	TAN YU WEI	1,600,000	1.271
14	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,527,800	1.214
15	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR LOOA HONG TUAN	1,475,776	1.172
16	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR SEAH KUM LOONG	1,460,765	1.160

LIST OF TOP 30 HOLDERS AS AT 03 MAY 2011 (CONT'D)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
17	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,000,000	0.794
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YU WEI (KCH LAMA CL)	888,300	0.706
19	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR WONG KOK WOH	681,078	0.541
20	CITIGROUP NOMINEES (ASING) SDN BHD PLL FOR THOMAS MIALKOS	601,400	0.477
21	MUHAMAD SUHAILI BIN YAHAYA	380,000	0.302
22	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YANG LIANG	372,300	0.295
23	CHEONG SIEW CHYUAN	270,000	0.214
24	ARSHAD BIN ABDUL RAHMAN	247,500	0.196
25	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW SAW KEE	241,800	0.192
26	LEE PEY LING	200,000	0.158
27	NGU CHING KUI	191,900	0.152
28	ALICE TAN PHUE SIE	190,000	0.151
29	LEAM AM KEM	183,500	0.145
30	AHMAD SHUKRI BIN SHAARI	141,800	0.112
	Total	120,949,277	96.113

notice of 4th annual general meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Green III, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 24 June 2011 at 9.30 a.m**. to transact the following businesses:-

AGENDA

A. <u>Ordinary Business</u>

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 2)

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   i) Encik Abd Malik Bin A Rahman (Ordinary Resolution 1)
   ii) Mr. Robert Lim Choon Sin (Ordinary Resolution 2)
   iii) Encik Shamsul Ariffin Bin Mohd Nor (Ordinary Resolution 3)

3. To re-appoint Messrs Russell Bedford LC & Company as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 4)

B. <u>Special Business</u>

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:

4. **DIRECTORS' FEES**

   "THAT the payment of the Directors' fees of RM72,000 for the financial year ended 31 December 2010 be approved." (Ordinary Resolution 5)

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

   "THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.4.2 of the Circular ("the Related Party") provided that such transactions and/or arrangements are:- (Ordinary Resolution 6)

   (a) necessary for the day-to-day operations;

   (b) are undertaken in the ordinary course of business on arm's length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

   (c) are not detrimental to the minority shareholders of the Company

   (collectively known as "Shareholders' Mandate").

AND THAT such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate.

6. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")** (Ordinary Resolution 7)

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the additional recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.4.3 of the Circular ("the Related Party") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations;

(b) are undertaken in the ordinary course of business on arm's length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) are not detrimental to the minority shareholders of the Company

(collectively known as "Shareholders' Mandate").

AND THAT such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

notice of 4th annual general meeting

(cont'd)

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate.

7. **AUTHORITY TO ISSUE SHARES PURSUANT TO SENTION 132D OF THE COMPANIES ACT, 1965** (Ordinary Resolution 8)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional share so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

C. Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
2 June 2011

NOTES:-

1. Notes on Appointment of Proxy

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(ii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or an attorney duly authorised.

(iv) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2010

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Special Business

(i) Ordinary Resolution 5 - Directors' Fees

The Ordinary Resolution 5, if passed, will allow the payment of Directors' fees for the financial year ended 31 December 2010 to the Directors of the Company.

(ii) Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 6, if passed, will allow the Company and its subsidiaries to enter into Recurrent Transactions pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 2 June 2011, which is despatched together with the Company's Annual Report 2010.

(iii) Ordinary Resolution 7 – Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 7, if passed, will allow the Company and its subsidiaries to enter into additional Recurrent Transactions pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed New Shareholders' Mandate is set out in the Circular to Shareholders dated 2 June 2011, which is despatched together with the Company's Annual Report 2010.

(iv) Ordinary Resolution 8 – Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965

The Ordinary 8, if passed, will empower the Directors of the Company to issue new ordinary shares from time to time provided that the aggregate number of shares issued pursuant to Section 132D of the Companies Act, 1965 does not exceed 10% of the issued share capital of the Company for the time being ("General Mandate").

The General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval sp as to avoid incurring additional cost and time. The purpose of this General Mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisition and/or for issuance of shares as settlement or purchase consideration.

proxy form

INNITY CORPORATION BERHAD (764555-D)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS Account No.

Telephone no. (During office hours)

I/We ______________________________________ NRIC No.____________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member(s) **INNITY CORPORATION BERHAD (764555-D)** hereby appoint* ______________________

NRIC No. ______________________ of ______________________________________

______________ or failing him __________________ NRIC No.____________________

of ____
or the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Fourth Annual General Meeting of the Company to be held at Green UI, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 24 June 2011** at **9.30 a.m**. and at any adjournment thereof, to vote as indicated below :-

Ordinary Business		FOR	AGAINST
Ordinary Resolution 1	Re-election of Encik Abd Malik Bin A Rahman as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr. Robert Lim Choon Sin as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 3	Re-election of Encik Shamsul Ariffin Bin Mohd Nor as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 4	Re-appointment of Messrs Russell Bedford LC & Company as Auditors		
Special Business			
Ordinary Resolution 5	Payment of Directors' fees for the financial year ended 31 December 2010		
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 7	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Authority to Issue Shares		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Dated this ______________ day of ______________ 2011

____
Signature of Member(s) or/ Common Seal

NOTES:-

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(ii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or an attorney duly authorised.

(iv) The instrument appointing a proxy must be completed and deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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AFFIX
STAMP

THE COMPANY SECRETARY
Innity Corporation Berhad (Company No. 764555-D)

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

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