INNITY CORPORATION BERHAD

ANNUAL REPORT 2011

INNITY CORPORATION BERHAD (764555-D)

ANNUAL REPORT 2011

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

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Innity Corporation Berhad (764555-D)

corporate profile

About Innity

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 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 online marketing ad solutions such as:

- Display advertising network
- Video advertising network
- Wi-fi 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
- Google certified Rich Media and Ad Network Vendor
- Advertising Provider on Facebook

b) *Innity has a large and exhaustive network*

- More than 10,000 websites, including major newspaper portals and premier sites
- More than 18 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 Thailand – March, 2012

	Total Unique Visitors (000)	% Reach	Total Pages Viewed (MM)
Total internet audience	90,036	100.0	2,624
Admax	27,488	28.15	709
Innity Network	20,015	32.08	336
Tribal Fusion	8,984	11.88	15

Source: Effective Measure

Top ad networks in Indonesia – March 2012

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	12,442	100.0	5,259	16,991
Admax Network	9,612	77.3	953	314
Innity Network	7,597	61.1	600	229
Tribal Fusion	6,438	51.7	725	315

Source: comScore Media Metrix

Top ad networks in Singapore – March 2012

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	3,290	100	1,855	6,203
Google Ad Network	3,202	91.8	1,073	2,791
a) Google Display Network	2,987	90.8	1,052	2,622
b) Google Search Network	1,600	48.6	206	170
Innity Network	2,151	65.4	558	179
Admax Network	1,897	57.7	534	183
Tribal Fusion	1,604	48.8	228	125
Adsfactor Network	909	27.6	113	14

Source: comScore Media Metrix

Top ad networks in Malaysia – March 2012

	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total internet audience	11,800	100.0	6,178	17,679
Google Ad Network	10,809	91.6	3,380	6,531
a) Google Display Network	*10,723*	*90.9*	*3,317*	*6,007*
b) Google Search Network	*5,557*	*47.1*	*665*	*524*
Innity Network	10,253	86.9	2,385	1,067
Admax Network	8,057	68.3	1,491	311
Tribal Fusion	5,769	49.1	732	293
Adsfactor Network	4,380	37.1	587	74

Source: comScore Media Metrix

corporate structure

innity

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)
    - 5% **INNITY SINGAPORE PTE LTD**
  - 100% **INNITY LIMITED**
    Investment holdings of overseas operations (Hong Kong)
    - 95% **INNITY SINGAPORE PTE LTD**
      Technology-based online advertising solutions and other related internet services (Singapore)
    - 88% **INNITY VIETNAM CO LTD**
      Software production house (Vietnam)
      - 90% **INNITY SOFTWARE & ADVERTISING CO LTD**
        Technology based advertising solution 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**
    Technology-based online advertising solutions and other related internet services (Malaysia)
  - 80% **INNITY CHINA CO. LTD**
    Technology-based online advertising solutions and other related internet services (Hong Kong)
  - 100% **TRESIXTEE MEDIA SDN BHD**
    Budget online advertising and media solutions for SME (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
Phileo Damansara 1
No. 9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTERED OFFICE

Level 18,
The Gardens North Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2264 8888
Fax : 603-2282 2733

BUSINESS OFFICE

Headquarters
C501 & C502, Block C,
Kelana Square
17, Jalan SS 7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7880 5611
Fax : 603-7880 5622
Email : enquiry@innity.com

STOCK INFORMATION

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

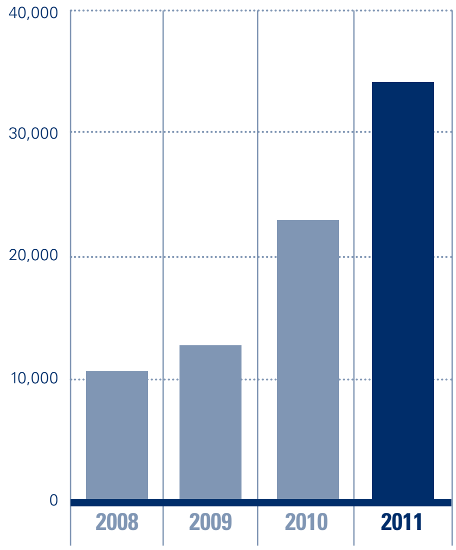
WEBSITE

www.innity.com

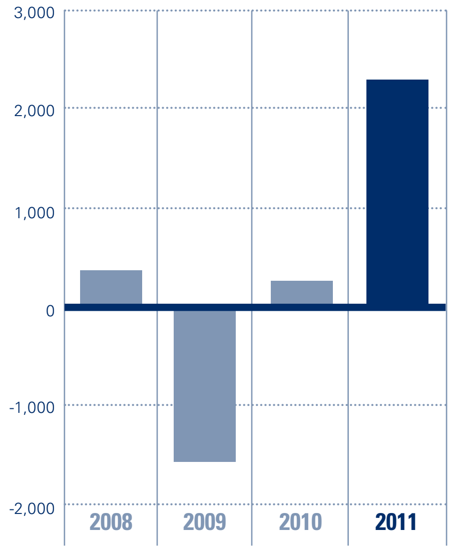
4 years financial highlights

Year ended 31 December	Audited			
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	2011 (RM'000)
Revenue	10,792	13,047	22,948	34,301
Net profit / (loss) for the year	358	(1,557)	268	2,272
Basic earnings per share (sen)	0.40	(1.19)	0.16	1.87

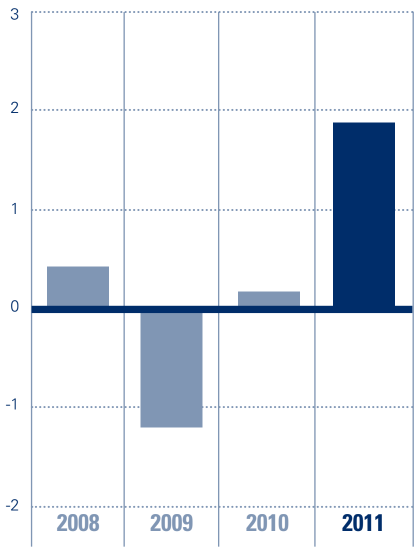
REVENUE
RM'000



NET PROFIT/(LOSS) FOR THE YEAR
RM'000

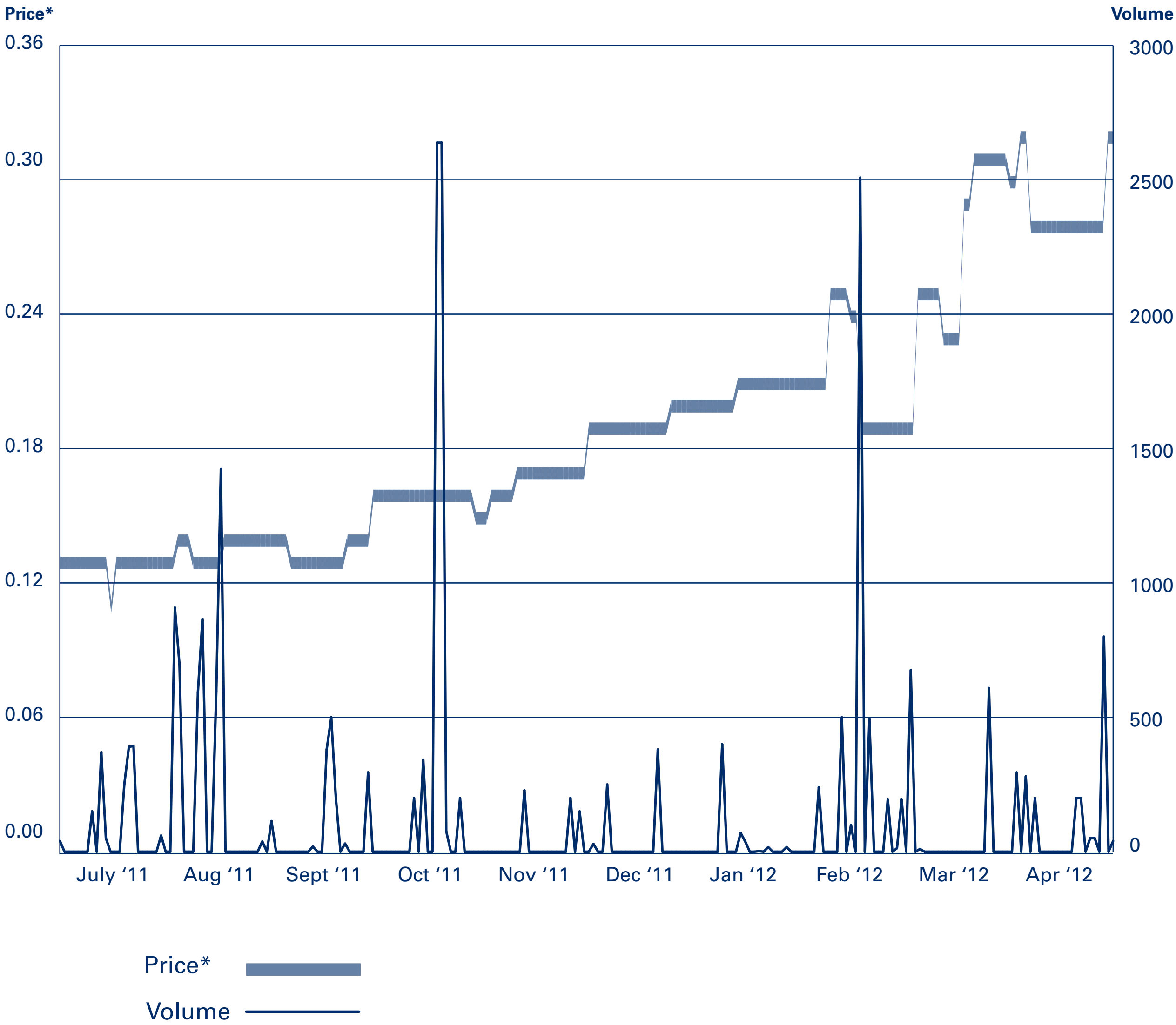


BASIC EARNINGS PER SHARE
SEN



share performance

SHARE PRICE PERFORMANCE
FOR THE PERIOD 30 JUNE 2011 TO 30 APRIL 2012



MARKET VALUE RATIOS
at 30 april 2012

Market Capitalisation : RM40.26 Mil
Price/Book Value : 2.9x

executive chairman's statement

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 2011.

ECONOMIC OVERVIEW

After witnessing a strong rebound in 2010, the global economy grew at a more moderate pace in 2011. Increasing uncertainties surrounding fiscal issues in the advanced economies, geopolitical tensions and disruptions in the global manufacturing chain arising from the natural disaster in Japan have caused the global economic environment to become increasingly more challenging in the second half-year of 2011.

Despite lower expectations in global growth, the Malaysian economy grew at a moderate pace of 5.1% in 2011 compared with a growth of 7.2% recorded in 2010 (Source: Bank Negara Report 2011). Growth was driven by the expansion in domestic activity particularly in consumer and business spending. Private consumption expanded at a faster rate of 6.9% (2010:6.5%) as reflected in the performance of major consumption indicators such as retail sales, credit card spending and imports of consumption goods.

Meanwhile, the public sector continued to shore up the domestic economy through inter alia, higher capital spending in extending the coverage of High-Speed Broadband services to boost broadband connectivity. As a result of wider and improved broadband network coverage, the broadband penetration rate rose to a respectable 62.3% of households as at end-2011 compared with 55.6% as at end-2010 (Source: Bank Negara Report 2011).

Reflecting the continued expansion in domestic spending, advertising expenditure (adex) growth in 2011 recorded an overall increase of 11.9% to RM10.8 billion (Source: Nielsen Malaysia). Adex growth in 2011 was generally broad-based with traditional media such as newspapers, free-to-air TV and pay TV commanding a significant share of adex spend. However, adex growth in digital or internet advertising continued to surge in 2011 (+22% year-on-year). 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. According to eMarketer, video will continue to be the fastest-growing format in online advertising. Spending for video ads hit US$1.42 billion in 2010, but will reach US$7.11 billion in 2015.

PRODUCT AND BUSINESS DEVELOPMENT

Innity continues to be a key provider of online marketing solutions and services for advertisers and publishers. Innity's Engagement model, a unique advertising solution using the Cost –Per- Engagement (CPE) metric, has been consistently going through developments to improve user experience, integrate better engagement metrics and optimization for better ROI and revenue for the advertisers and publishers respectively. Through the successful application of its Engagement Platform, the Group's pioneering work in constantly delivering new and more engaging online ad solutions consolidated its position as Southeast Asia's leading online marketing technology provider in 2011.

Being at the forefront of the online marketing wave, I am pleased to highlight Innity's recent achievements. They are as follows:

Certification as a Google Rich Media and Ad Vendor

Innity is now a certified Rich Media and Ad Network vendor for Google's DoubleClick Ad Exchange Platform.

Launched in 2009, Google DoubleClick Ad Exchange is a Real-Time Bidding platform which serves as a marketplace for optimizing the effectiveness, relevance and profitability of ad campaigns across the Google digital inventory (Google Display Network, Youtube, AdMob etc.).

Having met Google's stringent criteria for vendor status, which is only granted to a select few, Innity is capable of:

- Using delivery controls to improve relevance and performance;
- Leveraging the real-time bidding for improved efficiency and effectiveness;
- Employing dynamic selection to get only the impressions advertisers need, when they need them.

The Real-Time Bidding platform for global buyers, creators and sellers of digital media will enable Innity to provide more effective media planning and buying, improve on targeting and reach a wider audience across thousands of relevant sites for its clients.

Launch of EnRoll Video Network

The cutting-edge Engagement Platform that Innity has conceptualized in recent years are constantly being improved. Based on this robust and highly scalable Engagement server architecture, Innity recently rolled out its Video Network called EnRoll – an exciting new range of dynamically engaging video ad formats aimed at helping advertisers increase user engagement to drive ad campaign performance.

In essence, the EnRoll video ad formats invite users to rollover or click on the ad. There are currently, five(5) video ad formats that are both Pre-Roll and Mid-Stream units running mainly on Cost per View (CPV) and Cost per Engagement (CPE), ensuring a cost effective solution where advertisers pay only when a user views or engages with the ad unit.

Leading advertisers such as Samsung, Oreo Kraft Foods and Sime Darby are among the first few brands to work with Innity to explore the growing potential of online video advertising. Major publishers such as Sin Chew Daily News in Malaysia, RazorTV in Singapore and Kompas in Indonesia have also joined Innity's network of video publishers.

REGIONAL EXPANSION

To maximize our reach and marketing network, Innity continued with its regional expansion plans with the opening in October 2011, of its representative office in Hong Kong (SAR). There are plans to commence a similar office, in the later part of 2012, in Shanghai to capitalize on the lucrative China market.

Over the next few years, we foresee huge growth potential and increasing dynamism of online advertising in China as well as our existing regional presence in Indonesia, the Philippines, Singapore, Thailand and Vietnam.

FY2011 PERFORMANCE

For the financial year ended 31 December 2011, the Group recorded significantly improved financial results. Net profit after tax was markedly higher at RM2.27million (FY2010 : net profit after tax of RM268,000) on a near 50% increase in revenue from RM22.9 million in 2010 to RM34.3 million in 2011.

Total revenue of our Malaysian operations increased by more than 40% from RM16.7million in 2010 to RM23.5million in 2011 or contributed about 70% of FY2011 group revenues. The integration and strengthening of our regional platforms have resulted in a major improvement in our operations in Singapore and Indonesia. In 2011, these operations recorded nearly RM1.4million in combined pre-tax profits on the back of a significant 140% surge in aggregated group revenue.

Despite the challenging operating environment, the Group had cash and cash equivalents of approximately RM5.1million as at 31 December 2011 (2010:RM5.7million) with total borrowings of about RM0.44million (2010:RM0.8million) and net gearing of about 3% (2010:6%). The Group remains in a strong net cash position.

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

Gross proceeds of RM11.35million were raised from Innity's rights issue and public issue during the IPO in June 2008.

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

As at 30 April 2012, Innity has utilised approximately 76% of the IPO proceeds leaving a balance of approximately 24% not utilised as follows:

Purpose	Planned utilisation as stated in Prospectus (RM'000)	Revised utilisation (RM'000)	Actual utilisation as at 30 April 2012 (RM'000)	Balance unutilised		Intended timeframe for utilisation from IPO date i.e. June 2008	Extended timeframe for the balance unutilised
				(RM'000)	%		
Research and development expenditure	4,500	4,500	(3,846)	654	14.5	Within 24 months	30 June 2012
Set up cost of regional offices	1,500	1,500	(561)	939	62.6	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**	**(8,662)**	**2,688**	**23.7**	**-**	**-**

BUSINESS OUTLOOK

Online Advertising

As Southeast Asia's leading online marketing technology provider, the Innity Group continues to be at the forefront in the transformation of mainstream print and TV advertising media to online internet media. The Group's trend setting deliverables, amongst others, included the Cost-Per-Engagement product range such as the Engagement Bar, Lightbox, in-text formats and its cutting-edge Retargeting Technology. Innity is constantly tinkering and delivering effective and diverse range of interactive marketing ad solutions, online advertising campaigns and promotions catering to a broad 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. The Group has secured a major footprint in the Southeast Asian market with an online advertising platform spanning over 10,000 websites, roping in a stable portfolio of major newspaper portals and news/blog sites.

Video Ad Network

We firmly believe that Innity's recent foray into video ad network through the launch of EnRoll, will commence a revolutionary trend towards the adoption of this online ad format. According to eMarketer, by 2014, digital video ads are set to be the third largest online ad format after TV and traditional media ads. Digital video ads will become the fastest-growing format in online ads. According to Forrester Research, a global digital ad researcher, video ad revenues are projected to reach US$5.4 billion in 2016 from just over US$2 billion in 2011.

Diversified Services

The Group had announced on 30 March 2012, its acquisition of a 100% equity interest in Tresixtee Media Sdn Bhd (Tresixtee).Its principal activity is to undertake small budget advertising aimed at the domestic SME market by providing clients with lower entry cost online advertising and media solutions through social media, online network, and content marketing.

Research & Development (R&D)

As Innity is constantly on the lookout for breakthrough ideas and concepts, it regards R&D with top priority as our competitive edge is honed through continuous R&D. Research findings are applied to develop new or substantially improved products and processes. In 2011, capitalised development expenditure totalled RM0.9million (2010: RM1.0million). Development expenditure were incurred for digital video advertising and product improvements in mobile interactive advertising, wireless networks and internet kiosks.

Innity firmly believes in the growth potential and increasing dynamism of online advertising within the Asia Pacific region. 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. 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.

Economic conditions may be beyond our control, but by seeking out new ways to extend our coverage and responding intelligently and adapting swiftly to change, I am confident that Innity will continue to excel in its products and services and enjoy tremendous success in the years ahead.

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 2011.

CORPORATE SOCIAL RESPONSIBILITY

At Innity, we recognize 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 corporate social responsibility (CSR).

The alliance with UNICEF, established in recent years, signifies an important step for Innity's efforts in the area of CSR. Through Innity's widespread online network of local, regional and international websites, Innity continued its collaboration with UNICEF, in 2011, 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 was 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 indeed excited about our partnership with UNICEF Malaysia.

ACKNOWLEDGEMENT

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

Together with the Board, we would like to express our sincere appreciation and thanks to the management and staff for their full commitment and dedication in performing their responsibilities despite the challenging and competitive global environment in 2011.

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 41

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 16 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 41

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 41

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 40

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 66

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 55

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 30 years of experience in ICT, in end-user, vendor and services provider environment. His expertise covers a wide spectrum of disciplines ranging from product development, consulting and managing IT related initiatives in a variety of industry. He is currently the Director of Technology in a foreign financial institution in Malaysia.

ABD MALIK BIN A RAHMAN
Independent Non-Executive Director
- Member of the Audit and Nominating Committees
- Malaysian, aged 63

Encik Malik was appointed to the Board as an Independent and Non-Executive Director of Innity Corporation Berhad on 30th April 2008. He is a member of the Audit Committee and Nomination Committee. 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 (UK). 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, Affin Investment Bank 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 47

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 47

Chang Mun Kee was appointed as the Alternate Director to Gregory Charles Poarch on 19 August 2009. Mr. Chang 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. He currently sits on the Boards of Vitrox Corporation Berhad and 104 Corporation, Taiwan.

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.

corporate governance statement

The Board of Directors of the Company ("the Board") is fully committed in ensuring that the highest standards of Corporate Governance, as articulated in the Malaysian Code on Corporate Governance ("the Code"), are 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 manner Innity has applied the principles as set out in Part 1 of the Code and the extent of compliance with the best practices of good governance as set out in Part 2 of the Code pursuant to Paragraph 15.25 of the Bursa Securities Listing Requirements ("Bursa Securities LR"). The corporate governance practices that were in place during the financial year ended 31 December 2011 are set out below:

A. DIRECTORS

1) The Board

The Board has the overall responsibility for corporate governance, charting the strategic directions and policies as well as overseeing the investment and business directions of the Group.

Innity is headed by an effective Board which 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 consisted of eight(8) principal Directors and one(1) Alternate Director. The eight(8) principal Directors comprised:

- Four(4) Executive Directors;
- Three(3) Independent Non-Executive Directors; and
- One(1) Non-Independent Non-Executive Director.

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 authorization has been given by the Board.

A. DIRECTORS (CONT'D)

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.

4) Board Meetings

The Board aims to meet at least four(4) times a year, normally at 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 (Executive Chairman)	5/6
Mr Looa Hong Tuan (Managing Director)	4/6
Mr Wong Kok Woh(Executive Director)	6/6
Mr Seah Kum Loong(Executive Director)	5/6
Encik Shamsul Ariffin Bin Mohd Nor	6/6
Mr Robert Lim Choon Sin	6/6
Encik Abd Malik Bin A Rahman	6/6
Mr Gregory Charles Poarch	4/6
Mr Chang Mun Kee (Alternate Director to Gregory Charles Poarch)	2/6

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 minimise 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 is to ensure sufficient time has been given for the Directors to prepare, obtain additional information or clarification prior to attendance at the meeting.

A. DIRECTORS (CONT'D)

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.

During the financial year ended 31 December 2011, the following Directors have attended the following training :-

No	Name of Director	Name of Programme	Date
1	Phang Chee Leong	Finance Essentials For Non-Finance Professionals: The Fast And Easy Way To Learn The Basics	30th November & 1st December 2011
2	Looa Hong Tuan	Finance Essentials For Non-Finance Professionals: The Fast And Easy Way To Learn The Basics	30th November & 1st December 2011
3	Wong Kok Woh	Finance Essentials For Non-Finance Professionals: The Fast And Easy Way To Learn The Basics	30th November & 1st December 2011
4	Seah Kum Loong	Finance Essentials For Non-Finance Professionals: The Fast And Easy Way To Learn The Basics	30th November & 1st December 2011
5	Shamsul Ariffin Bin Mohd Nor	Building Confidence In Capital Markets	20th October 2011
6	Robert Lim Choon Sin	Branch Traffic Management	5th March 2011
		Compliance And Risk Conference	16th July 2011
7	Abd Malik Bin A Rahman	Sustainability Program For Corporate Malaysia (Trading Services & Industrial Products)	23rd March 2011
		Economic Outlook & Implications On Financial And Banking Industries – Is Another Financial Crisis Imminent?	28th March 2011
		Forum: "21st Century Corporation: Driving Sustainable Leadership & Innovation"	6th May 2011
		7th Tax & Corporate Seminar	19th October 2011
		Corporate Governance Blueprint 2011 & Directors' Duties	27th October 2011
		Scrutinising Financial Statement Frauds & Detection Of Red Flags	31st October 2011
		Key Amendments Of Listing Requirements 2011 & Corporate Disclosure Guide 2011	1st November 2011

A. DIRECTORS (CONT'D)

6) Directors' Training (cont'd)

No	Name of Director	Name of Programme	Date
8	Gregory Charles Poarch	International Corporate Governance Network Conference 2011	1st March 2011
		BDO Tax Forum Series – Bringing It Together Towards A High Income Nation	18th October 2011
		Vietnam: Acquisition of Business, Legal, Tax And Practical Considerations	23rd November 2011
		Strategy, Branding & Execution – Training & Workshop	28th November to 30th November 2011
9	Chang Mun Kee	Malaysia-China-Asia Pacific Women's Economic Summit	5th March 2011
		Danish Advanced Business Development Programme	9th March 2011
		The Innovator DNA By Harvard Business School	19th October 2011
		The Ambidextrous CEO By Harvard Business School	25th October 2011

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 Chairman of each committee furnishes 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.

A. DIRECTORS (CONT'D)

7) The Board Committees (cont'd)

b. Nomination Committee (cont'd)

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 a new Board or Committee Member(s) 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 Committee held two(2) meetings during the financial year ended 31 December 2011. During the meetings, the Committee:-

i) Reviewed and assessed the performance and effectiveness of the Board of Directors as a whole for the year 2011. The respective contribution(s) of each individual Director to the Company were also appraised.

c. Remuneration Committee

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

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

The Committee held one(1) meeting during the financial year ended 31 December 2011.

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.

B. DIRECTORS' REMUNERATION (CONT'D)

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 aggregated remuneration of the Directors from the Group for the financial year ended 31 December 2011 were as follows:-

(RM'000)	Fees	Salaries and other emoluments	Total
Executive Directors	222,810	718,995	941,805
Non-Executive Directors	72,000	10,500	82,500
Total	**294,810**	**729,495**	**1,024,305**

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	-	2
Below RM50,000	-	3
RM50,001-RM200,000	1	-
RM200,001-RM250,000	2	-
RM250,001-RM300,000	1	
Total	**4**	**5**

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.

C. SHAREHOLDERS (CONT'D)

1) Shareholders and Investor Relations (cont'd)

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 Chairman 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 scrutinizing 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:-

a. Appropriate accounting policies are consistently applied;
b. Reasonable and prudent judgments and estimates were made; and
c. 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 (CSR). As a responsible and ethical corporate entity, the Company recognises the need to strike a harmonious balance between achieving our corporate goals and giving back to the community at large.

The alliance with UNICEF, established in recent years, signifies an important step for Innity's efforts in the area of CSR. Through Innity's widespread online network of local, regional and international websites, Innity continued its collaboration with UNICEF, in 2011, 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.

Protecting children's rights is an important responsibility. Innity's objective was to draw netizens to the UNICEF Malaysia website to help advance the awareness of a child's 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 24 May 2012.

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 ("the Committee") was set up on 30 April 2008. The Terms of Reference of the 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 2011, the Committee convened five (5) meetings. The attendance of each 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	5/5
Encik Abd 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 on quarterly basis;
ii. Review of the internal audit planning and internal audit report presented by the internal auditor;
iii. Review of the financial budget vs actual results for financial year 2011;
iv. Review of the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature and Proposed New Shareholders' Mandate for Additional recurrent related party transactions of a revenue or trading nature;
v. Review of the draft Audited Financial Statements presented by the external auditors;
vi. Private meetings with External Auditors on issues and concerns they had arising from their audit work;
vii. Review of the Executive Chairman's Statement, Audit Committee Report, Corporate Governance Statement and Statement of Internal Control for inclusion in the Annual Report;
viii. Review Register of the Recurrent Related Party Transactions every quarter;
ix. Review of the Audit Planning Memorandum and Audit Summary Memorandum presented by external auditor;
x. Noted the update on Whistle Blowing;
xi. Noted the update on Risk Management.

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 2011 was RM37,000.

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 possesses 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").

7. **Terms of Reference (cont'd)**

b. **Composition of the Audit Committee (cont'd)**

- 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 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.
- 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.

7. Terms of Reference (cont'd)

c. Meetings (cont'd)

(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;

(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.

(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;

9. Duties & Responsibilities (cont'd)

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

(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/she 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 of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market, the Board of Directors ("the Board") of Innity Corporation Berhad Group is pleased to provide the following Statement on Internal Control of the Group prepared in accordance with Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). 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.

However, as there are inherent limitations in any system on internal control, such internal control system put into effect by 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 when compared to the expected benefits to be derived from the implementation of such internal control system.

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 2011, 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.

INTERNAL AUDIT FUNCTION (CONT'D)

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.

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

- Clearly defined and structured lines of reporting and responsibilities within the Group including proper segregation of duties, adequate review and approval procedures;
- An annual Group budget is prepared by Management and tabled to the Board for approval. Continuous monitoring is carried out on a quarterly basis to measure actual performance against budget so as to identify significant variances arising and devise remedial action plans;
- Regular dialogues on operational matters are conducted by the Executive Directors;
- Scheduled management meetings to discuss the Group's operations and performance are held on a periodical basis;
- Regular visits by members of the senior management team and executive directors;
- Quarterly reviews on the performance of the Group by the Board; and
- 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 Group's system 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 24 May 2012.

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 2011.

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 RM8,000 paid to the Company's auditors Messrs Russell Bedford LC & Company during the financial year ended 31 December 2011 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 2011.

7. VARIATION OF RESULTS

There was no significant variance between the results for the financial year ended 31 December 2011 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 2011.

9. RECURRENT RELATED PARTY TRANSACTION

The Company had on 24 May 2012 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 2013.

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 2013.

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;

9. RECURRENT RELATED PARTY TRANSACTION (CONT'D)

The RRPT entered into by the Group during the financial year ended 31 December 2011 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	34,190
Jobstreet.com Sdn Bhd	Online recruitment services	Jobstreet Corporation Berhad	594
Autoworld.com.my Sdn Bhd	Purchase of advertisement space by ISB from Autoworld.com.my Sdn Bhd	Jobstreet Corporation Berhad	134,812
Total			169,596

reports & financial statements

For the year ended 31 December 2011 (in Ringgit Malaysia)

Innity Corporation Berhad (764555-D)

directors' report

The directors submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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	2,272,088	(520,901)
Attributable to:		
Owners of the Company	2,352,968	(520,901)
Non-controlling interests	(80,880)	-
	2,272,088	(520,901)

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.

SHARE OPTIONS (CONT'D)

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 1.1.2011	**Bought**	**Sold**	**Balance as at 31.12.2011**
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	-	(200,000)	11,451,189
Looa Hong Tuan	16,726,787	-	(200,000)	16,526,787
Seah Kum Loong	9,995,280	-	-	9,995,280

None of the other directors in office at the end of the financial year, had held shares or beneficial 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: 26 April 2012

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 2011, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 29, 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: 26 April 2012

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 26 April 2012)

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 2011, 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 2011 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.

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 29 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: 26 April 2012

statements of comprehensive income

for the year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	4	34,301,327	22,947,665	-	-
Other operating income		150,043	116,386	99,846	93,193
Purchases		(21,084,163)	(14,297,500)	-	-
Staff costs	5	(6,307,777)	(4,756,791)	-	-
Depreciation		(196,627)	(168,971)	-	-
Amortisation of development expenditure		(948,279)	(746,095)	-	-
Other operating expenses		(3,460,008)	(2,706,216)	(620,747)	(328,484)
Profit/(Loss) from operations		2,454,516	388,478	(520,901)	(235,291)
Finance costs		(37,050)	(33,494)	-	-
Profit/(Loss) before tax	6	2,417,466	354,984	(520,901)	(235,291)
Income tax expense	7	(145,378)	(86,643)	-	-
Net profit/(loss) for the year		2,272,088	268,341	(520,901)	(235,291)
Other comprehensive loss:					
Foreign currency translation		(8,241)	(67,502)	-	-
Other comprehensive loss for the year, net of tax		(8,241)	(67,502)	-	-
Total comprehensive income/ (loss) for the year		2,263,847	200,839	(520,901)	(235,291)
Profit/(Loss) attributable to:					
Owners of the Company		2,352,968	201,373	(520,901)	(235,291)
Non-controlling interests		(80,880)	66,968	-	-
		2,272,088	268,341	(520,901)	(235,291)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		2,353,963	147,998	(520,901)	(235,291)
Non-controlling interests		(90,116)	52,841	-	-
		2,263,847	200,839	(520,901)	(235,291)
Basic earnings per share (sen)	8	1.87	0.16		

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

statements of financial position
as at 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Non current assets					
Property, plant and equipment	9	1,213,473	1,165,124	-	-
Development expenditure	10	2,615,300	2,641,707	-	-
Investment in subsidiaries	11	-	-	3,172,173	2,922,175
Investment in an associate	12	-	-	-	-
		3,828,773	3,806,831	3,172,173	2,922,175
Current assets					
Trade receivables	13	15,906,021	9,669,605	-	-
Other receivables, deposits and prepayments	14	747,340	490,515	3,580	1,500
Amount due from an associate	15	574,370	371,962	123,594	123,594
Amount due from subsidiaries	16	-	-	5,139,963	4,988,356
Tax recoverable		21,388	-	-	-
Fixed and short term deposits	17	3,975,934	4,804,781	3,359,627	4,259,781
Cash and bank balances		1,810,263	1,865,880	41,097	63,221
		23,035,316	17,202,743	8,667,861	9,436,452
Current liabilities					
Trade payables	18	8,403,645	5,056,145	-	-
Amount due to an associate	15	-	14,332	-	-
Other payables and accruals		1,379,735	730,192	67,192	64,884
Short term borrowings	19	122,235	444,627	-	-
Tax payable		127,061	65,033	-	-
		10,032,676	6,310,329	67,192	64,884
Net current assets		13,002,640	10,892,414	8,600,669	9,371,568
Non current liabilities					
Long term loans	20	318,952	351,045	-	-
Retirement benefits obligation	21	36,894	15,292	-	-
		(355,846)	(366,337)	-	-
		16,475,567	14,332,908	11,772,842	12,293,743
Represented by:					
Share capital	22	12,582,129	12,582,129	12,582,129	12,582,129
Reserves	23	3,934,790	1,633,361	(809,287)	(288,386)
Equity attributable to owners of the Company		16,516,919	14,215,490	11,772,842	12,293,743
Non-controlling interests		(41,352)	117,418	-	-
Total equity		16,475,567	14,332,908	11,772,842	12,293,743

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

statements of changes in equity
for the year ended 31 December 2011

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	Non–controlling interests RM	Total equity RM
At 1 January 2010	12,582,129	136,213	(2,512,173)	(22,917)	3,884,240	14,067,492	39,716	14,107,208
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
Acquisition of subsidiaries	-	-	-	-	-	-	812	812
Acquisition of non-controlling interest	-	-	-	3,935	(56,469)	(52,534)	(69,466)	(122,000)
Total comprehensive income/ (loss) for the year	-	-	-	995	2,352,968	2,353,963	(90,116)	2,263,847
At 31 December 2011	12,582,129	136,213	(2,512,173)	(71,362)	6,382,112	16,516,919	(41,352)	16,475,567

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2010	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
Total comprehensive loss for the year	-	-	(520,901)	(520,901)
At 31 December 2011	12,582,129	136,213	(945,500)	11,772,842

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

statements of cash flows

for the year ended 31 December 2011

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	2,417,466	354,984	(520,901)	(235,291)
Adjustments for:				
Amortisation of development expenditure	948,279	746,095	-	-
Depreciation	196,627	168,971	-	-
Impairment losses on:				
- investment in subsidiaries	-	-	250,000	-
- receivables	353,251	-	-	-
Interest expense	37,050	33,494	-	-
Interest income	(122,096)	(111,226)	(99,846)	(92,585)
Retirement benefits	21,602	15,729	-	-
Unrealised loss on foreign exchange	24,641	-	-	-
Operating profit /(loss) before working capital changes	3,876,820	1,208,047	(370,747)	(327,876)
(Increase)/Decrease in trade and other receivables	(6,919,738)	(4,156,419)	(2,080)	84,000
Increase in trade and other payables	4,022,683	2,132,150	2,308	20,528
Cash generated from/(used in) operations	979,765	(816,222)	(370,519)	(223,348)
Income tax (paid)/refunded	(102,497)	77,633	-	-
Net cash from/(used in) operating activities	877,268	(738,589)	(370,519)	(223,348)
Cash flows from/(used in) investing activities				
Development expenditure paid	(921,872)	(992,346)	-	-
Increase in fixed deposits pledged	(71,307)	(60,000)	-	-
Interest received	122,096	111,226	99,846	92,585
Purchase of property, plant and equipment	(244,925)	(190,791)	-	-
Acquisition of non-controlling interest	(122,000)	-	-	-
Advances to an associate	(202,386)	(123,668)	-	-
Advances to subsidiaries	-	-	(651,605)	(2,801,728)
Net cash used in investing activities	(1,440,394)	(1,255,579)	(551,759)	(2,709,143)

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash flows from/(used in) financing activities				
Interest paid	(37,050)	(33,494)	-	-
Net cash inflow on acquisition of subsidiaries	812	24,861	-	-
Repayments of term loans	(29,209)	(25,993)	-	-
Net cash used in financing activities	(65,447)	(34,626)	-	-
Exchange differences	(1,922)	(2,625)	-	-
Net decrease in cash and cash equivalents	(630,495)	(2,031,419)	(922,278)	(2,932,491)
Cash and cash equivalents at beginning of year	5,708,917	7,740,336	4,323,002	7,255,493
Cash and cash equivalents at end of year	5,078,422	5,708,917	3,400,724	4,323,002
Cash and cash equivalents comprise:				
Bank overdrafts	(91,468)	(416,744)	-	-
Cash and bank balances	1,810,263	1,865,880	41,097	63,221
Fixed and short term deposits	3,975,934	4,804,781	3,359,627	4,259,781
	5,694,729	6,253,917	3,400,724	4,323,002
Less: Fixed deposits pledged	(616,307)	(545,000)	-	-
	5,078,422	5,708,917	3,400,724	4,323,002

	Group 2011 RM	Group 2010 RM
Analysis of acquisition of subsidiaries		
Purchase consideration paid in cash	3,250	385,249
Less: cash and cash equivalents acquired	(4,062)	(410,110)
Net cash inflow on acquisition	(812)	(24,861)

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

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 26 April 2012.

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.

The Group and the Company had adopted the new and revised Financial Reporting Standards ("FRSs") and IC Interpretations that become mandatory for the current financial year. The adoption of these 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:

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

i. Revised FRS 3 Business Combinations and Revised 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 revised 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. All earnings and losses of the subsidiary are attributed to the parent and the non controlling interest, even if the attribution of losses to the non controlling interest results in a debit balance in the shareholders' equity. Furthermore, the revised 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 revised FRS 127 will affect accounting treatment of future acquisitions or loss of control and transactions with non-controlling interests. The revised FRS 3 and revised FRS 127 has been applied prospectively in accordance with its transitional provisions.

The Group has 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 Company upon their initial application other than the following:

i. Malaysian Financial Reporting Standards ("MFRS") Framework

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards in conjunction with its plan to converge with the International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012 with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate.

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards will apply when an entity first complies with each of the MFRS effective for annual periods beginning on or after 1 January 2012 for its first MFRS financial statements. In general, MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when the standard prohibits retrospective application in some aspects or allows the first time adopter to use one or more of the exemptions or exceptions contained therein. The MFRS 1 requires an entity to provide extensive disclosures to explain how the transition from previous GAAP to MFRSs affected the reported financial position, financial performance and cash flows of the entity. In conjunction with the convergence, the financial statements will be having dual compliance framework. Entities would be required to make, in the notes, an explicit and unreserved statement of compliance with both MFRS and IFRS.

The Company is in the process of carrying out its assessment on the financial effects of the differences between FRSs and MFRS framework. Accordingly, the financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework. The Company is expected to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

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 its subsidiaries as at reporting date. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applies to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of their fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the later amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

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 other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(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:

	2011 RM	2010 RM
1 United States Dollar	3.177	3.084
1 Hong Kong Dollar	0.409	0.396
1 Singapore Dollar	2.443	2.386
100 Indonesian Rupiah	0.035	0.035
100 Thai Baht	10.010	10.227
100 Vietnamese Dong	0.015	0.016

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (cont'd)

(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.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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 year 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 non financial 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non financial assets (cont'd)

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%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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 investment in an associate is measured in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate 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.

Goodwill on consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Leases

Assets acquired under leases which transfer substantially all the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to the profit or loss over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as expense in the profit or loss on a straight line basis over the terms of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Segment information

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

(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. Payables 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.

(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.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost:

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal 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	
	2011	**2010**
	RM	**RM**
Technology based online advertising solutions	33,612,480	20,983,770
Other related internet services	688,847	1,963,895
	34,301,327	22,947,665

5. STAFF COSTS

	Group	
	2011	**2010**
	RM	**RM**
Salaries, wages and bonus	6,440,948	4,839,933
Defined contribution plan	527,692	421,735
Other employee related expenses	261,009	441,771
	7,229,649	5,703,439
Staff costs capitalised under development expenditure (Note 10)	(921,872)	(946,648)
	6,307,777	4,756,791

5. STAFF COSTS (CONT'D)

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

	Group	
	2011	**2010**
Executive directors:		
RM150,001 to RM200,000	1	3
RM200,001 to RM250,000	2	1
RM250,001 to RM300,000	1	0
Non executive directors:		
RM0	2	2
Below RM50,000	3	3

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Executive directors:				
Basic salaries and other emoluments included in:				
- profit or loss	608,729	463,406	-	-
- development expenditure (Note 10)	110,266	110,266	-	-
Fees included in profit or loss	222,810	132,000	-	-
	941,805	705,672	-	-
Non executive directors:				
Other emoluments included in profit or loss	10,500	9,500	10,500	9,500
Fees included in profit or loss	72,000	72,000	72,000	72,000
Total	1,024,305	787,172	82,500	81,500

6. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of development expenditure	948,279	746,095	-	-
Auditors' remuneration				
- auditors of the Company				
- statutory	41,800	40,924	16,000	17,000
- non statutory	8,000	7,000	8,000	7,000
- auditors of the subsidiaries				
- current year	26,305	-	-	-
- under provisions in prior year	13,383	-	-	-
Depreciation	196,627	168,971	-	-
Directors' remuneration				
- directors of the Company				
- fees	294,810	204,000	72,000	72,000
- others	619,229	472,906	10,500	9,500
- director of the subsidiaries				
- other than fees	162,722	-	-	-
Impairment losses on:				
- investment in subsidiaries	-	-	250,000	-
- trade receivables	337,651	-	-	-
- other receivables	15,600	-	-	-
Interest expense				
- term loans	26,198	29,651	-	-
- bank overdrafts	10,852	3,843	-	-
Loss on foreign exchange				
- realised	-	66,246	-	-
- unrealised	24,641	-	-	-
Office rental	407,117	324,342	-	-
Preliminary expenses	3,868	4,300	-	-
Retirement benefits	21,602	15,729	-	-
And crediting:				
Interest income from fixed and short term bank deposits	(122,096)	(111,226)	(99,846)	(92,585)
Gain on foreign exchange				
- realised	(6,629)	-	-	-

7. INCOME TAX EXPENSE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Estimated current year income tax payable				
- Malaysia	(4,000)	-	-	-
- Outside Malaysia	(137,811)	(86,643)	-	-
Under provision in prior year				
- Malaysia	(3,567)	-	-	-
	(145,378)	(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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit/(Loss) before tax	2,417,466	354,984	(520,901)	(235,291)
Taxation at statutory tax rate of 25% (2010: 25%)	(604,400)	(88,700)	130,200	58,000
Expenses not deductible for tax purposes	(184,750)	(117,143)	(130,200)	(58,000)
Different tax rates in other countries	71,489	38,700	-	-
Deferred tax assets not recognised during the year	(262,800)	(83,500)	-	-
Income not subject to tax	744,900	74,700	-	-
Utilisation of prior years unrecognised deferred tax assets	93,750	89,300	-	-
Under provision in prior years	(3,567)	-	-	-
Income tax expense for the year	(145,378)	(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 to 29 September 2010 and with effect from 30 September 2010 the subsidiary was granted another 5 years extension to 29 September 2015. By virtue of this pioneer status, certain statutory income of the subsidiary from pioneer activity during the pioneer period from 30 September 2010 to 29 September 2015 is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

7. INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2011	**2010**
	RM	**RM**
Tax effects of unabsorbed capital allowances and unutilised tax losses	471,600	346,600
Others	15,200	-
	486,800	346,600

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

	Group	
	2011	**2010**
	RM	**RM**
Tax effects of:		
Development expenditure incurred but not charged to profit or loss	653,800	635,000
Excess of capital allowances over related depreciation of plant and equipment	43,100	32,000
	696,900	667,000

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 PER SHARE

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

	Group	
	2011	**2010**
Net profit attributable to ordinary shareholders (RM)	2,352,968	201,373

	Group	
	2011	**2010**
Weighted average number of ordinary shares in issue	125,821,287	125,821,287
Basic earnings per ordinary share (sen)	1.87	0.16

Diluted earnings per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 31 December 2011 and 2010.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold shop offices	Furniture, fittings and office equipment	Computers and peripherals	Renovations	Total
	RM	RM	RM	RM	RM
2011					
Cost					
At beginning of year	720,000	383,203	734,500	107,758	1,945,461
Additions	-	47,712	143,330	53,883	244,925
Exchange differences	-	430	333	-	763
At end of year	720,000	431,345	878,163	161,641	2,191,149
Accumulated depreciation					
At beginning of year	41,498	171,724	501,459	65,656	780,337
Charge for the year	8,773	42,433	119,959	25,462	196,627
Exchange differences	-	178	534	-	712
At end of year	50,271	214,335	621,952	91,118	977,676
Net book value					
At 31 December 2011	669,729	217,010	256,211	70,523	1,213,473

Group	Long term leasehold shop offices	Furniture, fittings and office equipment	Computers and peripherals	Renovations	Total
	RM	RM	RM	RM	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

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

At the reporting date:

(i) a unit of long term leasehold shop office of the Group with carrying amount of RM458,084 (2010: RM464,072) 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	
	2011	**2010**
	RM	**RM**
Costs		
At beginning of year	4,722,821	3,730,475
Additions	921,872	992,346
At end of year	5,644,693	4,722,821
Accumulated amortisation		
At beginning of year	2,081,114	1,335,019
Charge for the year	948,279	746,095
At end of year	3,029,393	2,081,114
Net carrying amount		
At end of year	2,615,300	2,641,707
The development expenditure is arrived at after charging:		
Directors' remuneration other than fees	110,266	110,266
Other staff costs	811,606	836,382
	921,872	946,648
Computers and telecommunication costs	-	45,698
	921,872	992,346

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	**2010**
	RM	**RM**
Unquoted shares, at cost		
At beginning of year	2,922,175	2,922,175
Additions	499,998	-
At end of the year	3,422,173	2,922,175

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Company 2011 RM	Company 2010 RM
Accumulated impairment losses		
At beginning of year	-	-
Impairment for the year	250,000	-
At end of the year	250,000	-
Carrying amount	3,172,173	2,922,175

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest 2011	Group's effective interest 2010	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
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%	95%	Provision of technology based online advertising solutions and other related internet services
DoMedia Asia Sdn Bhd	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity China Co., Limited	Hong Kong	80%	-	Provision of online digital marketing solutions and other related interest services.

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Country of incorporation	Group's effective interest 2011	Group's effective interest 2010	Principal activities
Subsidiaries of Innity Limited				
Innity Singapore Pte Ltd*	Singapore	100%	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%	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 30 April 2011, the Company further subscribed 499,998 shares of RM1 each in Spiral Vibe Sdn Bhd, a company incorporated in Malaysia for a total consideration of RM499,998.

(ii) On 26 September 2011, a subsidiary of the Company, Innity Sdn Bhd (''ISB") subscribed for 8,000 shares of HKD1 each representing 80% of the total issued and paid up capital of Innity China Co., Limited, a company incorporated in Hong Kong for a total cash consideration of HKD8,000.

With the subscription, Innity China Co., Limited became a subsidiary of ISB.

(iii) On 30 December 2011, ISB further acquired additional 5,000 shares representing 5% of the total issued and paid up capital of Innity Singapore Pte Ltd, a company incorporated in Singapore for a total cash consideration of SGD50,000.

In the previous 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.

The acquisition of subsidiaries had the following effects on the Group's results and financial position:

	2011 RM	2010 RM
Revenue	-	4,087,016
Profit for the year	(214,251)	310,999

	2011 RM	2010 RM
Cash and bank balances	4,062	410,110
Fair value of net assets acquired	4,062	410,110
Less:		
- goodwill	-	-
- non-controlling interests	(812)	(24,861)
Cost of business combination	3,250	385,249

12. INVESTMENT IN AN ASSOCIATE

	Group 2011 RM	Group 2010 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	-	-

The details of the associate are as follows:

Name of company	Country of incorporation	Group's effective interest 2011	Group's effective interest 2010	Principal activities
Held through a subsidiary:				
Innity Digital Media (Thailand) 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.

12. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	645,626	16,812
Non current assets	33,044	118,921
Total assets	678,670	135,733
Current liabilities/Total liabilities	868,272	353,265

	2011 RM	2010 RM
Results		
Revenue	937,908	100,534
Net profit/(loss) for the year	33,240	(103,324)

13. TRADE RECEIVABLES

	Group	
	2011 RM	2010 RM
Trade receivables	16,324,989	9,750,922
Less: Allowance for impairment	(418,968)	(81,317)
	15,906,021	9,669,605

The Group's normal trade credit terms range from 30 days to 120 days (2010: 45 days to 120 days).

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

	Group	
	2011 RM	2010 RM
Not impaired or past due	4,508,375	5,721,675
1 - 30 days past due not impaired	4,436,988	1,589,121
31 - 60 days past due not impaired	2,152,499	1,006,511
61 - 90 days past due not impaired	2,047,913	416,795
91 - 120 days past due not impaired	937,168	343,608
More than 120 days past due not impaired	1,823,078	591,895
	11,397,646	3,947,930
	15,906,021	9,669,605

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

13. TRADE RECEIVABLES (CONT'D)

The movement in the allowance for impairment for trade receivables that are individually impaired at reporting date is as follows:

	Group 2011 RM	Group 2010 RM
At beginning of year	81,317	81,853
Impairment for the year	337,651	-
Written off	-	(536)
At end of year	418,968	81,317

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	312,542	104,729	-	-
Less: Allowance for impairment	(15,600)	-	-	-
	296,942	104,729	-	-
Deposits	169,678	162,750	1,500	1,500
Prepayments	280,720	223,036	2,080	-
	747,340	490,515	3,580	1,500

The movement in the allowance for impairment for other receivables that are individually impaired at reporting date is as follows:

	Group 2011 RM	Group 2010 RM
At beginning of year	-	-
Impairment for the year	15,600	-
At end of year	15,600	-

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

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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Fixed deposits with a licensed bank	616,307	545,000	-	-
Short term deposits with licensed financial institutions	3,359,627	4,259,781	3,359,627	4,259,781
	3,975,934	4,804,781	3,359,627	4,259,781

The fixed deposits of a subsidiary of RM616,307 (2010: RM545,000) are pledged to a bank for facilities granted as disclosed in Note 19.

Included in short term deposits with licensed financial institutions is RM3,064,000 (2010: RM4,031,000) which represent the unutilised balance of gross proceeds raised from the flotation scheme which are restricted for the following intended use:

	Group	
	2011	2010
	RM	RM
Research and development expenditure	988,000	1,951,000
Set up cost of regional offices	981,000	985,000
Working capital	1,095,000	1,095,000
	3,064,000	4,031,000

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

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	%	**%**	**%**	**%**
Fixed deposits with a licensed bank	3.00	2.62	-	-
Short term deposits with licensed financial institutions	2.54	2.31	2.54	2.31

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	Days	**Days**	**Days**	**Days**
Fixed deposits with a licensed bank	62	63	-	-
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 (2010: 45 to 90 days).

19. SHORT TERM BORROWINGS

	Group	
	2011	**2010**
	RM	**RM**
Bank overdrafts	91,468	416,744
Long term loans – current portion (Note 20)	30,767	27,883
	122,235	444,627

The average effective interest rates are as follows:

	Group	
	2011	**2010**
	%	**%**
Bank overdrafts	8.6	8.3
Term loans	7.4	7.1

19. SHORT TERM BORROWINGS (CONT'D)

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

(i) fixed deposits of RM616,307 (2010: RM545,000);

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

(ii) 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.

20. LONG TERM LOANS

	Group	
	2011	**2010**
	RM	**RM**
Amount outstanding	349,719	378,928
Less: Portion due within one year (Note 19)	(30,767)	(27,883)
Non current portion	318,952	351,045

	Group	
	2011	**2010**
	RM	**RM**
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	33,100	30,061
Later than 2 years and not later than 5 years	110,506	105,035
Later than 5 years	175,346	215,949
	318,952	351,045

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

21. RETIREMENT BENEFITS OBLIGATION

	Group	
	2011	**2010**
	RM	**RM**
Present value of retirement benefits obligation	36,894	17,938
Net actuarial losses not recognised	-	(2,209)
Exchange differences	-	(437)
Net liability arising from retirement benefits obligation	36,894	15,292

21. RETIREMENT BENEFITS OBLIGATION (CONT'D)

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

	Group	
	2011 RM	2010 RM
Current service cost	21,602	10,805
Actuarial losses recognised in the year	-	4,924
	21,602	15,729

Movement in the present value of the retirement benefits obligation is as follows:

	Group	
	2011 RM	2010 RM
At beginning of year	15,292	-
Current service cost	21,602	10,805
Actuarial losses	-	4,924
Exchange differences	-	(437)
At end of year	36,894	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, where as the management calculated the obligation for year 2011. 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:

	2011	2010
Discount rate	6%	10%
Annual salary increase	8%	8%

22. SHARE CAPITAL

	Group and Company			
	2011 No. of ordinary shares of RM0.10 each	2010 No. of ordinary shares of RM0.10 each	2011 RM	2010 RM
Authorised:				
At beginning/end of year	250,000,000	250,000,000	25,000,000	25,000,000

	Group and Company			
	2011 No. of ordinary shares of RM0.10 each	2010 No. of ordinary shares of RM0.10 each	2011 RM	2010 RM
Issued and fully paid:				
At beginning/end of year	125,821,287	125,821,287	12,582,129	12,582,129

23. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Retained profits/(Accumulated losses)	6,382,112	4,085,613	(945,500)	(424,599)
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	(71,362)	(76,292)	-	-
	3,934,790	1,633,361	(809,287)	(288,386)

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 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Significant transactions with related parties are as follows:					
With a corporate shareholder of the Company					
- Jobstreet Corporation Berhad	Purchases	34,190	52,850	-	-
With a subsidiary of a corporate shareholder of the Company					
- Jobstreet.com Sdn Bhd	Staff recruitment fee	594	21,788	-	-
- Autoworld.com.my Sdn Bhd	Purchases	134,812	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 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 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	-	-	5,085,939	4,934,332

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related party balances (cont'd)

	Type of transactions	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Individually significant outstanding balances arising from transactions (other than normal trade)are as follows:					
Financial assets:					
With an associate					
- Innity Digital Media (Thailand) Co Ltd	Advances	574,370	371,962	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 2011 RM	Group 2010 RM
The future minimum rental payments under non cancellable tenancy agreements are as follows:		
Not later than 1 year	85,150	88,606
Later than 1 year and not later than 2 years	55,858	73,313
Later than 2 years and not later than 5 years	-	55,858
	141,008	217,777

26. EVENT SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date, a subsidiary of the Company, Innity Sdn Bhd ("ISB") acquired 2 ordinary shares of RM1 each representing 100% of total issued and paid up share capital of Tresixtee Media Sdn Bhd ("Tresixtee"), a company incorporated in Malaysia for a total consideration of RM2.

With the acquisition, Tresixtee became a subsidiary of ISB.

27. 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.

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

2011	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Elimination RM	Group RM
Revenue							
External revenue	22,502,823	6,274,472	2,342,774	3,181,258	34,301,327	-	34,301,327
Inter-segment revenue	1,024,004	29,288	237,805	28,779	1,319,876	(1,319,876)	-
Total revenue	23,526,827	6,303,760	2,580,579	3,210,037	35,621,203	(1,319,876)	34,301,327
Results							
Profit/(Loss) from operations before interest income	1,082,460	1,307,202	75,800	(631,357)	1,834,105	498,315	2,332,420
Interest income	115,920	-	3,570	2,606	122,096	-	122,096
Profit/(Loss) from operations	1,198,380	1,307,202	79,370	(628,751)	1,956,201	498,315	2,454,516
Finance costs	(37,050)	-	-	-	(37,050)	-	(37,050)
Profit/(Loss) before tax	1,161,330	1,307,202	79,370	(628,751)	1,919,151	498,315	2,417,466
Income tax expense	(7,567)	(125,313)	(12,498)	-	(145,378)	-	(145,378)
Net profit/(loss) for the year	1,153,763	1,181,889	66,872	(628,751)	1,773,773	498,315	2,272,088
Non-controlling interests	42,850	(59,094)	(3,344)	100,468	80,880	-	80,880
Profit/(Loss) attributable to owners of the Company	1,196,613	1,122,795	63,528	(528,283)	1,854,653	498,315	2,352,968

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

2011	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Elimination RM	Group RM
Assets and liabilities							
Segment assets	31,432,416	4,614,369	2,753,795	2,016,482	40,817,062	(13,952,973)	26,864,089
Consolidated total assets	31,432,416	4,614,369	2,753,795	2,016,482	40,817,062	(13,952,973)	26,864,089
Segment liabilities	13,428,069	3,225,046	2,187,542	1,940,956	20,781,613	(10,393,091)	10,388,522
Consolidated total liabilities	13,428,069	3,225,046	2,187,542	1,940,956	20,781,613	(10,393,091)	10,388,522
Other information							
Capital expenditure	1,025,511	15,091	112,772	13,423	1,166,797	-	1,166,797
Amortisation of development expenditure	948,279	-	-	-	948,279	-	948,279
Depreciation	160,923	7,546	22,544	5,614	196,627	-	196,627
Material non cash expense other than depreciation and amortisation							
- Impairment losses on receivables	562,095	12,370	-	299,766	874,231	(520,980)	353,251
- Retirement benefits	-	-	21,602	-	21,602	-	21,602

27. 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 expense	-	-	(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
Non-controlling interests	-	(6,436)	(8,150)	(52,382)	(66,968)	-	(66,968)
Profit/(Loss) attributable to the owners of the Company	(602,301)	172,089	154,851	412,161	136,800	64,573	201,373

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

2010	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Elimination RM	Group RM
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 other than depreciation and amortisation							
- Retirement benefits	-	-	15,729	-	15,729	-	15,729

28. 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Financial assets				
Loans and receivables:				
- trade and other receivables excluding prepayments	16,372,641	9,937,084	1,500	1,500
- amount due from an associate	574,370	371,962	123,594	123,594
- amount due from subsidiaries	-	-	5,139,963	4,988,356
- fixed and short term deposits	3,975,934	4,804,781	3,359,627	4,259,781
- cash and bank balances	1,810,263	1,865,880	41,097	63,221
	22,733,208	16,979,707	8,665,781	9,436,452
Financial liabilities				
Amortised cost:				
- borrowings	441,187	795,672	-	-
- amount due to an associate	-	14,332	-	-
- trade and other payables excluding statutory liabilities	9,008,974	5,685,869	67,192	64,884
	9,450,161	6,495,873	67,192	64,884

(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.

28. 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:

Functional currency of the Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies					
	Ringgit Malaysia RM	Thailand Baht RM	United States Dollar RM	Singapore Dollar RM	Indonesia Rupiah RM	Total RM
At 31 December 2011						
Ringgit Malaysia	-	(32,235)	(70,552)	(5,993)	(50,694)	(159,474)
Indonesian Rupiah	(120,588)	-	(46,866)	-	-	(167,454)
Vietnamese Dong	-	-	929	-	-	929
Singapore Dollar	(43,495)	-	1,826,789	-	-	1,783,294
	(164,083)	(32,235)	1,710,300	(5,993)	(50,694)	1,457,295
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

28. 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 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	
	2011	2010
	RM	RM
Functional currency in Ringgit Malaysia		
United States Dollar	(7,055)	19,691
Singapore Dollar	(599)	1,395
Thailand Baht	(3,224)	(26)
Indonesia Rupiah	(5,069)	-
Functional currency in Indonesian Rupiah		
United States Dollar	(4,687)	9,918
Ringgit Malaysia	(12,059)	-
Functional currency in Vietnamese Dong		
United States Dollar	93	(13,715)
Functional currency in Singapore Dollar		
United States Dollar	182,679	26,830
Thailand Baht	-	(687)
Ringgit Malaysia	(4,350)	-

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

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

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

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group 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 profit/(loss) before tax would decrease/increase by RM2,206 (2010: decrease/increase by RM3,978).

Credit risk management

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 and 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.

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.

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

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

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						
2011						
Non interest bearing debts	9,008,974	9,008,974	9,008,974	-	-	-
Interest bearing debts	441,187	540,761	132,355	38,179	136,899	233,328
	9,450,161	9,549,735	9,141,329	38,179	136,899	233,328
2010						
Non interest bearing debts	5,700,201	5,700,201	5,700,201	-	-	-
Interest bearing debts	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
Company						
2011						
Non interest bearing debts	67,192	67,192	67,192	-	-	-
2010						
Non interest bearing debts	64,884	64,884	64,884	-	-	-

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

(b) Financial risk management objectives and policies (continued)

Fair values

The carrying amounts of cash and bank balances, 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 2011, the Group's strategy was unchanged from 31 December 2010 which is to maintain the debt-to-equity ratios at a healthy level. The debt-to-equity ratios at 31 December 2011 and 31 December 2010 were as follows:

	Group	
	2011	**2010**
	RM	**RM**
Total debts	441,187	795,672
Total equity	16,475,567	14,332,908
Debt-to-equity ratio	0.03	0.06

29. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS/ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 31 December 2011 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries				
- Realised	5,661,995	4,092,752	(945,500)	(424,599)
- Unrealised	(24,641)	(45,134)	-	-
	5,637,354	4,047,618	(945,500)	(424,599)
Total share of accumulated losses from an associate				
- Realised	(51,524)	(51,524)	-	-
- Unrealised	-	-	-	-
	5,585,830	3,996,094	(945,500)	(424,599)
Add: Consolidation adjustments	796,282	89,519	-	-
Retained profits/(Accumulated losses) as per financial statements	6,382,112	4,085,613	(945,500)	(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 2011 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	15	1,301	Office Lot/ Office	27.07.2005	222,892
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	15	1,371	Office Lot/ Office	27.07.2005	235,192
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	15	1,192	Office Lot/ Office	14.04.2009	211,645

analysis of shareholdings
as at 3 May 2012

Authorised share capital	:	RM25,000,000.00
Issued and Fully Paid-up Capital	:	RM12,582,128.70
Class of Share	:	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 2012

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	14	1.511	960	0.000
100 - 1,000	654	70.626	250,380	0.198
1,001 - 10,000	147	15.874	542,690	0.431
10,001 - 100,000	81	8.747	3,004,780	2.388
100,001 - 6,291,063 (*)	24	2.591	32,920,445	26.164
6,291,064 AND ABOVE (**)	6	0.647	89,102,032	70.816
TOTAL :	926	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 2012

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 2012

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	2,900	0.002
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

LIST OF TOP 30 HOLDERS AS AT 3 MAY 2012
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Holding	%
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	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	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	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON SHING	2,691,700	2.139
11	MCONTECH SDN.BHD.	2,439,000	1.938
12	TAN YUE WEI	2,249,400	1.787
13	OSK NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR PHANG CHEE LEONG	1,605,876	1.276
14	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,533,000	1.218
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 3 MAY 2012 (CONT'D)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	Holding	%
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,087,500	0.864
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YU WEI (KCHLAMA-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	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YANG LIANG	372,300	0.295
23	ARSHAD BIN ABDUL RAHMAN	247,500	0.196
24	LEAM AM KEM	203,500	0.161
25	POH CHOO LIP	200,000	0.158
26	YONG LEN FONG	200,000	0.158
27	NGU CHING KUI	191,900	0.152
28	ALICE TAN PHUE SIE	190,000	0.151
29	CITIGROUP NOMINEES (ASING) SDN BHD PERSHING LLC FOR GREGORY ALEXANDER	140,000	0.111
30	TAN SENG GAN	133,000	0.105
	Total	122,022,477	96.980

notice of 5th annual general meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Green II, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 22 June 2012 at 9.30 a.m. to transact the following businesses:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 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. Mr. Phang Chee Leong (Ordinary Resolution 1)
   ii. Mr. Looa Hong Tuan (Ordinary Resolution 2)
   iii. Mr. Gregory Charles Poarch (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. Special Business

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

4. **DIRECTORS' FEES**

   "THAT the payment of the Directors' fees of RM72,000 for the financial year ended 31 December 2011 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 2.5.1 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 2.5.2 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;

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 SECTION 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 shares 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."

8. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** (Special Resolution)

"THAT the amendments to the Articles of Association of the Company as contained in Appendix I be hereby approved.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the amendments to the Articles of Association of the Company with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

C. Other Business

9. 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
31 May 2012

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 of the Company is an Exempt Authorised Nominee (referring to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA) which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(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.

(v) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 June 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

2. Audited Financial Statements for the financial year ended 31 December 2011

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 2011 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 31 May 2012, which is despatched together with the Company's Annual Report 2011.

(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 31 May 2012, which is despatched together with the Company's Annual Report 2011.

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

The Ordinary Resolution 8 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fourth Annual General Meeting held on 24 June 2011 and which will lapse at the conclusion of the Fifth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) and working capital.

(v) Special Resolution – Proposed Amendments to the Articles of Association of the Company

The proposed Special Resolution, if passed, will enable the Company to comply with the recent amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

appendix 1

Referred to in the Notice of Fifth (5th) Annual General Meeting

THAT the existing Article 63 of the Company's Articles of Association be amended by deleting in its entirety and substituting thereof with the new Article 63 as set out below:-

Existing Article No.	Amended Article No.
63. Requirement in notice calling meeting/Appointment of Proxies In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead, and that a proxy may but need not be a member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. 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.	63. Requirement in notice calling meeting/Appointment of Proxies In every notice calling a general meeting of the Company there shall appear with reasonable prominence, a statement that:- (i) A Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint **not more than two (2) proxies** to attend and vote instead of the Member at the meeting. (ii) Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint **not more than two (2) proxies** in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. (iii) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. (iv) Where a Member or the **authorised nominee** appoints **two (2) proxies**, or **where an exempt authorised nominee appoints two (2) or more proxies**, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. (v) A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. (vi) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.

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proxy form

No. of ordinary shares held	CDS Account No.

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

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 Fifth Annual General Meeting of the Company to be held at Green II, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 22 June 2012** 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 Mr. Phang Chee Leong as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr. Looa Hong Tuan as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 3	Re-election of Mr. Gregory Charles Poarch 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 2011		
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		
Special Resolution	Amendments to the Articles of Association of the Company		

(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.)

The proportions of my/our shareholding to be represented by my/our proxy(ies) are as follows:

First named Proxy.......................................%
Second named Proxy..................................%
100%

Dated this ____________ day of ____________ 2012

____
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 of the Company is an Exempt Authorised Nominee (referring to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA) which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(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.

(v) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 June 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

Fold this flap for sealing

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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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