innity

INNITY CORPORATION BERHAD
ANNUAL REPORT
2012

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Corporate Profile

About Innity

Innity is the leading digital media network that provides interactive online marketing platforms and technologies 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 18 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 performance-based marketing and engagement-based advertising formats and innovative payment models to some of the world's largest brands and advertising agencies. Innity has presence in Malaysia, Singapore, Thailand, Indonesia, Vietnam, Philippines, Hong Kong, and China with nearly 150 staff in total.

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

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

- Display advertising network
- Video advertising network
- Wi-Fi advertising network
- Self-service advertising platform
- Performance and engagement based advertising solutions
- Programmatic Buying Solutions, Real-Time bidding

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.

Reasons why Innity is highly sought after in the market:

- 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

Top ad networks in Thailand – March 2013

Media	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total Internet : Total Audience	10,352	100.0	6,002	27,573
Komli Media	9,322	90.0	2,487	545
Innity Network	8,799	85.0	2,017	475

- *Source: comScore Media Metrix*

Corporate Profile (Cont'd)

Top ad networks in Indonesia – March 2013

Media	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total Internet : Total Audience	13,628	100.0	5,167	13,978
Innity Network	8,255	60.6	902	274
Komli Media	7,406	54.3	792	216
Adplus Ad Network	6,595	48.4	561	83
Tribal Fusion	6,575	48.2	714	258

- *Source: comScore Media Metrix*

Top ad networks in Singapore – March 2013

Media	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total Internet : Total Audience	3,397	100.0	1,650	5,005
Google Ad Network	3,060	90.1	1,006	2,932
Innity Network	2,253	66.3	414	242
Komli Media	1,977	58.2	441	177
Tribal Fusion	1,715	50.5	250	139

- *Source: comScore Media Metrix*

Top ad networks in Malaysia – March 2013

Media	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total Internet : Total Audience	11,800	100.0	5,350	15,356
Google Ad Network	10,615	90.0	3,178	7,314
Innity Network	9,866	83.6	1,727	767
Komli Media	8,279	70.2	1,329	520
Tribal Fusion	6,044	51.2	818	317

- *Source: comScore Media Metrix*

Top ad networks in Philippines – March 2013

Media	Total Unique Visitors (000)	% Reach	Average Daily Visitors (000)	Total Pages Viewed (MM)
Total Internet : Total Audience	7,432	100.0	3,416	9,284
Komli Media	3,359	45.2	464	107
Innity Network	2,275	30.6	191	52

- *Source: comScore Media Metrix*

Corporate Structure

innity

Investment Holding

- **49% I-DAC Pte Ltd** — provision of various internet advertising services using advanced technologies, sub-license the right to use the technologies and technical support (Singapore)
- **100% Innity Sdn Bhd** — Technology-based online advertising solutions and other related internet services (Malaysia)
  - **95% PT.Media Innity** — Technology-based online advertising solutions and other related internet services (Indonesia)
  - **100% DoMedia Asia Sdn Bhd** — Technology-based online advertising solutions and other related internet services (Malaysia)
  - **64% Tresixty Media Sdn Bhd** (formerly know as Tresixtee Media Sdn Bhd) — Budget online advertising and media solutions for SME (Malaysia)
  - **40% Dynamic Outdoor Media Sdn Bhd** — provision of WIFI services for F&B outlet,shopping centre and township (Malaysia)
  - **100% Innity Limited** — Investment holdings of overseas operations (Hong Kong)
    - **95% Innity Singapore Pte Ltd** (5% held by Innity Sdn Bhd) — 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 online advertising solutions and other related internet services (Vietnam)
    - **49% Innity Digital Media (Thailand) Co Ltd** — Technology-based online advertising solutions and other related internet services (Thailand)
  - **80% Innity China Co Ltd** — Technology-based online a advertising solutions and other related internet services (Hong Kong)
  - **99.99% Innity Philippines, Inc.** — Technology-based online advertising solutions and other related internet services (Philippines)
  - **74% Native Media Sdn Bhd** (1% held by Spiral Vibe Sdn Bhd) — Providing concept creation and execution of product and brand marketing campaigns on behalf of clients, specialising in video and multimedia content for online distribution and promotion (Malaysia)
- **100% Advenue Digital Advertising Sdn Bhd** — Technology solutions provider for digital advertising activities (Malaysia)
- **100% Spiral Vibe Sdn Bhd** — Advertising agency with a full suite of services (Malaysia)
  - **1% Native Media Sdn Bhd**

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	*Senior 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*
Yutaka Shimizu	*Non-Independent Non-Executive Director*
Hisaharu Terai	*Alternate Director To Yutaka Shimizu*

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

Shui-Tai
Entrance 2, Suite 1308
13th Floor, Block A
Damansara Intan
No. 1, Jalan SS 20/27
47400 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

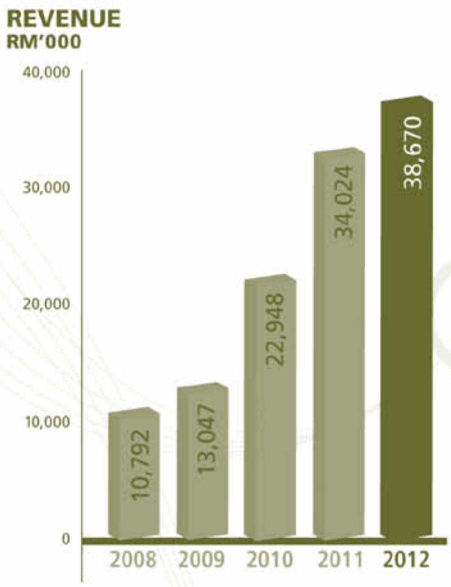
STOCK INFORMATION

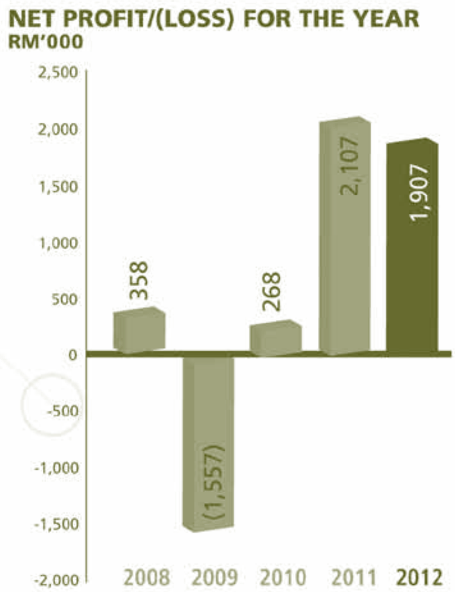
Bursa Malaysia – ACE Market
Bursa Malaysia Code: 0147
Reuters Code: INNY.KL
Bloomberg Code: INNC:MK

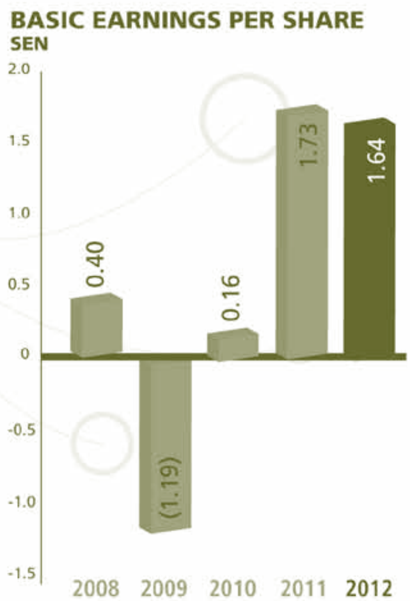
WEBSITE

www.innity.com

5 Years Financial Highlights





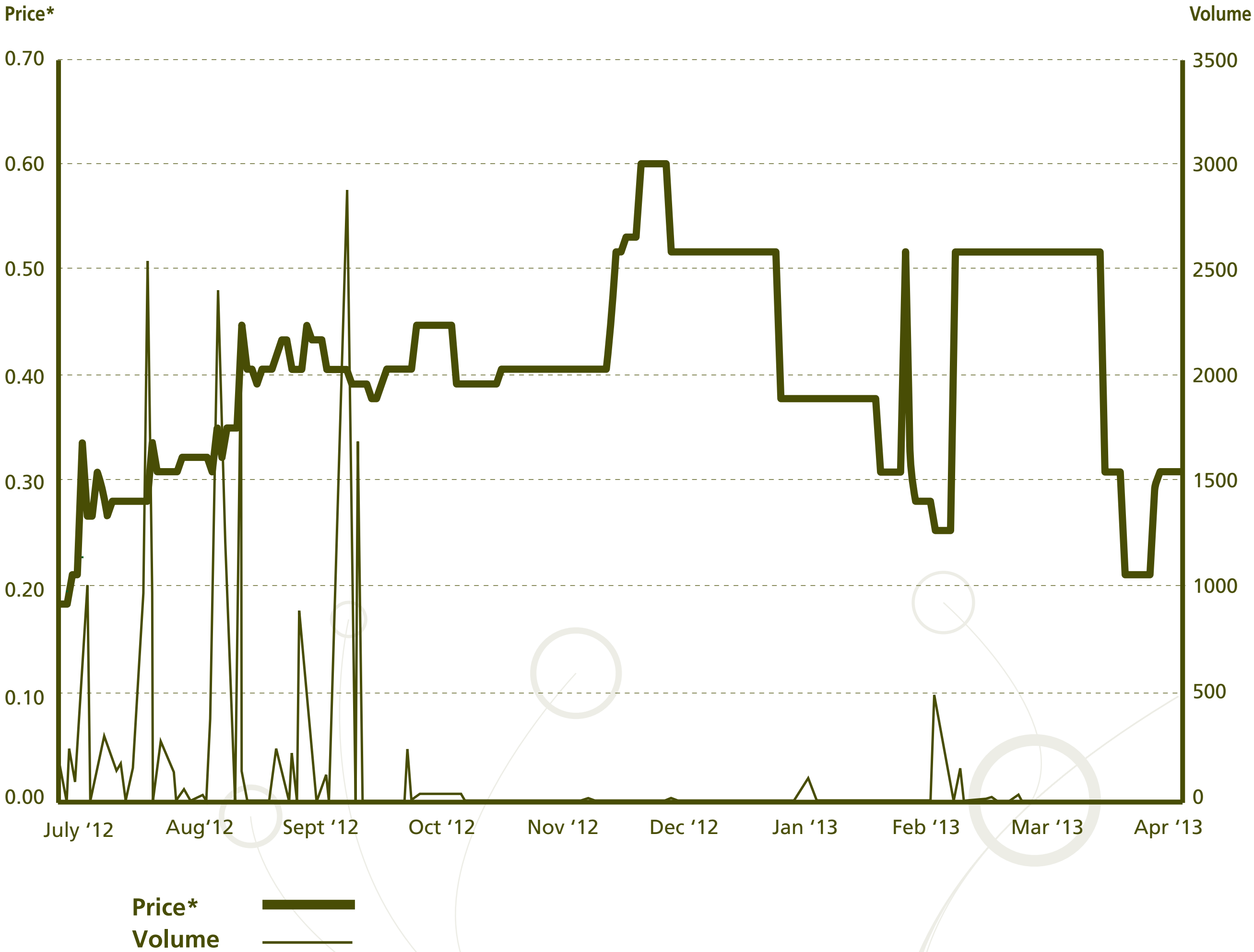


Financial year ended 31 December **Audited**

	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	2011 (RM'000)	2012 (RM'000)
Revenue	10,792	13,047	22,948	34,024	38,670
Net profit / (loss) for the year	358	(1,557)	268	2,107	1,907
Basic earnings per share (sen)	0.40	(1.19)	0.16	1.73	1.64

Share Performance

SHARE PRICE PERFORMANCE
for the period 30 June 2012 to 30 April 2013



MARKET VALUE RATIOS
At 30 April 2013

Market Capitalisation : RM50.33 Mil
Price/Book Value : 2.7x

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 2012.

ECONOMIC OVERVIEW

Global economic growth in 2012 moderated as weakening economic conditions in several advanced economies affected international trade and subsequently caused spillover effects on domestic activity in the emerging economies.

Despite the weak external environment, the Malaysian economy recorded a strong growth of 5.6% in 2012 compared with a growth of 5.1% in 2011(Source: Bank Negara Report 2012). The better growth performance was driven by higher growth in domestic demand underpinned by stronger growth in consumption and business spending.

Private consumption expanded at a faster rate of 7.7% (2011:6.9%) due to favourable income growth, the low inflation environment and supportive economic conditions. Equally important, public sector spending, although moderated to 5%, continued to boost, amongst others, High-Speed Broadband services through broadband connectivity resulting in a wider and improved broadband network coverage.

Reflecting the continued expansion in domestic spending, advertising expenditure (adex) growth in 2012 recorded an overall increase of 6.3% to RM11.37 billion compared with RM10.7 billion in 2011.(Source: Nielsen Malaysia). Adex growth was generally broad-based with traditional media such as newspapers, free-to-air TV and pay TV commanding a significant share of ad-spend. However, adex growth in digital or internet advertising is widely expected to surge in 2012/2013. Although market tracking of digital ad-spend is grossly unrepresented, the Star Online reported a projected growth of 40% in 2012 (2011:+22%).

The demands of real-time, rules-driven, audience-centred marketing represent a full paradigm shift to improve both marketing effectiveness and efficiency.

Globally, 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.(source: eMarketer). 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's pioneering work in delivering new and more engaging online ad solutions constantly has consolidated its position as the leading provider of interactive online marketing platforms and technologies in Southeast Asia.

Being at the forefront of the online marketing wave, I am pleased to highlight some of Innity's major achievements in 2012. They are as follows:

Business Alliance To Launch Real-Time Bidding Ad Network

Innity announced an exclusive business alliance with D.A. Consortium Inc.(DAC) in June 2012 to effectively compete in the Real-Time bidding("RTB") arena across the Southeast Asian region. DAC's advanced RTB technology along with

Executive Chairman's Statement (Cont'd)

Innity's high audience reach and premium quality inventory allowed advertisers access to bid on, and purchase online ad inventory on an impression by impression basis to reach specific audiences across Innity's Audience Network. Innity has introduced demand-side platform(DSP), MarketOne as well as sell-side platform(SSP), YIELD ONE services to its advertisers and publishers to radically increase the effectiveness of display campaigns. The RTB-enabled ad network adopted by Innity will drive higher Return On Investment(ROI) on these campaigns. Additionally, the RTB technology allows for publishers to select and choose the top advertisers for their site and increase monetization opportunities for their inventory.

As one of the first few companies to introduce RTB in Southeast Asia, the exclusive partnership between DAC of Japan and Innity on MarketOne and YIELD ONE have proven to be fruitful with tremendous potential in Southeast Asia. These services were successfully launched in Malaysia, Singapore, Indonesia, Thailand, Vietnam, Philippines and Hong Kong throughout 2012.

Roll Out Of New Dashboard For Better Monitoring And Management Of Ad Earnings

The new and more comprehensive Advenue dashboard, launched in August 2012, was developed after obtaining valuable feedback from Innity's publishers. The sleeker design allows for seamless navigation and the entire interface has been significantly redesigned while the graphs have been made to be more evident.
The new Advenue dashboard included straightforward analytics that provide an overview of meaningful and actionable statistics such as:

- **Reports:** A fuss-free outline that provides trending data comparing the current day's earning performance to performance one month and three months prior;
- **Ad Performance:** Offers transparency into campaign level performance by individual advertisers. It breaks down the individual earning performance of each ad campaign based on categories such as CPM, CPE, CPC, and CPA. Additionally, it provides transparency regarding ad requests, ad impressions, clicks, engagements, CTR, eCPM, and earnings;
- **Support Centre:** The improved support centre comes with updated Glossary and extremely detailed FAQs to clear up any confusion or assist those new to the system.

Appointment As PP Stream's Official Partner

Innity signed on in September 2012 as an official partner of PP Stream(PPS), the China-based peer-to-peer online streaming video network giant in Asia.

The partnership with PPS provides a gateway for Innity's sprawling network of advertisers in Malaysia, Singapore, Hong Kong and Thailand to gain access to PPS' online video advertising network. The network currently has an astounding number of 200 million video plays per month and about 34 dedicated TV and movie viewers across China, Hong Kong and Taiwan.

As the popularity of online video advertising soars to a new high each time, Innity continues to offer customizable sponsorship opportunities within video programmes for advertisers to engage their consumers more effectively.

REGIONAL EXPANSION

Innity continued with its regional expansion plans by opening a sales representative 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.

Executive Chairman's Statement (Cont'd)

FY2012 PERFORMANCE

For the financial year ended 31 December 2012, the Group recorded a lower net profit after tax of RM1.91million (FY2011 : net profit after tax of RM2.11 million) on a 14% revenue increase from RM34.0 million in 2011 to RM38.7 million in 2012. The lower net profit after tax was attributed to higher operating expenses which resulted in a lower net profit margin.

Total revenue of our Malaysian operations increased by about 5% from RM23.1 million in 2011 to RM24.2 million in 2012. The integration and strengthening of our regional platforms have resulted in a major improvement in our operations in Singapore and Indonesia. In 2012, these operations recorded nearly RM1.67 million in combined pre-tax profits on the back of a 14% surge in aggregated group revenue.

Despite the challenging operating environment, the Group had cash and cash equivalents of approximately RM12.94 million as at 31 December 2012 (2011:RM5.1 million) with total borrowings of about RM0.32 million (2011:RM0.44 million) and net gearing of about 1% (2011:3%). 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 2013, Innity has fully utilised the IPO proceeds.

Purpose	Planned utilisation as stated in Prospectus (RM'000)	Revised utilisation (RM'000)	Actual utilisation as at 30 April 2013 (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	(4,500)	-	-	Within 24 months	30 June 2014
Set up cost of regional offices	1,500	1,500	(1,500)	-	-	Within 24 months	30 June 2014
Marketing expenditure	1,000	207	(207)	-	-	Within 18 months	-
Working capital	2,850	3,643	(3,643)	-	-	Within 24 months	30 June 2014
Defrayment of listing expenses	1,500	1,500	(1,500)	-	-	Within 6 months	-
Total	11,350	11,350	(11,350)	-	-	-	-

Status of Utilisation of 12,582,128 new ordinary shares subscription

On 20 September 2012, Innity raised gross proceeds of RM6.67 million from the proposed subscription of 12,582,128 new ordinary shares pertaining to the conditional Subscription Agreement ("SA") with DAC, and has utilised approximately 7% of the proceeds as at 30 April 2013.

Executive Chairman's Statement (Cont'd)

The gross proceeds raised from the Proposed Subscription are expected to be utilised in the following manner:

Purpose	Planned utilisation as stated in Circular (RM'000)	Actual utilisation as at 30 April 2013 (RM'000)	*(i)* Change of utilisation (RM'000)	Revise Utilisation (RM'000)	Balance Unutilised (RM'000)	Balance Unutilised %	Intended timeframe for utilisation from listing date
Working Capital	6,169	-	51	6,220	6,220	100.0	Within 24 months
(i) Defrayment of listing expenses	500	(449)	(51)	449	-	-	Within 2 months
	6,669	(449)	-	6,669	6,220	93.3	

(i) Any surplus of funds following payment of listing expenses not being utilised within 2 months after the completion of the Proposed Subscription, will be utilise as working capital for the Group.

BUSINESS OUTLOOK

As Southeast Asia's leading online marketing technology provider, the Innity Group 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.

Mobile Advertising

Innity foresees significant growth in mobile advertising. The high penetration rate of mobile phones and tablet devices has resulted in the increasing use of handheld devices to deliver advertisements for products and services. According to the Kelsey Group, growth in the mobile advertising industry has been forecasted to increase from US$160 million in 2008 to US$3.1 billion in 2013 and to US$19 billion by 2015.

Innity's mobile advertising platform facilitates advertisers to publish text, graphic or animated advertisements on mobile websites and applications through targeted advertising channels.

Real-Time Bidding

The exclusive partnership with DAC's vastly superior RTB platform, as mentioned earlier, will position Innity to lead and steer the RTB market in Southeast Asia going forward.

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 2012, capitalised development expenditure totalled RM1.07 million (2011:RM0.9 million). 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.

Executive Chairman's Statement (Cont'd)

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 comply with the recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code") and the Companies (Amendment) Act 2007. This is 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 2012.

CORPORATE SOCIAL RESPONSIBILITY

At Innity, fulfilling corporate social responsibility (CSR) means embodying its corporate philosophy "Trustworthiness and Creativity." We are aiming to contribute to sustainable development by living up to the trust we are given by society, and also by creating more value than expected.

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 2012, 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 continued support and guidance during the year.

Since our entry into Bursa Malaysia's ACE Market, the INNITY Group has progressed by leaps and bounds to ensure that we remain effective to meet the challenges ahead. Central to these efforts is the full commitment, dedication and professionalism of our staff in performing their responsibilities despite the challenging and competitive global environment in 2012. On behalf of the Board and the management, I wish to express my sincere appreciation and thanks.

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 42

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. Through his 16 years of experience in the digital industry, Mr.Phang has been a visionary for the company, helping to develop Innity over the years into a leading provider of online interactive marketing technologies. Mr.Phang's continuous enthusiasm and zeal to look beyond the ordinary has been a key factor in facilitating the company's growth. He currently heads the R&D team where he is 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. He does not hold any other directorship of public companies..

LOOA HONG TUAN
Managing Director

Malaysian, aged 42

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 and has helped the company to grow multifold over the years. 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 while contributing extensively to the industry from the time of its inception. He currently heads the sales and marketing team. He is also involved in the Group's business development together with Phang Chee Leong. He does not hold any other directorship of public companies.

WONG KOK WOH
Executive Director

Malaysian, aged 42

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. He does not hold any other directorship of public companies.

DIRECTORS' PROFILE (CONT'D)

SEAH KUM LOONG
Executive Director

Malaysian, aged 41

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. He does not hold any other directorship of public companies.

SHAMSUL ARIFFIN BIN MOHD NOR
Independent Non-Executive Director

Chairman of the Audit Committee, and Member of the Remuneration and Nominating Committees
Malaysian, aged 67

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.

ABD MALIK BIN A RAHMAN
Independent Non-Executive Director

Member of the Audit and Nominating Committees
Malaysian, aged 64

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.

Directors' Profile (Cont'd)

ROBERT LIM CHOON SIN
Senior Independent Non-Executive Director

Chairman of the Remuneration and Nominating Committees, and Member of the Audit Committee
Malaysian, aged 56

Robert Lim Choon Sin was appointed as the Independent Non-Executive Director on 30 April 2008 and redesignated as Senior Independent Non-Executive Director with effect from 22 November 2012. As a principle consultant, he currently provides services as an experienced business executive, strategist, and technologist in helping companies implement and manage change, grow and increase value. 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. His previous role included the Director of Technology in a foreign financial institution in Malaysia. 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 graduated with a Bachelor of Science (Honours) Degree in Computer Science from Brighton Polytechnic, UK in 1982. He does not hold any other directorship of public companies.

GREGORY CHARLES POARCH
Non-Independent Non-Executive Director

American, aged 48

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 48

Chang Mun Kee was appointed as the Alternate Director to Gregory Charles Poarch on 19 August 2009. He obtained his Bachelor of Science in Mechanical Engineering from the University of Texas, Austin, USA in 1988 and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology, USA in 1990. Prior to founding MOL Online Sdn Bhd in 1995 and subsequently JobStreet.com Sdn Bhd in 1997, he was with Kendall International, a US healthcare company, for 5 years, starting as a process engineer in 1990 before being promoted to manufacturing manager in 1992 and regional director of sales and marketing for Malaysia in 1994. He left Kendall International in 1996 to establish JobStreet.com Sdn Bhd which expanded regionally under his direction. He is an Executive Director of JobStreet and founder of the JobStreet Group and sit on the Boards of Innity Corporation Berhad, Vitrox Corporation Berhad and 104 Corporation, Taiwan.

Directors' Profile (Cont'd)

YUTAKA SHIMIZU
Non-Independent Non-Executive Director

Japanese, aged 55

Yutaka Shimizu was appointed as the Non-Independent Non-Executive Director on 26 December 2012. He graduated with a Bachelor of Technology from Kyoto University, Japan in 1983. He started his career as an Account Executive of Hakuhodo in 1983 and in charge of Nissan, Suntory, J league and Club Med. In 1988, he was promoted to Account Director. From 1988 until present he held various senior Management positions in Hakuhodo Group. He held the position of Managing Director of Hakuhodo Hong Kong, Hakuhodo Singapore and Hakuhodo Shanghai from 1988 to 2012, CEO of Hakuhodo China operating division from 2007 to 2011. Moving forward, he was assigned as a General Manager of HakuhodoDY holdings Singapore representative office and a President and CEO of DAC Asia Pte. Ltd and a Managing Director of I-DAC Pte. Ltd in 2012.

HISAHARU TERAI
Alternate director to Yutaka Shimizu

Japanese, aged 57

Hisaharu Terai was appointed as the Non-Independent Non-Executive Director on 26 December 2012. He graduated with a Bachelor of Economics from Tokyo University, Japan in 1979. He started his career as Global Marketing Officer of Industrial Plant Equipments in Mitsubishi Electric in 1979. In 1988, he joined Long Term Credit Bank of Japan and has been engaged in global financing and finances to media companies in Japan. Moving forward, he was the Chief Financial Officer of D.A Consortium Inc from 2000 to 2011 and promoted as Executive Director in charge of Global Operation of the company. He sits on the Board of DAC Asia Pte. Ltd , I-DAC Pte. Ltd and I-Rep Co.Ltd.

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 committed in ensuring that the highest standards of Corporate Governance is practiced throughout the Group. The Board is continuously reviewing and, where appropriate, has taken the necessary steps to comply with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Code aims to safeguard the interest of shareholders and other stakeholders as prescribed under Paragraph 15.25 of the Bursa Malaysia Securities Berhad Listing Requirements("Bursa Securities LR"). The corporate governance adopted by the Group are:

A. THE BOARD OF 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. The Board retains full and effective control over the Group's performance.

2) Board Charter

The Company's Board Charter sets out the composition, authority, structure, roles and responsibilities of the Board and Board processes as well as to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board will periodically review and update its charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

3) Business Code of Conduct

The Board has adopted a Business Code of Conduct ("COC") which reflects Innity's vision and core values of integrity, teamwork, learning and performance. It serves as the primary behavior guide for all Innity employees.

The COC incorporates Innity's basic standards of ethical behavior and compliance with the law. It is also designed as a preventive tool to help prevent and detect violations of the Company's policies and the law.

4) Board Composition and Balance

As at the date of this statement, the Board, headed by an experienced Executive Chairman, Mr Phang Chee Leong, consisted of nine(9) principal Directors and two(2) Alternate Directors. The nine(9) principal Directors comprised:

- Four(4) Executive Directors;
- Three(3) Independent Non-Executive Directors; and
- Two(2) Non-Independent Non-Executive Directors.

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.

Corporate Governance Statement (Cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

4) Board Composition and Balance (Cont'd)

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.

No individual or group of individuals dominates the Board's decision making process. All decisions of the Board are based on the decision of the majority.

The Board acknowledges the gender diversity as recommended in the Code and recognizes the strategic and business benefits of having a balanced board. The appointment of new board members will not solely be guided by gender but rather the skills, knowledge and experience of the newly-appointed director.

The Board also took into consideration the Code's recommendation that the Board be comprised of a majority of Independent Directors in situations where the Chairman of the Board is not an Independent Director. Given that this is presently not the case in Innity, as the Chairman is currently, a Non-Independent Director, the Company is considering a revision of the Board's composition to comprise a majority of Independent Directors when appropriate talents are identified.

The Board has identified and appointed Mr Robert Lim Choon Sin as the Senior Independent Director to whom concerns of shareholders, management and others may be conveyed. The Independent Directors led by Mr Robert Lim Choon Sin provide a broader view, independent and balanced assessment of proposals from the Executive Directors.

The Independent Directors together with the Senior Independent Director are able to exercise strong independent judgement and provide a balance to the Board with their unbiased and independent views, advice and judgement for all Board deliberations.

5) 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.

Corporate Governance Statement (Cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

6) Board Meetings and Commitment of the Board Members

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, eight (8) 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)	8/8
Mr Looa Hong Tuan (Managing Director)	7/8
Mr Wong Kok Woh(Executive Director)	8/8
Mr Seah Kum Loong(Executive Director)	8/8
Encik Shamsul Ariffin Bin Mohd Nor	6/8
Mr Robert Lim Choon Sin	6/8
Encik Abdul Malik Bin A Rahman	8/8
Mr Gregory Charles Poarch	8/8
Mr Yutaka Shimizu (Appointed on 26 December 2012)	N/A
Mr Chang Mun Kee (Alternate Director to Gregory Charles Poarch)	0/8
Mr Hisaharu Terai (Alternate Director to Yutaka Shimizu) (Appointed on 26 December 2012)	N/A

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. This is evidenced by the attendance record of the Directors at the Board Meeting set out above.

7) Board Responsibilities and Supply of Information

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

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

A. THE BOARD OF DIRECTORS (CONT'D)

8) Qualified and Competent Company Secretary

The Company Secretary attends all Board meetings and ensures that accurate and proper records of Board proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

9) Directors' Training

Subsequent to the financial year end, Mr Yutaka Shimizu and and Mr Hisaharu Terai, the newly appointed principal and alternate directors have attended the Mandatory Accreditation Programme. The Directors will continue to attend training courses to equip themselves effectively and discharge their duties as Directors on a continuous basis in compliance with Rule 15.08 of the Bursa Securities LR.

During the financial year ended 31 December 2012, the following Directors have attended the following training:

	Name of Director	Name of Programme	Date
1	Phang Chee Leong	Designing, Implementing and Updating Performance Measurement Systems (KPIs): A Structured Approach	28th to 31st March 2012
2	Looa Hong Tuan	Corporate Governance Blueprint 2011 Key Amendments to Listing Requirements 2011 Corporate Disclosure Guide 2011	4th January 2012
		Designing, Implementing and Updating Performance Measurement Systems (KPIs): A Structured Approach	28th to 31st March 2012
3	Wong Kok Woh	Corporate Governance Blueprint 2011 Key Amendments to Listing Requirements 2011 Corporate Disclosure Guide 2011	4th January 2012
		Designing, Implementing and Updating Performance Measurement Systems (KPIs): A Structured Approach	28th to 31st March 2012
4	Seah Kum Loong	Corporate Governance Blueprint 2011 Key Amendments to Listing Requirements 2011 Corporate Disclosure Guide 2011	11th January 2012
		Designing, Implementing and Updating Performamce Measurement Systems (KPIs): A Structured Approach	28th to 31st March 2012
5	Shamsul Ariffin Bin Mohd Nor	Corporate Governance Blueprint 2011 Key Amendments to Listing Requirements 2011 Corporate Disclosure Guide 2011	4th January 2012

Corporate Governance Statement (Cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

9) Directors' Training (Cont'd)

	Name of Director	Name of Programme	Date
6	Robert Lim Choon Sin	Fundamental of Business Continuity Management	2nd to 3rd November 2012
7	Abd Malik Bin A Rahman	Governance and Risk Management Practices for the Financial Markets in the 21st Century - FIDE	19th to 22nd March 2012
		Accounting & Regulatory Updates, Basel III Framework, Banking Banana Skin Survey, Future Trend in Banking	2nd May 2012
		Enterprise Risk Management – What a Director Must Know	9th May 2012
		Roles of the Board & Committee in Financial Reporting and Strategy - FIDE	18th to 21st June 2012
		Forum on Islamic Banking 2012	5th September
		Bursa Malaysia Corporate Governance Programme 2012 – Duties of the Audit Committee	3rd October 2012
		Rebuilding Trust in the Financial Sector	8th October 2012
		Global Consumer Banking Survey 2012 – The Customer Takes Control	9th October 2012
		ICAAP Program - FIDE	1st to 2nd November 2012
		Understanding GST for Manufacturing in Malaysia	26th November 2012
8	Gregory Charles Poarch	MSWG (Minority Shareholder Watchdog Group) Corporate Governance – The Competitive Advantage	16th April 2012
9	Chang Mun Kee	Society for Human Resource Management's 64th Annual Conference & Exposition, Atlanta, Georgia	24th to 27th June 2012
		Eugene Shteyn Creative and Innovation Seminar, Kuala Lumpur	14th to 15th December 2012

Corporate Governance Statement (Cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

10) 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 and Risk Management Committee

The objective of the Audit and Risk Management 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 and Risk Management Committee are found in the Audit and Risk Management Committee Report on the page 27 and 28.

b. Nomination Committee

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

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

The Group has adopted a guide for the Nomination Committee to identify, evaluate, select and recommend to the Board the suitability of candidates as Board members. In evaluating the candidate, the Nomination Committee considers amongst others, the following factors:

- The achievements of the candidate in his/her personal career
- Integrity
- Wisdom
- Independence of the candidate
- Ability to make independent and analytical enquiries
- Ability to work as a team to support the Board
- Skills, qualification and expertise
- Understanding of the business environment
- Willingness to devote personal time and commitment

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

<u>Chairman</u>
Mr Robert Lim Choon Sin (Senior Independent Non-Executive Director)

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

Corporate Governance Statement (Cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

10) The Board Committees (Cont'd)

b. Nomination Committee (Cont'd)

The Committee held one (1) meeting during the financial year ended 31 December 2012. During the meetings, the Committee:

i) Reviewed and assessed the performance and effectiveness of the Board of Directors as a whole for the year 2012. 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 2012.

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 allowances and meeting allowances based on attendance.

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

<u>Chairman</u>
Mr Robert Lim Choon Sin (Senior Independent Non-Executive Director)

<u>Members</u>
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.

Corporate Governance Statement (Cont'd)

B. DIRECTORS' REMUNERATION (CONT'D)

The aggregate remuneration of the Directors from the Group for the financial year ended 31 December 2012 is as follows:-

(RM'000)	Fees	Salaries and other emoluments	Total
Executive Directors	226	946	1,172
Non-Executive Directors	90	13	103
Total	**316**	**959**	**1,275**

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	-	4
Below RM50,000	-	3
RM50,001-RM200,000	1	-
RM200,001 –RM250,000	-	-
RM250,001-RM300,000	1	-
RM300,001-RM350,000	1	-
RM350,001-RM400,000	1	-
Total	**4**	**7**

C. SHAREHOLDERS

1) Shareholders and Investor Relations

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

Timely and equitable dissemination of relevant information to shareholders and investors on the Group's business, financial performance and corporate developments are furnished by the Company through its corporate website known as "www.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.

The Company has put in place a Shareholder Communication Framework to enable effective communication with its shareholders and other stakeholders.

Corporate Governance Statement (Cont'd)

C. SHAREHOLDERS (CONT'D)

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.

The Company has always made the necessary preparations in the event of poll voting for all resolutions tabled at the AGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting as set out in the Code.

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 Board is responsible for ensuring that financial statements prepared for each financial year give s true and fair view of the Group's state of affairs. The Directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board of Directors prior to release to Bursa Securities.

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

2) Sound Framework to Manage Risks

The Board is responsible for the adequacy and effectiveness of the Group's risk management systems. The Board has established an Enterprise Risk Management Framework which assists all operational levels in achieving the Company's strategic objectives by bringing a systematic approach to evaluating and improving the effectiveness of risk management and control.

3) 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 risk management and internal controls are presented in the Statement on Risk Management and Internal Control laid out in this Annual Report.

Corporate Governance Statement (Cont'd)

D) ACCOUNTABILITY AND AUDIT (CONT'D)

4) Relationship with Auditors (Cont'd)

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 Audit and Risk Management Committee is of the opinion that the External Auditors are independent with respect to the Company and the Group, in accordance with the Bye-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. In addition, to the best knowledge of the Audit and Risk Management Committee, the provision of non-audit services by the External Auditors during the year did not compromise the External Auditors' independence.

The role of the Audit and Risk Management Committee in relation to the External Auditors is stated in the Audit and Risk Management 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 recognizes the need to strike a harmonious balance between achieving our corporate goals and giving back to the community at large.

The Company has put in place a CSR Policy. For the Innity Group, fulfilling CSR means embodying its corporate philosophy of "Trustworthiness and Creativity."

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 2012, 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 22nd May 2013.

Audit And Risk Management Committee Report

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

1. Constitution

The Audit Committee has been given the added responsibility of monitoring the activities of the Risk Management Committee in what is now called the Audit and Risk Management Committee ("ARMC" or " the Committee"). The Terms of Reference of the ARMC are set out in the following pages of this Annual Report.

2. Composition

Presently, the 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 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 (Senior 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 2012, the Committee convened six (6) 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	5/6
Mr.Robert Lim Choon Sin	4/6
Encik Abdul Malik Bin A Rahman	6/6

5. Summary of Activities

During the year, the Committee undertook the following activities covering both audit and risk issues:-

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 internal auditor;
iii. Review of the financial budget vs actual results for financial year 2012;
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 and Risk Management Committee Report, Corporate Governance Statement and Statement of Internal Control for inclusion in the Annual Report;
viii. Reviewed Register of the Recurrent Related Party Transactions in every quarter;
ix. Reviewed the Audit Planning Memorandum and Audit Summary Memorandum to be presented by external auditor;

Audit And Risk Management Committee Report (Cont'd)

5. Summary of Activities (Cont'd)

x. Noted the update on Whistle Blowing policy which clearly outlined when, how and to whom a concern may be formally raised about the actual or potential breach of conduct or other misdemeanours involving employee, Management or Director in the Group; and
xi. Reviewed the risk factors within the Innity Group;
xii. Recommended mitigating measures to limit the various risks identified.

6. Internal Audit Function

The 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 2012 was RM37,000.

7. Terms of Reference

a. Objectives

The Board of Directors has established the ARMC to assist the Board in:-

aa. Reviewing the adequacy and integrity of the Group's financial reporting, internal control procedures and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines.

bb. Identifying the risk factors of the Group;

cc. Mitigating the risk factors identified;

b. Composition of the ARMC

- The ARMC 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 Committee shall be non-executive directors.

- At least one member of the 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").

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

- The members of the 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 Committee.

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

Audit And Risk Management Committee Report (Cont'd)

7. Terms of Reference (Cont'd)

c. Meetings

(i) Frequency of Meeting

- The ARMC shall meet not less than four (4) times a year and as many times as the 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 Committee shall be two (2) members of which the majority of members present must be Independent Non-Executive Directors.
- The agenda of the ARMC meetings shall be circulated before each meeting to members of the Committee. The ARMC 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 Committee is not present within fifteen (15) minutes after the time appointed for holding the same, the members 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 ARMC.
- Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the 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 ARMC can be requested if required by the 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 ARMC.

(iv) Keeping and Inspection of Minutes

- The Company shall cause minutes of all proceedings of the ARMC 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 ARMC 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 ARMC 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 the Committee members without charge.
- The minutes of the ARMC shall be circulated to the members of the Board for notation.

Audit And Risk Management Committee Report (Cont'd)

8. Authority

The ARMC 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 Committee;

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

(c) have the resources which the Committee requires to perform its duties;

(d) have full and unrestricted access to any information which the 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 ARMC 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;

Audit And Risk Management Committee Report (Cont'd)

9. Duties & Responsibilities (Cont'd)

(A) Matters relating to External Audit:-(Cont'd)

(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;

(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) Matters relating to Risk:-

(a) To provide routine quarterly reporting and update the Board on key risk management issues as well as ad-hoc reporting and evaluation on investment proposals;

(b) To work with the Internal Auditors in the preparation of the Statement of Internal Control for inclusion in the Company's Annual Report;

(c) Identify new strategic risks including corporate matters eg. regulatory and business development;

(d) Follow-up on the management action plans based on the status of implementation;

(e) Review proposals/feasibility studies on ad-hoc basis which meet the requisite threshold before recommending for Board approval;

(f) Review the enterprise risk scorecard and determine the risks to be escalated to the Board on a quarterly basis.

Audit And Risk Management Committee Report (Cont'd)

9. **Duties & Responsibilities (Cont'd)**

(D) Roles and Rights of the ARMC:-

(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 Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

(E) Retirement and Resignation of ARMC Member

(a) Retirement/Resignation

- A member of the ARMC 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 ARMC, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26 (b) of the Listing Requirements ("LR") of Bursa Securities for the ACE Market and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors of Innity Corporation Berhad ("INNITY" or "the Company") is pleased to include a statement on the state of the Group's internal controls in this annual report.

BOARD'S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Executive Chairman ("EC") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

1. RISK MANAGEMENT SYSTEM

The Board maintains an ongoing commitment to strengthen the Group's risk management framework. The Group has developed an Enterprise Risk Management Framework to facilitate the identification and assessment of the Group's principal risks.

Key business risks were categorised to highlight the sources of risk, its scoring to reflect the impact of the risk and the likelihood of its occurrence. The assessment took into account all aspects of the businesses and its internal control framework, including risk assessment, the control environment and control activities, information and communication and monitoring procedures. Periodic reviews were conducted to determine existence of new risk and whether the risks previously identified remained relevant.

The Board had embedded in the Group a monitoring and reporting process to continuously identify, assess and manage the principal risks in a formal manner, which would entail establishing procedures for reporting and monitoring of risk and controls. These initiatives would ensure that the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that affects the achievement of its business objectives.

Whilst the Board maintains ultimate control over risk and control issues, it has been delegated to the executive management the implementation of the system of risk management and internal control within an established framework. The responsibility of managing risks of each department lies with the respective Heads of Department and it is during the periodic management meetings, implemented risk management activities that manage the significant risks identified are communicated to Executive Directors and Senior Management. Risk Management is regarded by the Board to be an integral part of the business operations. Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters and standards.

Monthly 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

2. INTERNAL CONTROL SYSTEM

- Organisation Structure & Authorisation Procedures

  The Group maintains a formal organizational structure that includes clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

- Periodical and/or Annual Budget

  An annual budget is prepared by management and tabled to the Board for approval. Periodic monitoring is carried out to measure the actual performance against budget to identify significant variances and devise remedial action plans.

- Group Policies and Procedures

  Documented policies and procedures are in place and are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Information and Communication

  Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

  Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performance and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Board for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

3. INTERNAL AUDIT FUNCTION

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

During the financial year ended 31 December 2012, internal audits were carried out and the findings of the internal audits, including the recommended corrective actions, were presented to the Audit Committee at half yearly meetings.

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

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This statement was approved by the Board of Directors on 22 May 2013.

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 2012.

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 2012 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 2012.

7. **Variation of Results**
There was no significant variance between the results for the financial year ended 31 December 2012 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 2012.

9. **Recurrent Related Party Transaction**
The Company had on 22 May 2013 announced to Bursa Malaysia Securities Berhad ("Bursa Securitise") 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 2014.

   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 2014.

   The related parties are as follows:

   Jobstreet Corporation Berhad and D.A. Consortium Inc, are substantial shareholders with direct holding of 21.13% and 25.10% equity interest in the Company;

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

   I-DAC Pte Ltd is a 51% owned subsidiary of D.A. Consortium Inc through DAC Asia Pte Ltd;

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

9. Recurrent Related Party Transaction (Cont'd)

The RRPT entered into by the Group during the financial year ended 31 December 2012 were as follows:

Related Party	Nature of Recurrent Transactions	Interested Related Parties	Actual value transacted for the financial year (RM)
Jobstreet.com Sdn Bhd	Provision of advertising and publicity related services	Jobstreet Corporation Berhad	5,000
Jobstreet Corporation Berhad	Purchase of advertisement space by ISB from Jobstreet Corporation Berhad	Jobstreet Corporation Berhad	168,702
Jobstreet.com Sdn Bhd	Online recruitment services	Jobstreet Corporation Berhad	11,210
Autoworld.com.my Sdn Bhd	Purchase of advertisement space by ISB from Autoworld.com.my Sdn Bhd	Jobstreet Corporation Berhad	116,251
I-DAC	The use of the DAC Platform and "MarketOne" and "YIELD ONE" marks	D.A. Consortium Inc Phang Chee Leong Loaa Hong Tuan	222,149
Total			523,312

REPORTS & FINANCIAL STATEMENTS

Directors' Report

The directors submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

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	1,907,216	(289,068)
Attributable to:		
Owners of the Company	2,124,131	(289,068)
Non-controlling interests	(216,915)	-
	1,907,216	(289,068)

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

During the financial year, the issued and paid up share capital of the Company was increased from RM12,582,129 to RM13,840,342 through the issue and allotment of 12,582,130 ordinary shares of RM0.10 each at a cash issue price of RM0.53 per share for the purpose of increasing the working capital of the Company. These shares rank pari passu with existing shares of the Company.

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

Directors' Report (Cont'd)

SHARE OPTIONS

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

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

DIRECTORS

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

Phang Chee Leong
Looa Hong Tuan
Seah Kum Loong
Wong Kok Woh
Abd Malik Bin A Rahman
Robert Lim Choon Sin
Shamsul Ariffin Bin Mohd Nor
Gregory Charles Poarch
Chang Mun Kee (alternate to Gregory Charles Poarch)
Yutaka Shimizu - Appointed on 26 December 2012
Hisaharu Terai (alternate to Yutaka Shimizu) - Appointed on 26 December 2012

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 1.1.2012	**Bought**	**Sold**	**Balance as at 31.12.2012**
Shareholdings registered in the name of directors:				
In the Company				
Phang Chee Leong	17,950,474	-	(4,652,102)	13,298,372
Wong Kok Woh	11,451,189	-	(4,152,103)	7,299,086
Looa Hong Tuan	16,526,787	-	(4,152,102)	12,374,685
Seah Kum Loong	9,995,280	-	(3,177,988)	6,817,292
Robert Lim Choon Sin	-	2,900	-	2,900

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' REPORT (CONT'D)

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.

DIRECTORS' REPORT (CONT'D)

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

SHAMSUL ARIFFIN BIN MOHD NOR

Kuala Lumpur

Dated: 18 April 2013

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 Malaysian Financial Reporting Standards, 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 2012, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 32, 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

SHAMSUL ARIFFIN BIN MOHD NOR

Kuala Lumpur

Dated: 18 April 2013

Statutory Declaration

I, YAP SOON KIM, 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 YAP SOON KIM at)
Kuala Lumpur in Wilayah Persekutuan)
on 18 April 2013)

YAP SOON KIM

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report
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 2012, 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 information.

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 Malaysian Financial Reporting Standards, 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

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 174 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

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 Malaysian Financial Reporting Standards, 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 2012 and of their financial performance and their cash flows for the year ended on that date.

Independent Auditors' Report (Cont'd)
To The Members Of Innity Corporation Berhad
(Incorporated in Malaysia)

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 incorporated in Malaysia 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.

(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 32 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.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

LOH KOK LEONG
1965/06/13 (J)
PARTNER

Kuala Lumpur

Dated: 18 April 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	38,669,668	34,023,925	-	-
Other operating income		361,248	150,043	255,417	99,846
Direct costs		(21,910,900)	(20,971,576)	-	-
Staff costs	5	(9,282,494)	(6,307,777)	-	-
Depreciation		(230,431)	(196,627)	-	-
Amortisation of development expenditure		(878,760)	(948,279)	-	-
Other operating expenses		(4,188,174)	(3,460,008)	(544,485)	(620,747)
Profit/(Loss) from operations		2,540,157	2,289,701	(289,068)	(520,901)
Finance costs		(28,186)	(37,050)	-	-
Share in loss of equity-accounted associates, net of tax		(152,893)	-	-	-
Profit/(Loss) before tax	6	2,359,078	2,252,651	(289,068)	(520,901)
Income tax expense	7	(451,862)	(145,378)	-	-
Net profit/(loss) for the year		1,907,216	2,107,273	(289,068)	(520,901)
Other comprehensive loss:					
Foreign currency translation		(178,389)	(8,241)	-	-
Other comprehensive loss for the year, net of tax		(178,389)	(8,241)	-	-
Total comprehensive income/ (loss) for the year		1,728,827	2,099,032	(289,068)	(520,901)
Profit/(Loss) attributable to:					
Owners of the Company		2,124,131	2,181,158	(289,068)	(520,901)
Non-controlling interests		(216,915)	(73,885)	-	-
		1,907,216	2,107,273	(289,068)	(520,901)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		1,954,653	2,182,153	(289,068)	(520,901)
Non-controlling interests		(225,826)	(83,121)	-	-
		1,728,827	2,099,032	(289,068)	(520,901)
Basic earnings per share (sen)	8	1.64	1.73		

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

Statements of Financial Position
As At 31 December 2012

Group	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non current assets				
Property, plant and equipment	9	1,345,954	1,213,473	1,165,124
Intangible assets	10	2,805,394	2,615,300	2,641,707
Investment in associates	12	432,595	-	-
Deferred tax assets	13	41,144	-	-
		4,625,087	3,828,773	3,806,831
Current assets				
Trade receivables	14	14,095,940	15,814,835	9,593,121
Other receivables, deposits and prepayments	15	1,776,208	1,397,964	862,477
Tax recoverable		51,182	21,388	-
Fixed deposits with a licensed bank	16	681,139	616,307	545,000
Other financial assets	17	7,743,572	3,359,627	4,259,781
Cash and bank balances		5,199,548	1,810,263	1,865,880
		29,547,589	23,020,384	17,126,259
Current liabilities				
Trade payables	18	6,781,402	7,251,240	3,954,405
Other payables and accruals	19	3,021,086	3,334,226	2,421,983
Short term borrowings	20	33,123	122,235	444,627
Tax payable		218,888	127,061	65,033
		10,054,499	10,834,762	6,886,048
Net current assets		19,493,090	12,185,622	10,240,211
Non current liabilities				
Deferred tax liabilities	13	175,400	-	-
Long term loans	21	285,829	318,952	351,045
Retirement benefits obligation	22	50,344	36,894	15,292
		(511,573)	(355,846)	(366,337)
		23,606,604	15,658,549	13,680,705
Represented by:				
Share capital	23	13,840,342	12,582,129	12,582,129
Reserves	24	10,049,415	3,133,786	1,004,167
Equity attributable to owners of the Company		23,889,757	15,715,915	13,586,296
Non-controlling interests		(283,153)	(57,366)	94,409
Total equity		23,606,604	15,658,549	13,680,705

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

Statements of Financial Position (Cont'd)
As At 31 December 2012

Company	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non current assets				
Investment in subsidiaries	11	2,922,173	3,172,173	2,922,175
Investment in associates	12	495,488	-	-
		3,417,661	3,172,173	2,922,175
Current assets				
Other receivables, deposits and prepayments	15	6,746,251	5,267,137	5,113,450
Other financial assets	17	7,743,572	3,359,627	4,259,781
Cash and bank balances		29,892	41,097	63,221
		14,519,715	8,667,861	9,436,452
Other payables and accruals	19	234,413	67,192	64,884
		234,413	67,192	64,884
Net current assets		14,285,302	8,600,669	9,371,568
		17,702,963	11,772,842	12,293,743
Represented by:				
Share capital	23	13,840,342	12,582,129	12,582,129
Reserves	24	3,862,621	(809,287)	(288,386)
Owners' equity		17,702,963	11,772,842	12,293,743

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

Statements of Changes In Equity
For The Financial Year Ended 31 December 2012

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 2011								
- as previously reported	12,582,129	136,213	(2,512,173)	(76,292)	4,085,613	14,215,490	117,418	14,332,908
- prior year adjustments (Note 25)	-	-	-	-	(629,194)	(629,194)	(23,009)	(652,203)
- as restated	12,582,129	136,213	(2,512,173)	(76,292)	3,456,419	13,586,296	94,409	13,680,705
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								
- as previously reported	-	-	-	995	2,352,968	2,353,963	(90,116)	2,263,847
- prior year adjustments (Note 25)	-	-	-	-	(171,810)	(171,810)	6,995	(164,815)
- as restated	-	-	-	995	2,181,158	2,182,153	(83,121)	2,099,032
At 31 December 2011	12,582,129	136,213	(2,512,173)	(71,362)	5,581,108	15,715,915	(57,366)	15,658,549
At 1 January 2012								
- as previously reported	12,582,129	136,213	(2,512,173)	(71,362)	6,382,112	16,516,919	(41,352)	16,475,567
- prior year adjustments (Note 25)	-	-	-	-	(801,004)	(801,004)	(16,014)	(817,018)
- as restated	12,582,129	136,213	(2,512,173)	(71,362)	5,581,108	15,715,915	(57,366)	15,658,549
Acquisition of subsidiaries	-	-	-	-	-	-	39	39
Issue of shares (Note 23)	1,258,213	5,410,316	-	-	-	6,668,529	-	6,668,529
Share issue expenses	-	(449,340)	-	-	-	(449,340)	-	(449,340)
Total comprehensive income/(loss) for the year	-	-	-	(169,478)	2,124,131	1,954,653	(225,826)	1,728,827
At 31 December 2012	13,840,342	5,097,189	(2,512,173)	(240,840)	7,705,239	23,889,757	(283,153)	23,606,604

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

Statements of Changes In Equity (Cont'd)
For The Financial Year Ended 31 December 2012

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2011	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
Issue of shares (Note 23)	1,258,213	5,410,316	-	6,668,529
Share issue expenses	-	(449,340)	-	(449,340)
Total comprehensive loss for the year	-	-	(289,068)	(289,068)
At 31 December 2012	13,840,342	5,097,189	(1,234,568)	17,702,963

Statements of Cash Flows
For The Financial Year Ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from/(used in) operating activities				
Profit/(Loss) before tax	2,359,078	2,252,651	(289,068)	(520,901)
Adjustments for:				
Amortisation of development expenditure	878,760	948,279	-	-
Depreciation	230,431	196,627	-	-
Fair value gain on other financial assets	(169,394)	-	(169,394)	-
Gain on disposal of plant and equipment	(805)	-	-	-
Impairment losses on				
- investment in subsidiaries	-	-	250,000	250,000
- receivables	53,274	353,251	-	-
Interest expense	28,186	37,050	-	-
Interest income	(117,235)	(122,096)	(86,023)	(99,846)
Plant and equipment written off	13,283	-	-	-
Retirement benefits	17,131	21,602	-	-
Share of loss in equity-accounted investees	152,893	-	-	-
Unrealised (gain)/loss on foreign exchange	(30,312)	24,641	-	-
Operating profit /(loss) before working capital changes	3,415,290	3,712,005	(294,485)	(370,747)
Decrease/(Increase) in trade and other receivables	1,411,635	(6,905,014)	(694)	(2,080)
(Decrease)/Increase in trade and other payables	(717,606)	4,249,050	167,221	2,308
Cash generated from/(used in) operations	4,109,319	1,056,041	(127,958)	(370,519)
Income tax paid	(257,881)	(102,497)	-	-
Net cash from/(used in) operating activities	3,851,438	953,544	(127,958)	(370,519)
Cash flows from/(used in) investing activities				
Development expenditure paid	(1,068,854)	(921,872)	-	-
Fair value gain on other financial assets	169,394	-	169,394	-
Increase in fixed deposits pledged	(64,832)	(71,307)	-	-
Interest received	117,235	122,096	86,023	99,846
Investment in associates	(585,488)	-	(495,488)	-
Investment in a subsidiary	-	-	-	-
Proceeds from disposal of plant and equipment	18,238	-	-	-
Purchase of plant and equipment	(398,093)	(244,925)	-	-
Acquisition of non-controlling interest	-	(122,000)	-	-
(Advances to)/Repayments from associates	(198,927)	(278,662)	98,594	-
Advances to subsidiaries	-	-	(1,577,014)	(651,605)
Net cash used in investing activities	(2,011,327)	(1,516,670)	(1,718,491)	(551,759)

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

Statements of Cash Flow (Cont'd)
For The Financial Year Ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash flows from/(used in) financing activities				
Interest paid	(28,186)	(37,050)	-	-
Net cash inflow on acquisition of subsidiaries	39	812	-	-
Proceeds from issue of shares	6,668,529	-	6,668,529	-
Share issue expenses	(449,340)	-	(449,340)	-
Repayments of term loans	(30,767)	(29,209)	-	-
Net cash from/(used in) financing activities	6,160,275	(65,447)	6,219,189	-
Net increase/(decrease) in cash and cash equivalents	8,000,386	(628,573)	4,372,740	(922,278)
Exchange differences	(135,688)	(1,922)	-	-
Cash and cash equivalents at beginning of year	5,078,422	5,708,917	3,400,724	4,323,002
Cash and cash equivalents at end of year	12,943,120	5,078,422	7,773,464	3,400,724
Cash and cash equivalents comprise:				
Bank overdrafts	-	(91,468)	-	-
Cash and bank balances	5,199,548	1,810,263	29,892	41,097
Fixed deposits with a licensed bank	681,139	616,307	-	-
Other financial assets	7,743,572	3,359,627	7,743,572	3,359,627
	13,624,259	5,694,729	7,773,464	3,400,724
Less: Fixed deposits pledged	(681,139)	(616,307)	-	-
	12,943,120	5,078,422	7,773,464	3,400,724

	Group	
	2012	2011
	RM	RM
Analysis of acquisition of subsidiaries		
Purchase consideration paid in cash	656,826	3,250
Less: cash and cash equivalents acquired	(656,865)	(4,062)
Net cash inflow on acquisition	(39)	(812)

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

Notes to the Financial Statements
31 December 2012

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 of the Company 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 18 April 2013.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of compliance

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 Malaysian Financial Reporting Standards ("MFRS"), the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

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

These are the first financial statements prepared in accordance with MFRS. In the previous years, the financial statements were prepared in accordance with the Financial Reporting Standards in Malaysia. The first time adoption of MFRS does not have any significant impact on previously reported financial positions, financial performance and cash flows.

In accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, the Group and the Company presented their respective opening MFRS statements of financial position at 1 January 2011 (date of transition to MFRS) together with their underlying notes in this first set of financial statements prepared in accordance with the MFRS.

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 publish standards and interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than the following:

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.1 Basis of accounting (cont'd)

i. MFRS 9 Financial Instruments (effective for financial periods beginning on or after 1 January 2015)

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods with changes in fair value being recognised in profit or loss.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

ii. MFRS 10 Consolidated Financial Statements (effective for financial periods beginning on or after 1 January 2013)

MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation – Special Purpose Entities. MFRS 10 introduces a new single control model to determine which investees should be consolidated. MFRS 10 includes a new definition of control that contains three elements: (a) power by investor over an investee, (b) exposure, or rights to variable returns from investor's involvement with the investee, and (c) investor's ability to affect those returns through its power over the investee.

iii. MFRS 12 Disclosure of Interest in Other Entities (effective for financial periods beginning on or after 1 January 2013)

MFRS 12 requires disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 Investment in Associate. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

iv. MFRS 13 Fair Value Measurement (effective for financial periods beginning on or after 1 January 2013)

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRS. The requirements do not extend use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosure, but apply to all assets and liabilities measured at fair value, not just financial ones.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.1 Basis of accounting (cont'd)

v. MFRS 119 Employee benefits (effective for financial periods beginning on or after 1 January 2013)

The amendments to MFRS 119, Employee Benefits change the accounting for defined benefits plan and termination benefits. The most significant change relates to the accounting for the changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

The Group is in the process of making an assessment of where the impact of those amendments, new standards and new interpretations is expected to be in the period of initial application.

2.2.2 Significant accounting policies

Business Combination - Reverse Acquisition

For every business combination, one of the combining entities shall be identified as the acquirer. In a reverse acquisition, the legal acquirer is identified as the acquiree for accounting purposes. Consolidated financial statements prepared following a reverse acquisition are issued under the name of legal acquirer (accounting acquiree) but described as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented in the consolidated financial statements is also retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

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 the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied 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.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Basis of consolidation (cont'd)

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 latter 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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.

Revenue and income recognition

Media income is recognised when the related advertisement or commercial appears before the public.

Revenue from other services rendered is recognised 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.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Foreign currencies (cont'd)

(ii) Foreign currency transactions

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

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting 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 profit or loss.

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

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
1 United States Dollar	3.058	3.177	3.084
1 Hong Kong Dollar	0.395	0.409	0.396
1 Singapore Dollar	2.503	2.443	2.386
100 Indonesia Rupiah	0.032	0.035	0.035
100 Thai Baht	9.991	10.010	10.227
100 Vietnamese Dong	0.015	0.015	0.016
1 Chinese Renminbi	0.491	-	-
100 Philippines Peso	7.445	-	-

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense as incurred.

(iii) Defined benefit plans

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

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 profit or loss in the reporting period in which it arises.

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

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

Intangible assets

Expenditures incurred at research phase, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Intangible assets

Expenditures incurred at development phase are recognised as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(b) management intends to complete the intangible asset and use or sell it;
(c) there is an ability to use or sell the intangible asset;
(d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(f) the expenditure attributable to the intangible asset during its development can be reliably measured.

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

Investment in subsidiaries

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

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

Investment in associates

An associate is a company in which the Group 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. 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 reporting 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.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

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 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 reporting period.

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

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 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 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.

Notes To The Financial Statements (Cont'd)
31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(i) Loans and receivables (cont'd)

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

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

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss does not included exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(iii) 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.

(iv) 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.

(v) 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 reporting period in which they are approved.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

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.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset, other than fair value through profit or loss, is impaired.

(i) Loans and receivables

To determine whether there is objective evidence that an impairment loss on these 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.

The carrying amount of loans and receivables is reduced by the impairment loss through the use of an allowance account. When a debtor 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 reporting date and the reported amounts of revenue and expenses during the reporting period. 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 above, 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 reporting period.

4. REVENUE

	Group	
	2012 RM	2011 RM
Technology based online advertising solutions	37,981,919	33,335,078
Other related internet services	687,749	688,847
	38,669,668	34,023,925

5. STAFF COSTS

	Group	
	2012 RM	2011 RM
Salaries, wages and bonus	9,126,394	6,440,948
Defined contribution plan	702,951	527,692
Defined benefit plan	17,131	21,602
Other employee related expenses	504,872	239,407
	10,351,348	7,229,649
Staff costs recognised as intangible assets (Note 10)	(1,068,854)	(921,872)
	9,282,494	6,307,777

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

5. STAFF COSTS (CONT'D)

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

	Group	
	2012	2011
Executive directors:		
RM150,001 to RM200,000	1	1
RM200,001 to RM250,000	-	2
RM250,001 to RM300,000	1	1
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	1	-
Non executive directors:		
RM Nil	4	2
Below RM50,000	3	3

The emoluments received and receivable by the directors of the Company during the reporting period are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive directors:				
Basic salaries and other emoluments recognised:				
- in profit or loss	768,899	608,729	-	-
- as intangible assets (Note 10)	176,738	110,266	-	-
Fees included in profit or loss	225,878	222,810	-	-
	1,171,515	941,805	-	-
Non executive directors:				
Other emoluments included in profit or loss	13,500	10,500	13,500	10,500
Fees included in profit or loss	90,000	72,000	90,000	72,000
	103,500	82,500	103,500	82,500
Total	1,275,015	1,024,305	103,500	82,500

Notes To The Financial Statements (Cont'd)
31 December 2012

6. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of development expenditure	878,760	948,279	-	-
Auditors' remuneration				
- auditors of the Company				
- statutory	53,300	41,800	22,000	16,000
- non statutory	8,000	8,000	8,000	8,000
- auditors of the subsidiaries				
- current year	52,079	26,305	-	-
- under provision in prior years	775	13,383	-	-
Depreciation	230,431	196,627	-	-
Directors' remuneration				
- directors of the Company				
- fees	315,878	294,810	90,000	72,000
- other than fees	782,399	619,229	13,500	10,500
- directors of the subsidiaries				
- other than fees	256,170	162,722	-	-
Impairment losses on				
- investment in subsidiaries	-	-	250,000	250,000
- trade receivables	46,588	337,651	-	-
- other receivables	6,686	15,600	-	-
Interest expense				
- term loans	24,876	26,198	-	-
- bank overdrafts	3,310	10,852	-	-
Loss on foreign exchange				
- realised	56,083	-	11,206	-
- unrealised	-	24,641	-	-
Office rental	690,507	407,117	-	-
Plant and equipment written off	13,283	-	-	-
Preliminary expenses	11,842	3,868	-	-
Retirement benefits	17,131	21,602	-	-
And crediting:				
Interest income from fixed and short term bank deposits	(117,235)	(122,096)	(86,023)	(99,846)
Fair value gain on other financial assets	(169,394)	-	(169,394)	-
Gain on disposal of plant and equipment	(805)	-	-	-
Gain on foreign exchange				
- realised	(6,142)	(6,629)	-	-
- unrealised	(30,312)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

7. INCOME TAX EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Estimated tax payable				
- current year				
- Malaysia	(11,600)	(4,000)	-	-
- Outside Malaysia	(306,921)	(137,811)	-	-
- over/(under) provision in prior years				
- Malaysia	-	(3,567)	-	-
- Outside Malaysia	169	-	-	-
	(318,352)	(145,378)	-	-
Deferred tax (Note 13)				
- current year				
- Malaysia	(107,400)	-	-	-
- Outside Malaysia	31,691	-	-	-
- (under)/over provision in prior years				
- Malaysia	(68,000)	-	-	-
- Outside Malaysia	10,199	-	-	-
	(133,510)	-	-	-
	(451,862)	(145,378)	-	-

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(Loss) before tax	2,359,078	2,252,651	(289,068)	(520,901)
Taxation at statutory tax rate of 25% (2011: 25%)	(589,800)	(563,200)	72,300	130,200
Expenses not deductible for tax purposes	(51,266)	(182,750)	(136,200)	(130,200)
Different tax rates in other countries	42,965	71,489	-	-
Deferred tax assets not recognised during the year	(404,979)	(262,800)	-	-
Tax incentives on multiple deductibility of expenses	146,750	-	-	-
Income not subject to tax	462,100	701,700	63,900	-
Utilisation of prior years unrecognised deferred tax assets	-	93,750	-	-
(Under)/Over provision in prior years				
- deferred tax liabilities	(57,801)	-	-	-
- income tax payable	169	(3,567)	-	-
Income tax expense for the year	(451,862)	(145,378)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

7. INCOME TAX EXPENSE (CONT'D)

A Malaysian subsidiary of the Company was granted pioneer status by Multimedia Development Corporation Sdn Bhd ("MDC") under the provisions of the Promotion of Investments Act 1986 for a period of 10 years with effect from 30 September 2005. By virtue of this pioneer status, the statutory income of this subsidiary from pioneer activities during the pioneer period is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

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	
	2012	**2011**
Net profit attributable to ordinary shareholders (RM)	2,124,131	2,181,158

	Group	
	2012	**2011**
Weighted average number of ordinary shares in issue	129,337,389	125,821,287
Basic earnings per ordinary share (sen)	1.64	1.73

Diluted earnings per share are not presented in the financial statements since there are no dilutive potential ordinary shares as at 31 December 2012 and 2011.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold shop offices RM	Furniture, fittings and office equipment RM	Computers and peripherals RM	Renovations RM	Total RM
Cost					
At 1 January 2011	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 31 December 2011	720,000	431,345	878,163	161,641	2,191,149
Additions	-	94,919	168,597	134,577	398,093
Disposals	-	(5,120)	(21,121)	-	(26,241)
Write offs	-	(17,447)	(17,848)	-	(35,295)
Exchange differences	-	(840)	(2,061)	(3,028)	(5,929)
At 31 December 2012	720,000	502,857	1,005,730	293,190	2,521,777

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

Group	Long term leasehold shop offices RM	Furniture, fittings and office equipment RM	Computers and peripherals RM	Renovations RM	Total RM
Accumulated depreciation					
At 1 January 2011	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 31 December 2011	50,271	214,335	621,952	91,118	977,676
Charge for the year	8,772	47,752	129,490	44,417	230,431
Disposals	-	(1,538)	(7,270)	-	(8,808)
Write offs	-	(8,318)	(13,694)	-	(22,012)
Exchange differences	-	(70)	(381)	(1,013)	(1,464)
At 31 December 2012	59,043	252,161	730,097	134,522	1,175,823
Net book value					
At 31 December 2012	660,957	250,696	275,633	158,668	1,345,954
At 31 December 2011	669,729	217,010	256,211	70,523	1,213,473
At 1 January 2011	678,502	211,479	233,041	42,102	1,165,124

At the reporting date:

(i) a unit of long term leasehold shop office of the Group with carrying amount of RM452,096 (31.12.2011: RM458,084; 1.1.2011: RM464,072) has been charged as collateral to secure the banking facilities referred to in Note 20; 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. INTANGIBLE ASSETS

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Development expenditure			
Costs			
At beginning of year	5,644,693	4,722,821	
Additions	1,068,854	921,872	
At end of year	6,713,547	5,644,693	

Notes To The Financial Statements (Cont'd)
31 December 2012

10. INTANGIBLE ASSETS (CONT'D)

	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011 RM
Accumulated amortisation			
At beginning of year	3,029,393	2,081,114	
Charge for the year	878,760	948,279	
At end of year	3,908,153	3,029,393	
Carrying amount	2,805,394	2,615,300	2,641,707

	2012 RM	2011 RM
The additions to the cost of intangible assets are analysed as follows:		
Directors' remuneration other than fees	176,738	110,266
Other staff costs	892,116	811,606
	1,068,854	921,872

11. INVESTMENT IN SUBSIDIARIES

	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
Unquoted shares, at cost			
At beginning of year	3,422,173	2,922,175	
Additions	-	499,998	
At end of the year	3,422,173	3,422,173	
Accumulated impairment losses			
At beginning of year	250,000	-	
Impairment for the year	250,000	250,000	
At end of the year	500,000	250,000	
Carrying amount	2,922,173	3,172,173	2,922,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest 31.12.2012	31.12.2011	1.1.2011	Principal activities
Subsidiaries of the Company					
Innity Sdn Bhd	Malaysia	100%	100%	100%	Provision of technology based online advertising solutions and other related internet services
Spiral Vibe Sdn Bhd	Malaysia	100%	100%	100%	Advertising agency providing full suite of services
Advenue Digital Advertising Sdn Bhd	Malaysia	100%	100%	100%	Dormant and intended activity is provision of digital advertising activities via ads serving, ads targeting, ads optimisation, report and analytics software system
Subsidiaries of Innity Sdn Bhd					
Innity Limited	Hong Kong	100%	100%	100%	Investment holding company
PT. Media Innity*	Indonesia	95%	95%	95%	Provision of technology based online advertising solutions and other related internet services
DoMedia Asia Sdn Bhd	Malaysia	100%	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity China Co., Limited*	Hong Kong	80%	80%	-	Provision of online digital marketing solutions and other related interest services
Tresixty Media Sdn Bhd ("Tresixty") (formerly known as Tresixtee Media Sdn Bhd)	Malaysia	64%	-	-	Provision of budget online advertising and media solutions for local small and medium sized businesses
Innity Philippines, Inc.*	Philippines	99.99%	-	-	Provision of technology based online advertising solutions and other related internet services
Subsidiaries of Innity Limited					
Innity Singapore Pte Ltd*	Singapore	100%	100%	95%	Provision of technology based online advertising solutions and other related internet services
Innity Vietnam Co Ltd*	Vietnam	88%	88%	88%	Software production house
Subsidiary of Innity Vietnam Co Ltd					
Innity Software and Advertising Co Ltd*	Vietnam	79%	79%	79%	Provision of technology based online advertising solutions and other related internet services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

During the reporting period:

(i) On 30 March 2012, a subsidiary of the Company, Innity Sdn Bhd ("ISB"), acquired 2 shares of RM1 each representing 100% equity interest of Tresixty, for a cash consideration of RM2.

With the acquisition, Tresixty became a subsidiary of ISB.

Subsequently, ISB subscribed for 62 ordinary shares of RM1 each in Tresixty for a cash consideration of RM62. With this subscription, ISB's equity interest in Tresixty was diluted to 64%.

(ii) On 17 July 2012, ISB subscribed for 859,995 ordinary shares of PHP10 each representing 99.99% of the issued and paid up capital of Innity Philippines, Inc. ("IPI"), for a cash consideration of PHP8,599,950 (equivalent to RM656,762).

With the subscription, IPI became a subsidiary of ISB.

In the previous reporting period:

(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, ISB subscribed for 8,000 shares of HKD1 each representing 80% of the issued and paid up capital of Innity China Co., Limited, for a cash consideration of HKD8,000 (equivalent to RM3,250).

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

(iii) On 30 December 2011, ISB acquired 5,000 shares representing 5% of the issued and paid up capital of Innity Singapore Pte Ltd, for a cash consideration of SGD50,000 (equivalent to RM122,000).

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

	31.12.2012 RM	**31.12.2011 RM**
Revenue	781,165	-
Profit for the year	(624,287)	(214,251)

	31.12.2012 RM	**31.12.2011 RM**
Cash and bank balances	656,865	4,062
Fair value of net assets acquired	656,865	4,062
Less:		
- non-controlling interests	(39)	(812)
Cost of business combination	656,826	3,250

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

12. INVESTMENT IN ASSOCIATES

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Unquoted shares, at cost	637,012	51,524	51,524
Share in post acquisition losses of associates	(204,417)	(51,524)	(51,524)
Carrying amount, representing share of net assets	432,595	-	-

	Company 31.12.2012 RM	31.12.2011 RM
Unquoted shares, at cost		
At beginning of year	-	-
Addition	495,488	-
At end of year	495,488	-

The details of the associates are as follows:

	Country of incorporation	Group's effective interest 31.12.2012	31.12.2011	1.1.2011	Principal activities
Associate of the Company					
I-DAC Pte Ltd*	Singapore	49%	-	-	Provision of various advertising services using advanced technologies, sub-license the right to use the technologies and technical support
Held through Innity Sdn Bhd ("ISB")					
Dynamic Outdoor Media Sdn Bhd ('Dynamic Outdoor")*	Malaysia	40%	-	-	Provision of WiFi services for food and beverages outlets, shopping centers and townships
Held through Innity Limited					
Innity Digital Media (Thailand) Co Ltd*	Thailand	49%	49%	49%	Provision of technology based online advertising solutions and other related internet services

Notes To The Financial Statements (Cont'd)
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12. INVESTMENT IN ASSOCIATES (CONT'D)

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

During the reporting period:

(i) On 24 April 2012, a subsidiary of the Company, ISB, acquired 40% equity interest of Dynamic Outdoor, for a cash consideration of RM90,000.

With the acquisition, Dynamic Outdoor became an associate of ISB.

(ii) On 21 August 2012, the Company subscribed for 196,000 ordinary shares of SGD1 each representing 49% of the issued and paid up capital of I-DAC Pte Ltd ("I-DAC") for a cash consideration of SGD196,000 (equivalent to RM495,488).

With the subscription, I-DAC Pte Ltd became an associate of the Company.

The summarised financial information of the associates is as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Assets and liabilities			
Current assets	2,850,475	645,626	16,812
Non current assets	113,480	33,044	118,921
Total assets	2,963,955	678,670	135,733
Current liabilities/Total liabilities	2,267,943	868,272	353,265

	2012 RM	2011 RM
Results		
Revenue	2,719,164	937,908
Net (loss)/profit for the year	(116,112)	33,240

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
At beginning of year	-	-	
Recognised in profit or loss (Note 7)			
- current year			
- Malaysia	(107,400)	-	
- Outside Malaysia	31,691	-	
- (under)/over provision in prior years			
- Malaysia	(68,000)	-	
- Outside Malaysia	10,199	-	
Exchange differences	(746)		
At end of year	(134,256)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Presented after appropriate offsetting as follows:			
Deferred tax assets			
- Retirement benefits obligations	10,007	-	-
- Unutilised tax losses	17,270	-	-
- Other deductible temporary differences	13,867	-	-
	41,144	-	-
Deferred tax liabilities			
- Carrying amount of development expenditure	(205,300)	-	-
- Excess of capital allowances over related depreciation of plant and equipment	(4,100)	-	-
- Unutilised tax losses	34,000	-	-
	(175,400)	-	-
	(134,256)	-	-

Net deferred tax has not been recognised in respect of the following:

	Group 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Tax effects of:			
Retirement benefits obligations	10,007	9,223	-
Unabsorbed capital allowances and unutilised tax losses:			
- no expiry	571,393	498,858	346,600
- tax losses allowed to be utilised up to financial year ending 31 December			
- 2016	546,265	546,265	-
- 2017	318,393	-	-
Other deductible temporary differences	58,867	-	-
	1,504,925	1,054,346	346,600
Less tax effects of:			
Carrying amount of development expenditure	(700,900)	(653,800)	(635,000)
Excess of capital allowances over related depreciation of plant and equipment	(13,500)	(33,700)	(32,000)
Other taxable temporary differences	(6,600)	(8,000)	-
	(721,000)	(695,500)	(667,000)
	783,925	358,846	(320,400)
Add: Net deferred tax liabilities recognised	134,256	-	-
Net deferred tax assets/(liabilities) not recognised	918,181	358,846	(320,400)

The deferred tax assets and liabilities are not recognised on the portion of the assets and liabilities which does not have a tax base at the time of the transactions, and on the portion of the assets where it is not probable that taxable profit will be available in the foreseeable future to utilise the tax benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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14. TRADE RECEIVABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Third parties	14,408,812	16,233,803	9,674,438
Less: Allowance for doubtful debts	(464,928)	(418,968)	(81,317)
	13,943,884	15,814,835	9,593,121
Amount due from associates	152,056	-	-
	14,095,940	15,814,835	9,593,121

The Group's normal trade credit terms range from 30 days to 60 days (31.12.2011: 30 days to 120 days; 1.1.2011: 45 days to 120 days).

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

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Not impaired or past due	3,476,390	4,508,375	5,721,675
1 – 30 days past due not impaired	2,576,467	4,436,988	1,589,121
31 – 60 days past due not impaired	2,737,828	2,152,499	1,006,511
61 – 90 days past due not impaired	1,684,722	2,047,913	416,795
91 – 120 days past due not impaired	574,056	937,168	343,608
More than 120 days past due not impaired	3,046,477	1,731,892	515,411
	14,095,940	15,814,835	9,593,121
Impaired	464,928	418,968	81,317
	14,560,868	16,233,803	9,674,438

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

The movements in the allowance for doubtful debts for trade receivables that are individually impaired at reporting date are as follows:

	Group	
	2012 RM	2011 RM
At beginning of year	418,968	81,317
Allowance for the year	46,588	337,651
Exchange differences	(628)	-
At end of year	464,928	418,968

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.

Notes To The Financial Statements (Cont'd)

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15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Other receivables	78,341	312,542	104,729
Amount due from associates	872,013	650,624	371,962
	950,354	963,166	476,691
Less: Allowance for doubtful debts	(22,286)	(15,600)	-
	928,068	947,566	476,691
Deposits	229,217	169,678	162,750
Prepayments	618,923	280,720	223,036
	1,776,208	1,397,964	862,477

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from an associate	25,000	123,594	123,594
Amount due from subsidiaries	6,716,977	5,139,963	4,988,356
	6,741,977	5,263,557	5,111,950
Deposits	1,500	1,500	1,500
Prepayments	2,774	2,080	-
	6,746,251	5,267,137	5,113,450

The movements in the allowance for doubtful debts for other receivables that are individually impaired at reporting date are as follows:

	Group	
	2012 RM	2011 RM
At beginning of year	15,600	-
Allowance for the year	6,686	15,600
At end of year	22,286	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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16. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of a subsidiary have been pledged to secure banking facilities referred to in Note 20.

The weighted average effective interest rate and average maturity of fixed deposits with a licensed bank of a subsidiary are as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
Weighted average interest rate (%)	3.06	3.00	2.62
Average maturity (days)	52	62	63

17. OTHER FINANCIAL ASSETS

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Financial assets at fair value through profit or loss			
Investments in unquoted mutual funds in Malaysian, at cost	7,574,178	3,359,627	
Fair value adjustments			
At beginning of year	-	-	
Changes for the year	169,394	-	
At end of year	169,394	-	
Carrying amount	7,743,572	3,359,627	4,259,781

The investments in unquoted mutual funds relate to portfolio of money market fund investments placed with licensed financial institutions. These funds aim to provide a regular stream of monthly income through portfolio of direct investments in short term money market instruments and other fixed income instruments while maintaining capital preservation. The fair value of the investments are determined by reference to the net assets per unit of the funds.

These investments could be redeemed for cash from the funds within a short notice period.

Included in investment in unquoted mutual funds with licensed financial institutions is RM506,000 (31.12.2011: RM3,064,000; 1.1.2011: 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 and Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Research and development expenditure	1,000	988,000	1,951,000
Set up cost of regional offices	-	981,000	985,000
Working capital	505,000	1,095,000	1,095,000
	506,000	3,064,000	4,031,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

18. TRADE PAYABLES

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
Third parties	6,517,396	7,174,986	3,940,073
Amount due to associates	264,006	76,254	14,332
	6,781,402	7,251,240	3,954,405

The normal trade credits granted to the Group range from 45 to 90 days (31.12.2011: 45 to 90 days; 1.1.2011: 45 to 90 days).

19. OTHER PAYABLES AND ACCRUALS

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
Other payables	246,262	208,090	46,057
Advance billings to customers	1,200,809	1,954,491	1,691,791
Amount due to an associate	22,462	-	-
Accruals	434,457	366,980	341,368
Service tax payable	920,719	677,272	266,780
Payroll related statutory liabilities	196,377	127,393	75,987
	3,021,086	3,334,226	2,421,983

	Company		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
Other payables	191,803	19,790	24,568
Accruals	42,610	47,402	40,316
	234,413	67,192	64,884

20. SHORT TERM BORROWINGS

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
Bank overdrafts	-	91,468	416,744
Long term loans – current portion (Note 21)	33,123	30,767	27,883
	33,123	122,235	444,627

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

20. SHORT TERM BORROWINGS (CONT'D)

The average effective interest rates are as follows:

	Group	
	2012	**2011**
	%	**%**
Bank overdrafts	8.6	8.6
Term loans	7.4	7.4

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

(i) Fixed deposits with a licensed bank of RM681,139 (31.12.2011: RM616,307; 1.1.2011: RM545,000);
(ii) Flexi Guarantee Scheme (FGS) for RM200,000 and New Principal Guarantee Scheme for RM159,000 under Corporate Guarantee Corporation in Malaysia;
(iii) Deed of assignment incorporating power of attorney on a subsidiary's long term leasehold shop office; and
(iv) Joint and several guarantees by all the executive directors.

21. LONG TERM LOANS

		Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Amount outstanding	318,952	349,719	378,928
Less: Portion due within one year (Note 20)	(33,123)	(30,767)	(27,883)
Non current portion	285,829	318,952	351,045

		Group	
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
The non current portion of term loans is payable as follows:			
Later than 1 year and not later than 2 years	35,691	33,100	30,061
Later than 2 years and not later than 5 years	108,388	110,506	105,035
Later than 5 years	141,750	175,346	215,949
	285,829	318,952	351,045

The long term loans are secured as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

22. RETIREMENT BENEFITS OBLIGATION

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Present value of retirement benefits obligation	50,344	36,894	17,938
Net actuarial losses not recognised	-	-	(2,646)
Net liability arising from retirement benefits obligation	50,344	36,894	15,292

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

	Group	
	2012 RM	2011 RM
Current service cost	17,131	21,602
Actuarial losses recognised in the year	-	-
	17,131	21,602

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

	Group	
	2012 RM	2011 RM
At beginning of year	36,894	15,292
Current service cost	17,131	21,602
Actuarial losses	-	-
Exchange differences	(3,681)	-
At end of year	50,344	36,894

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 4 February 2013 by an independent qualified actuarist. The present value of the retirement benefits obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method. The principal actuarial assumptions used are as follows:

	31.12.2012	31.12.2011	1.1.2011
Discount rate	6%	7%	10%
Annual salary increase	8%	8%	8%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

23. SHARE CAPITAL

	Group and Company					
	31.12.2012 No. of ordinary shares of RM0.10 each	**31.12.2011 No. of ordinary shares of RM0.10 each**	**1.1.2011 No. of ordinary shares of RM0.10 each**	**31.12.2012 RM**	**31.12.2011 RM**	**1.1.2011 RM**
Authorised:						
At beginning/end of year	250,000,000	250,000,000	250,000,000	25,000,000	25,000,000	25,000,000

	Group and Company					
	31.12.2012 No. of ordinary shares of RM0.10 each	**31.12.2011 No. of ordinary shares of RM0.10 each**	**1.1.2011 No. of ordinary shares of RM0.10 each**	**31.12.2012 RM**	**31.12.2011 RM**	**1.1.2011 RM**
Issued and fully paid:						
At beginning of year	125,821,287	125,821,287		12,582,129	12,582,129	
Issued during the year	12,582,130	-		1,258,213	-	
At end of year	138,403,417	125,821,287	125,821,287	13,840,342	12,582,129	12,582,129

During the financial year, the issued and paid up share capital of the Company was increased from RM12,582,129 to RM13,840,342 through the issue and allotment of 12,582,130 ordinary shares of RM0.10 each at a cash issue price of RM0.53 per share for the purposes of increasing the working capital of the Company. These shares rank pari passu with existing shares of the Company.

24. RESERVES

	Group		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**
Retained profits	7,705,239	5,581,108	3,456,419
Non distributable:			
Share premium	5,097,189	136,213	136,213
Reverse acquisition reserve (legal capital adjustment)	(2,512,173)	(2,512,173)	(2,512,173)
Foreign currency translation reserve	(240,840)	(71,362)	(76,292)
	10,049,415	3,133,786	1,004,167

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

24. RESERVES (CONT'D)

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Accumulated losses	(1,234,568)	(945,500)	(424,599)
Non distributable:			
Share premium	5,097,189	136,213	136,213
	3,862,621	(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.

25. PRIOR YEAR ADJUSTMENTS

25.1 Revenue recognition

Revenue from media income and the corresponding purchases were erroneously recognised in the previous reporting periods upon billings to clients instead of when the related advertisements appear before the public.

25.2 Cancellation of advertising campaigns by customers

Revenue on advertising campaigns billed to customers in the prior reporting periods were erroneously not reversed in the reporting periods in which the campaigns were cancelled.

25.3 Classification of financial assets

Investments in unquoted mutual funds managed by licensed financial institutions were erroneously classified as loans and receivables in the previous reporting dates instead of being classified as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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25. PRIOR YEAR ADJUSTMENTS (CONT'D)

25.4 Effects of prior year adjustments

Retrospective adjustments have been made to restate the reported figures affected by the above errors. The effects of these adjustments (with no tax effects) are as follows:

	Group				
	As previously reported RM	Prior year adjustments (Note 25.1) RM	(Note 25.2) RM	(Note 25.3) RM	As restated RM
Statement of comprehensive income for the year ended 31 December 2011					
Revenue	34,301,327	(262,700)	(14,702)	-	34,023,925
Direct costs	(21,084,163)	112,587	-	-	(20,971,576)
Profit before tax	2,417,466	(150,113)	(14,702)	-	2,252,651
Net profit for the year	2,272,088	(150,113)	(14,702)	-	2,107,273
Total comprehensive income for the year	2,263,847	(150,113)	(14,702)	-	2,099,032
Profit/(Loss) attributable to:					
Owners of the Company	2,352,968	(157,843)	(13,967)	-	2,181,158
Non-controlling interests	(80,880)	7,730	(735)	-	(73,885)
Total comprehensive income/(loss) attributable to:					
Owners of the Company	2,353,963	(157,843)	(13,967)	-	2,182,153
Non-controlling interests	(90,116)	7,730	(735)	-	(83,121)
Statement of financial position as at 31 December 2011					
Current assets					
Trade receivables	15,906,021	-	(91,186)	-	15,814,835
Fixed and short term deposits	3,975,934	-	-	(3,359,627)	616,307
Other financial assets	-	-	-	3,359,627	3,359,627
Current liabilities					
Trade payables	(Note 26)	(Note 26)	-	-	(Note 26)
Other payables and accruals	(1,379,735)	(1,954,491)	-	-	(3,334,226)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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25. PRIOR YEAR ADJUSTMENTS (CONT'D)

25.4 Effects of prior year adjustments (cont'd)

		Group			
	As previously reported	Prior year adjustments (Note 25.1)	(Note 25.2)	(Note 25.3)	As restated
	RM	RM	RM	RM	RM
Statement of financial position as at 1 January 2011					
Current assets					
Trade receivables	9,669,605	-	(76,484)	-	9,593,121
Fixed and short term deposits	4,804,781	-	-	(4,259,781)	545,000
Other financial assets	-	-	-	4,259,781	4,259,781
Current liabilities					
Trade payables	(Note 26)	(Note 26)	-	-	(Note 26)
Other payables and accruals	(730,192)	(1,691,791)	-	-	(2,421,983)
Statement of changes in equity as at 31 December 2011					
Retained profits	6,382,112	(714,377)	(86,627)	-	5,581,108
Non-controlling interests	(41,352)	(11,455)	(4,559)	-	(57,366)
Statement of changes in equity as at 1 January 2011					
Retained profits	4,085,613	(556,534)	(72,660)	-	3,456,419
Non-controlling interests	117,418	(19,185)	(3,824)	-	94,409

		Company			
	As previously reported	Prior year adjustments (Note 25.1)	(Note 25.2)	(Note 25.3)	As restated
	RM	RM	RM	RM	RM
Statement of financial position as at 31 December 2011					
Current assets					
Fixed and short term deposits	3,359,627	-	-	(3,359,627)	-
Other financial assets	-	-	-	3,359,627	3,359,627
Statement of financial position as at 1 January 2011					
Current assets					
Fixed and short term deposits	4,259,781	-	-	(4,259,781)	-
Other financial assets	-	-	-	4,259,781	4,259,781

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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26. COMPARATIVE FIGURES

The below comparative figures as at 31 December 2010 and 2011 have been reclassified to arrive at their presentation as at 1 January and 31 December 2011 respectively.

	Group			
	As previously reported RM	Prior year adjustments (Note 25.1) RM	Reclassi-fication RM	As restated RM
Statement of financial position as at 31.12.2011				
Current assets				
Other receivables, deposits and prepayments	747,340	-	650,624	1,397,964
Amount due from an associate	574,370	-	(574,370)	-
Current liabilities				
Trade payables	8,403,645	(1,228,659)	76,254	7,251,240
Statement of financial position as at 1.1.2011				
Current assets				
Other receivables, deposits and prepayments	490,515	-	371,962	862,477
Amount due from an associate	371,962	-	(371,962)	-
Current liabilities				
Trade payables	5,056,145	(1,116,072)	14,332	3,954,405
Amount due to an associate	14,332	-	(14,332)	-

	Company		
	As previously reported RM	Reclassi-fication RM	As restated RM
Statement of financial position as at 31.12.2011			
Current assets			
Other receivables, deposits and prepayments	3,580	5,263,557	5,267,137
Amount due from an associate	123,594	(123,594)	-
Amount due from subsidiaries	5,139,963	(5,139,963)	-
Statement of financial position as at 1.1.2011			
Current assets			
Other receivables, deposits and prepayments	1,500	5,111,950	5,113,450
Amount due from an associate	123,594	(123,594)	-
Amount due from subsidiaries	4,988,356	(4,988,356)	-

Consequent to the prior year adjustments and the above reclassifications, certain comparative figures in the related notes and statements of cash flows have been reclassified for consistency in presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
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27. SIGNIFICANT RELATED PARTY TRANSACTIONS

27.1. Related party transactions

	Type of Transactions	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Significant transactions with related parties are as follows:					
With associates					
- Dynamic Outdoor Media Sdn Bhd	Purchases	100,296	-	-	-
- Innity Digital Media (Thailand) Co Ltd	Sales	36,210	-	-	-
	Purchases	192,784	-	-	-
- I-DAC Pte Ltd	Sales	136,413	-	-	-
	Purchases	40,319	-	-	-
	Royalty fee expense	417	-	-	-
	Technical fee expense	45,000	-	-	-
With a corporate shareholder of the Company					
- Jobstreet Corporation Berhad	Purchases	168,702	34,190	-	-
With subsidiaries of a corporate shareholder of the Company					
- Jobstreet.com Sdn Bhd	Sales	5,000	-	-	-
	Staff recruitment expense	11,210	594	-	-
- Autoworld.com.my Sdn Bhd	Purchases	116,251	134,812	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

27.2 Related party balances

	Type of transactions	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Individually significant unsecured interest free outstanding balances arising from other than normal trade transactions are as follows:				
Group				
Financial assets:				
With associates				
- Dynamic Outdoor Media Sdn Bhd	Advances	85,294	-	-
- Innity Digital Media (Thailand) Co Ltd	Advances	769,961	650,624	371,962
- I-DAC Pte Ltd	Advances	16,758	-	-
Financial liabilities:				
With an associate				
- I-DAC Pte Ltd	Advances	22,462	-	-
Company				
Financial assets:				
With subsidiaries				
- Advenue Digital Advertising Sdn Bhd	Advances	2,500	2,500	2,500
- Innity Limited	Advances	51,524	51,524	51,524
- Innity Sdn Bhd	Advances	6,662,953	5,085,939	4,934,332
With an associate				
- Innity Digital Media (Thailand) Co Ltd	Advances	25,000	123,594	123,594

The above advances are receivable/ repayable on demand.

27.3 Compensation of key management personnel

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

28. EVENT SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date, subsidiaries of the Company, Innity Sdn Bhd and Spiral Vibe Sdn Bhd subscribed for a total of 75 ordinary shares of RM1 each representing 75% of the issued and paid up capital of Native Media Sdn Bhd ("Native"), for a cash consideration of RM75.

With the subscription, Native, which is intended to principally involved in concept creation and execution of product and brand marketing campaigns, specialising in video and multimedia content for online distribution and promotion, became a subsidiary of ISB.

Notes To The Financial Statements (Cont'd)
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29. COMMITMENTS

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
The future minimum rental payments under non cancellable tenancy agreements are as follows:			
Not later than 1 year	331,466	85,150	88,606
Later than 1 year and not later than 2 years	59,540	55,858	73,313
Later than 2 years and not later than 5 years	-	-	55,858
	391,006	141,008	217,777

30. SEGMENT INFORMATION OF THE GROUP

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

- Malaysia
- Singapore
- Indonesia
- Vietnam
- Philippines
- Hong Kong/China

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.

Inter segment transactions were entered into when advertising campaigns were carried out on a regional basis. The pricing of inter segment transactions will be determined based on negotiated margin basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.12.2012

	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Philippines RM	Hong Kong/ China RM	Total RM	Inter-segment elimination RM	Group RM
Revenue									
External revenue	23,081,708	8,443,871	4,662,031	1,529,551	592,841	359,666	38,669,668	-	38,669,668
Inter-segment revenue	1,109,242	153,414	137,423	113,586	52,604	11,875	1,578,144	(1,578,144)	-
Total revenue	24,190,950	8,597,285	4,799,454	1,643,137	645,445	371,541	40,247,812	(1,578,144)	38,669,668
Results									
Profit/(Loss) from operations before investment income	1,651,540	954,397	861,492	(326,605)	(141,853)	(769,655)	2,229,316	24,212	2,253,528
Investment income	277,164	-	4,000	1,893	3,571	1	286,629	-	286,629
Profit/(Loss) from operations	1,928,704	954,397	865,492	(324,712)	(138,282)	(769,654)	2,515,945	24,212	2,540,157
Finance costs	(28,186)	-	-	-	-	-	(28,186)	-	(28,186)
Share in loss of equity-accounted investees, net of tax	(5,647)	(147,246)	-	-	-	-	(152,893)	-	(152,893)
Profit/(Loss) before tax	1,894,871	807,151	865,492	(324,712)	(138,282)	(769,654)	2,334,866	24,212	2,359,078
Income tax expense	(187,000)	(84,646)	(196,772)	-	16,556	-	(451,862)	-	(451,862)
Net profit/(loss) for the year	1,707,871	722,505	668,720	(324,712)	(121,726)	(769,654)	1,883,004	24,212	1,907,216
Non-controlling interests	35,601	-	(33,436)	60,818	1	153,931	216,915	-	216,915
Profit/(Loss) attributable to owners of the Company	1,743,472	722,505	635,284	(263,894)	(121,725)	(615,723)	2,099,919	24,212	2,124,131

Notes To The Financial Statements (Cont'd)
31 December 2012

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

31.12.2012

	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Philippines RM	Hong Kong/ China RM	Total RM	Inter-segment elimination RM	Group RM
Assets and liabilities									
Segment assets	34,564,914	6,019,965	4,234,690	1,676,719	1,215,679	746,999	48,458,966	(14,718,885)	33,740,081
Investment in associates	84,353	348,242	-	-	-	-	432,595	-	432,595
Consolidated total assets	34,649,267	6,368,207	4,234,690	1,676,719	1,215,679	746,999	48,891,561	(14,718,885)	34,172,676
Segment liabilities	14,858,831	3,864,448	3,262,053	2,064,437	684,800	1,726,999	26,461,568	(15,895,496)	10,566,072
Consolidated total liabilities	14,858,831	3,864,448	3,262,053	2,064,437	684,800	1,726,999	26,461,568	(15,895,496)	10,566,072
Other information									
Capital expenditure	1,212,274	92,607	35,337	50,258	58,177	18,294	1,466,947	-	1,466,947
Amortisation of development expenditure	878,760	-	-	-	-	-	878,760	-	878,760
Depreciation	165,073	19,388	26,912	12,220	4,568	2,270	230,431	-	230,431
Material non cash expense other than depreciation and amortisation									
- Impairment losses on receivables	-	5,307	41,281	6,686	-	-	53,274	-	53,274
- Plant and equipment written off	2,056	11,227	-	-	-	-	13,283	-	13,283
- Retirement benefits	-	-	17,131	-	-	-	17,131	-	17,131
- Unrealised gain on foreign exchange	(26,342)	-	(3,970)	-	-	-	(30,312)	-	(30,312)

Notes To The Financial Statements (Cont'd)
31 December 2012

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

31.12.2011

	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Inter-segment elimination RM	Group RM
Revenue							
External revenue	22,092,034	6,157,483	2,328,072	3,446,336	34,023,925	-	34,023,925
Inter-segment revenue	1,024,004	29,288	237,805	28,779	1,319,876	(1,319,876)	-
Total revenue	23,116,038	6,186,771	2,565,877	3,475,115	35,343,801	(1,319,876)	34,023,925
Results							
Profit/(Loss) from operations before investment income	1,464,600	1,260,313	61,098	(594,194)	2,191,817	(24,212)	2,167,605
Investment income	115,920	-	3,570	2,606	122,096	-	122,096
Profit/(Loss) from operations	1,580,520	1,260,313	64,668	(591,588)	2,313,913	(24,212)	2,289,701
Finance costs	(37,050)	-	-	-	(37,050)	-	(37,050)
Profit/(Loss) before tax	1,543,470	1,260,313	64,668	(591,588)	2,276,863	(24,212)	2,252,651
Income tax expense	(7,567)	(125,313)	(12,498)	-	(145,378)	-	(145,378)
Net profit/(loss) for the year	1,535,903	1,135,000	52,170	(591,588)	2,131,485	(24,212)	2,107,273
Non-controlling interests	42,850	(59,094)	(2,609)	92,738	73,885	-	73,885
Profit/(Loss) attributable to owners of the Company	1,578,753	1,075,906	49,561	(498,850)	2,205,370	(24,212)	2,181,158

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.12.2011

	Malaysia RM	Singapore RM	Indonesia RM	Vietnam RM	Total RM	Inter-segment elimination RM	Group RM
Assets and liabilities							
Segment assets	27,455,459	4,669,138	2,662,609	1,938,085	36,725,291	(9,876,134)	26,849,157
Consolidated total assets	27,455,459	4,669,138	2,662,609	1,938,085	36,725,291	(9,876,134)	26,849,157
Segment liabilities	14,003,074	3,397,054	2,187,542	1,996,029	21,583,699	(10,393,091)	11,190,608
Consolidated total liabilities	14,003,074	3,397,054	2,187,542	1,996,029	21,583,699	(10,393,091)	11,190,608
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	41,115	12,370	-	299,766	353,251	-	353,251
- Retirement benefits	-	-	21,602	-	21,602	-	21,602
- Unrealised (gain)/loss on foreign exchange	(7,209)	-	2,961	28,889	24,641	-	24,641
1.1.2011							
Assets and liabilities							
Segment assets	24,186,592	1,294,941	1,455,783	2,414,893	29,352,209	(8,419,119)	20,933,090
Consolidated total assets	24,186,592	1,294,941	1,455,783	2,414,893	29,352,209	(8,419,119)	20,933,090
Segment liabilities	11,619,313	1,188,591	1,035,385	1,848,403	15,691,692	(8,439,307)	7,252,385
Consolidated total liabilities	11,619,313	1,188,591	1,035,385	1,848,403	15,691,692	(8,439,307)	7,252,385

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

31.1 Categories of financial instruments

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

Group	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Financial assets			
At fair value through profit or loss:			
- other financial assets	7,743,572	3,359,627	4,259,781
Loans and receivables:			
- trade and other receivables excluding prepayments	15,253,225	16,932,079	10,232,562
- fixed deposits with a licensed bank	681,139	616,307	545,000
- cash and bank balances	5,199,548	1,810,263	1,865,880
	21,133,912	19,358,649	12,643,442
	28,877,484	22,718,276	16,903,223
Financial liabilities			
Amortised cost:			
- borrowings	318,952	441,187	795,672
- trade and other payables excluding statutory liabilities and advance billings to customers	7,484,583	7,826,310	4,341,830
	7,803,535	8,267,497	5,137,502
Company			
Financial assets			
At fair value through profit or loss:			
- other financial assets	7,743,572	3,359,627	4,259,781
Loans and receivables:			
- trade and other receivables excluding prepayments	6,743,477	5,265,057	5,113,450
- cash and bank balances	29,892	41,097	63,221
	6,773,369	5,306,154	5,176,671
	14,516,941	8,665,781	9,436,452
Financial liabilities			
Amortised cost:			
- trade and other payables excluding statutory liabilities	234,413	67,192	64,884

Notes To The Financial Statements (Cont'd)
31 December 2012

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

31.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.2 Financial risk management objectives and policies (Cont'd)

Foreign exchange risk management (Cont'd)

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies							
Functional currency of the Group	**Ringgit Malaysia RM**	**Thai Baht RM**	**United States Dollar RM**	**Singapore Dollar RM**	**Indonesia Rupiah RM**	**Hong Kong Dollar RM**	**Chinese Renminbi RM**	**Total RM**
At 31 December 2012								
Ringgit Malaysia	-	(110,484)	(167,231)	57,878	(4,807)	(127)	-	(224,771)
Indonesia Rupiah	-	-	89,270	-	-	-	-	89,270
Vietnamese Dong	-	-	200,553	-	-	-	-	200,553
Singapore Dollar	-	-	2,213,185	-	-	-	-	2,213,185
Philippines Peso	-	-	46,192	-	-	-	-	46,192
Hong Kong Dollar	-	-	12,149	-	-	-	18,181	30,330
	-	(110,484)	2,394,118	57,878	(4,807)	(127)	18,181	2,354,759
At 31 December 2011								
Ringgit Malaysia	-	(32,235)	(70,552)	(5,993)	(50,694)	-	-	(159,474)
Indonesia 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.2 Financial risk management objectives and policies (Cont'd)

Foreign exchange risk management (Cont'd)

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies			
Functional currency of the Group	**Thai Baht RM**	**United States Dollar RM**	**Singapore Dollar RM**	**Total RM**
At 1 January 2011				
Ringgit Malaysia	(262)	196,906	13,958	210,602
Indonesia 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

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currency of the Group companies. 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 respective functional currency of the Group companies, profit before tax will increase/(decrease) by:

	Group Profit before tax	
	2012 RM	**2011 RM**
Functional currency in Ringgit Malaysia		
United States Dollar	(16,723)	(7,055)
Singapore Dollar	5,788	(599)
Thai Baht	(11,048)	(3,224)
Indonesia Rupiah	(481)	(5,069)
Hong Kong Dollar	(13)	-
Functional currency in Indonesia Rupiah		
United States Dollar	8,927	(4,687)
Ringgit Malaysia	-	(12,059)
Functional currency in Vietnamese Dong		
United States Dollar	20,055	93
Functional currency in Singapore Dollar		
United States Dollar	221,319	182,679
Ringgit Malaysia	-	(4,350)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.2 Financial risk management objectives and policies (Cont'd)

Foreign exchange risk management (Cont'd)

	Group	
	Profit before tax	
	2012	2011
	RM	RM
Functional currency in Philippines Peso		
United States Dollar	4,619	-
Functional currency in Hong Kong Dollar		
United States Dollar	1,215	-
Chinese Renminbi	1,818	-

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

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's profit before tax would decrease/increase by RM1,595 (2011: RM2,206).

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, 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. The Group 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 other than the amount due from a subsidiary amounting to RM6,662,953 (31.12.2011: RM5,085,939; 1.1.2011: RM4,934,332).

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

31.2 Financial risk management objectives and policies (Cont'd)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finance its 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.

Group		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
31.12.2012						
Non interest bearing debts	7,484,583	7,484,583	7,484,583	-	-	-
Interest bearing debts	318,952	399,609	35,606	41,169	134,275	188,559
	7,803,535	7,884,192	7,520,189	41,169	134,275	188,559
31.12.2011						
Non interest bearing debts	7,826,310	7,826,310	7,826,310	-	-	-
Interest bearing debts	441,187	540,761	132,355	38,179	136,899	233,328
	8,267,497	8,367,071	7,958,665	38,179	136,899	233,328
1.1.2011						
Non interest bearing debts	4,341,830	4,341,830	4,341,830	-	-	-
Interest bearing debts	795,672	969,105	483,280	36,727	140,600	308,498
	5,137,502	5,310,935	4,825,110	36,727	140,600	308,498

The undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay equal to the carrying amounts of the financial liabilities as disclosed in the respective notes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.2 Financial risk management objectives and policies (Cont'd)

Fair values

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

The fair value of the Group's other financial assets and borrowings approximate their respective carrying amounts.

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Company **Financial assets**	**Level 1** **RM**	**Level 2** **RM**	**Level 3** **RM**	**Total** **RM**
31.12.2012				
Investments in unquoted mutual funds	-	-	7,743,572	7,743,572
31.12.2011				
Investments in unquoted mutual funds	-	-	3,359,627	3,359,627
1.1.2011				
Investments in unquoted mutual funds	-	-	4,259,781	4,259,781

There were no transfers between Levels 1, 2 and 3 in the current and previous year.

31.3 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2012

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

31.3 Capital structure and equity (Cont'd)

The Group monitors capital on the basis of debt-to-equity ratio, where the ratio is arrived at net debts (total borrowings less cash and cash equivalents) divided by total equity. During the reporting period ended 31 December 2012, the Group's strategy was unchanged which is to maintain the debt-to-equity ratio at a healthy level. The debt-to-equity ratios were as follows:

	Group	
	31.12.2012 RM	31.12.2011 RM
Net debts	-	-
Total equity	23,606,604	15,658,549
Debt-to-equity ratio	N/A	N/A

32. 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 2012 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	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries				
- Realised	6,432,818	4,860,991	(1,234,568)	(945,500)
- Unrealised	65,450	(24,641)	-	-
	6,498,268	4,836,350	(1,234,568)	(945,500)
Total share of accumulated losses from an associate				
- Realised	(204,417)	(51,524)	-	-
	6,293,851	4,784,826	(1,234,568)	(945,500)
Add: Consolidation adjustments	1,411,388	796,282	-	-
Retained profits/(Accumulated losses) as per financial statements	7,705,239	5,581,108	(1,234,568)	(945,500)

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 2012 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	16	1,301	Office Lot/ Office	27.07.2005	219,978
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	16	1,371	Office Lot/ Office	27.07.2005	232,118
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	16	1,192	Office Lot/ Office	14.04.2009	208,861

Analysis of Shareholdings
As At 3 May 2013

Authorised share capital	:	RM25,000,000.00
Issued and Fully Paid-up Capital	:	RM13,840,341.57
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 2013

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	18	2.214	1,009	0.000
100 - 1,000	583	71.709	223,379	0.161
1,001 - 10,000	115	14.145	423,242	0.305
10,001 - 100,000	66	8.118	2,516,680	1.818
100,001 - 6,920,169 (*)	27	3.321	48,662,160	35.159
6,920,170 AND ABOVE (**)	4	0.492	86,576,945	62.554
TOTAL :	813	100.000	138,403,415	100.000

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

SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2013

No.	Name	Holdings	%
1.	D.A. CONSORTIUM INC	34,735,500	25.097
2.	JOBSTREET CORPORATION BERHAD	29,250,040	21.133
3.	PHANG CHEE LEONG	11,692,496	8.448
4.	LOOA HONG TUAN	10,898,909	7.874
TOTAL		86,576,945	62.552

Analysis of Shareholdings (Cont'd)
As At 3 May 2013

DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2013

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	10,898,909	7.874
5	RHB NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR LOOA HONG TUAN	1,475,776	1.066
6	RHB NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR PHANG CHEE LEONG	1,605,876	1.160
7	RHB NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR SEAH KUM LOONG	1,460,765	1.055
8	RHB NOMINEES (TEMPATAN) SDN BERHAD OSK CAPITAL SDN BHD FOR WONG KOK WOH	681,078	0.492
9	PHANG CHEE LEONG	11,692,496	8.448
10	ROBERT LIM CHOON SIN	2,900	0.002
11	SEAH KUM LOONG	5,356,527	3.870
12	SHAMSUL ARIFFIN BIN MOHD NOR	0	0
13	WONG KOK WOH	6,618,008	4.781
14	YUTAKA SHIMIZU	0	0
15	HISAHARU TERAI (ALTERNATE DIRECTOR TO YUTAKA SHIMIZU)	0	0

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 3 MAY 2013

LIST OF TOP 30 HOLDERS AS AT 3 MAY 2013

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

No.	Name	Holdings	%
1	D.A.CONSORTIUM INC.	34,735,500	25.097
2	JOBSTREET CORPORATION BERHAD	29,250,040	21.133
3	PHANG CHEE LEONG	11,692,496	8.448
4	LOOA HONG TUAN	10,898,909	7.874
5	WONG KOK WOH	6,618,008	4.781
6	CHANG CHEW TUCK	6,278,950	4.536
7	LEE CHEL CHAN	6,278,257	4.536
8	SEAH KUM LOONG	5,356,527	3.870
9	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,895,400	2.814
10	WAN LIN SENG	3,774,000	2.726
11	MCONTECH SDN.BHD.	2,439,000	1.762
12	SIEW YOKE LEE	2,034,366	1.469
13	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR PHANG CHEE LEONG	1,605,876	1.160
14	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,533,000	1.107
15	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LOOA HONG TUAN	1,475,776	1.066
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON CHUAN	1,465,000	1.058
17	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR SEAH KUM LOONG	1,460,765	1.055
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOON SHING	719,657	0.519
19	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR WONG KOK WOH	681,078	0.492

Analysis of Shareholdings (Cont'd)
As At 3 May 2013

LIST OF TOP 30 HOLDERS AS AT 3 MAY 2013 (CONT'D)

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

No.	Name	Holdings	%
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	397,300	0.287
21	MUHAMAD SUHAILI BIN YAHAYA	380,000	0.274
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YANG LIANG	372,300	0.268
23	LEAM AM KEM	353,900	0.255
24	LEE YOKE KEE	280,000	0.202
25	TAN BEE BEE	250,000	0.180
26	ARSHAD BIN ABDUL RAHMAN	247,500	0.178
27	POH CHOO LIP	200,000	0.144
28	YONG LEN FONG	200,000	0.144
29	TAN SENG GAN	133,000	0.096
30	TAN YU YEH	120,700	0.087
Total		135,127,305	97.632

NOTICE OF 6TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Green I, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 21 June 2013 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 2012 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. Seah Kum Loong (Ordinary Resolution 1)
   ii. Mr. Wong Kok Woh (Ordinary Resolution 2)
   iii. Encik Abd Malik Bin A Rahman (Ordinary Resolution 3)

3. To elect Mr. Yutaka Shimizu who retires pursuant to Article 90 of the Company's Articles of Association. (Ordinary Resolution 4)

4. To re-appoint Messrs Russell Bedford LC & Company as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

B. Special Business

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

5. **DIRECTORS' FEES**

"THAT the payment of the Directors' fees of RM90,000 for the financial year ended 31 December 2012 be approved." (Ordinary Resolution 6)

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"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 and 2.5.2 of the Circular to Shareholders ("the Related Party") provided that such transactions and/or arrangements are:- (Ordinary Resolution 7)

(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

Notice of 6th Annual General Meeting (Cont'd)

(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. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"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 2.5.3 of the Circular to Shareholders ("the Related Party") provided that such transactions and/or arrangements are:- (Ordinary Resolution 8)

(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 "New 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

Notice of 6th Annual General Meeting (cont'd)

(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 New Shareholders' Mandate."

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"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." (Ordinary Resolution 9)

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
30 May 2013

Notice of 6th Annual General Meeting (Cont'd)

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 Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 17 June 2013 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 2012

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 6 – Directors' Fees

The Ordinary Resolution 6, if passed, will allow the payment of Directors' fees for the financial year ended 31 December 2012 to the Directors of the Company.

(ii) Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for 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 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 30 May 2013, which is despatched together with the Company's Annual Report 2012.

NOTICE OF 6TH ANNUAL GENERAL MEETING (CONT'D)

(iii) Ordinary Resolution 8 – Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 8, 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 30 May 2013, which is despatched together with the Company's Annual Report 2012.

(iv) Ordinary Resolution 9 – Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 9 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, 12,582,128 new ordinary shares of RM0.10 each in the capital of the Company at an issue price of RM0.53 each were issued pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting held on 22 June 2012 and which will lapse at the conclusion of the Sixth Annual General Meeting. The net proceeds of RM6,168,528 raised from the private placement exercise will be utilised for working capital purposes.

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.

STATEMENT ACCOMPANYING NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

Details of Director who is standing for election in Agenda 3 of the Notice of the Sixth Annual General Meeting are set out in the Director's Profile appearing on page 16 of this Annual Report.

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 Sixth Annual General Meeting of the Company to be held at Green I, Jalan Club Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 21 June 2013** 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. Seah Kum Loong as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr. Wong Kok Woh as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 3	Re-election of Encik Abd Malik Bin A Rahman as Director pursuant to Article 84 of the Company's Articles of Association		
Ordinary Resolution 4	Election of Mr. Yutaka Shimizu as Director pursuant to Article 90 of the Company's Articles of Association		
Ordinary Resolution 5	Re-appointment of Messrs Russell Bedford LC & Company as Auditors		
Special Business			
Ordinary Resolution 6	Payment of Directors' fees for the financial year ended 31 December 2012		
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 9	Authority to Issue Shares		

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

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 ____________________ 2013

____
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 Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 17 June 2013 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

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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

fold here

fold here

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