

INNITY CORPORATION BERHAD
(Incorporated in Malaysia)

11. Investment in subsidiaries

	Company	
	2013	2012
	RM	RM
Unquoted shares, at cost		
At beginning/end of year	3,422,173	3,422,173
Provision of financial guarantees		
At beginning of year	-	-
Current year	129,759	-
At end of year	129,759	-
Accumulated impairment losses		
At beginning of year	(500,000)	(250,000)
Impairment for the year, included in the other operating expenses	-	(250,000)
At end of the year	(500,000)	(500,000)
Carrying amount	3,051,932	2,922,173

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective and voting interests		Principal activities
		2013	2012	
Subsidiaries of the Company				
Innity Sdn Bhd	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Spiral Vibe Sdn Bhd	Malaysia	100%	100%	Advertising agency providing full suite of services
Advenue Digital Advertising Sdn Bhd	Malaysia	100%	100%	Dormant
Subsidiaries of Innity Sdn Bhd				
Innity Limited	Hong Kong	100%	100%	Investment holding company
PT. Media Innity*	Indonesia	95%	95%	Provision of technology based online advertising solutions and other related internet services

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11. Investment in subsidiaries (continued)

Subsidiaries of Innity Sdn Bhd (continued)	Country of incorporation	Group's effective and voting interests		Principal activities
		2013	2012	
DoMedia Asia Sdn Bhd	Malaysia	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity China Co., Limited*	Hong Kong	80%	80%	Provision of technology based online advertising solutions and other related internet services
Tresixty Media Sdn Bhd ("Tresixty")	Malaysia	80%	64%	Provision of budget online advertising and media solutions
Innity Philippines, Inc.*	Philippines	99.99%	99.99%	Provision of technology based online advertising solutions and other related internet services
Native Media Sdn Bhd	Malaysia	75%	-	Provision of concept creation and execution for product and brand marketing campaigns, specializing in video and multimedia content for online distribution and promotion
Appsploration Sdn Bhd	Malaysia	75%	-	Developing computer and mobile software applications
Innity Shanghai Co., Ltd*	China	100%	-	Provision of technology based online advertising solutions and other related internet services
Subsidiaries of Innity Limited				
Innity Singapore Pte. Ltd.*	Singapore	100%	100%	Provision of technology based online advertising solutions and other related internet services
Innity Vietnam Co Ltd*	Vietnam	88%	88%	Software production house

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11. Investment in subsidiaries (continued)

Subsidiary of Innity Vietnam Co Ltd	Country of incorporation	Group's effective interest		Principal activities
		2013	2012	
Innity Software and Advertising Co Ltd ("ISACL") * #	Vietnam	79%	79%	Provision of technology based online advertising solutions and other related internet services

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

The Group held 90% (2012: 90%) voting interest in ISACL.

During the reporting period:

- (i) On 21 March 2013, the subsidiaries of the Company, Innity Sdn Bhd ("ISB") and Spiral Vibe Sdn Bhd ("SVSB") subscribed for a total of 75 shares of RM1 each representing 75% equity interest of Native Media Sdn Bhd ("Native"), for a cash consideration of RM75.

With the subscription, Native became a subsidiary of ISB.

- (ii) On 27 May 2013, ISB acquired an additional 16 ordinary shares of RM1 each in Tresixty for a cash consideration of RM16. Consequently, ISB's shareholding in Tresixty increased from 64% to 80%.

The following summarises the effect of changes in the equity interest in Tresixty that is attributable to owners of the Company:

	Group 2013 RM
Equity interest:	
At beginning of year	(324,052)
Effect of increase in Company's ownership interest	3,909
Share of comprehensive loss	(270,230)
At end of year	<u>(590,373)</u>

- (iii) On 3 June 2013, ISB and SVSB acquired a total of 75 ordinary shares of RM1 each, representing 75% equity interest of Appsploration Sdn Bhd ("Appsploration"), for a cash consideration of RM75.

With the acquisition, Appsploration became a subsidiary of ISB.

- (iv) On 24 October 2013, ISB incorporated a wholly-owned subsidiary, Innity Shanghai Co., Ltd ("Innity Shaghai"), a company incorporated in China. The registered capital of Innity Shanghai is RMB3,000,000. As at reporting date, the share capital of Innity Shanghai is paid up to RMB619,924 (equivalent to RM340,000).

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11. Investment in subsidiaries (continued)

In the previous reporting period:

- (i) On 30 March 2012, a subsidiary of the Company, 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.

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

	2013 RM	2012 RM
Revenue	42,500	781,165
Net profit for the year	(345,015)	(624,287)
	2013 RM	2012 RM
Plant and equipment	6,072	-
Cash and cash equivalents	1,658	656,865
Other payables	(1,600)	-
Tax payable	(977)	-
Deferred tax liability	(812)	-
Fair value of net assets acquired	4,341	656,865
Less:		
- non-controlling interests	(1,125)	(39)
- gain on bargain purchase	(3,066)	-
Cost of business combination	150	656,826

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12. Investment in associates

	Group	
	2013 RM	2012 RM
Unquoted shares, at cost	637,012	637,012
Share in post acquisition losses of associates	(574,818)	(204,417)
Carrying amount, representing share of net assets	<u>62,194</u>	<u>432,595</u>

	Company	
	2013 RM	2012 RM
Unquoted shares, at cost		
At beginning of year	495,488	-
Additions	-	495,488
At end of year	<u>495,488</u>	<u>495,488</u>

The details of the associates are as follows:

Associate of the Company	Country of incorporation	Group's effective and voting interests		Principal activities
		2013	2012	
I-DAC Pte. Ltd. ("I-DAC")*	Singapore	49%	49%	Provision of various advertising services using advanced technologies, sub-license the right to use the technologies and technical support
Subsidiary of I-DAC				
I-DAC (M) Sdn Bhd	Malaysia	49%	-	Provider of digital advertising services and other related digital marketing solutions
Held through Innity Sdn Bhd ("ISB")				
Dynamic Outdoor Media Sdn Bhd*	Malaysia	40%	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%	Provision of technology based online advertising solutions and other related internet services

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

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12. Investment in associates (continued)

I-DAC is a result of the business alliance with a corporate shareholder of the Company which provides the Group access to new customers in the ASEAN region and an advanced online advertising platform.

The directors regard I-DAC as a material associate to the Group. The summarised financial information of the associates is as follows:

	I-DAC Pte Ltd RM	Other individually immaterial associates RM	Total RM
2013			
Assets and liabilities			
Current assets	1,518,871	2,080,215	3,599,086
Non current assets	19,779	145,830	165,609
Total assets	<u>1,538,650</u>	<u>2,226,045</u>	<u>3,764,695</u>
Current liabilities/Total liabilities	<u>1,782,131</u>	<u>2,303,247</u>	<u>4,085,378</u>
Results			
Revenue	2,844,048	2,871,678	5,715,726
Net (loss)/profit for the year	<u>(943,346)</u>	<u>58,482</u>	<u>(884,864)</u>
2012			
Assets and liabilities			
Current assets	1,314,878	1,529,460	2,844,338
Non current assets	8,509	104,971	113,480
Total assets	<u>1,323,387</u>	<u>1,634,431</u>	<u>2,957,818</u>
Current liabilities/Total liabilities	<u>614,323</u>	<u>1,766,369</u>	<u>2,380,692</u>
Results			
Revenue	332,082	2,387,082	2,719,164
Net (loss)/profit for the year	<u>(300,502)</u>	<u>67,685</u>	<u>(232,817)</u>

Reconciliation of the summarised financial information presented to the carrying amount of the interest in associates is as follows:

	I-DAC Pte Ltd RM	Other individually immaterial associates RM	Total RM
2013			
Group's share of net liabilities	-	(22,240)	(22,240)
Goodwill	-	84,434	84,434
Carrying amount	<u>-</u>	<u>62,194</u>	<u>62,194</u>
2012			
Group's share of net assets	347,442	719	348,161
Goodwill	-	84,434	84,434
Carrying amount	<u>347,442</u>	<u>85,153</u>	<u>432,595</u>

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12. Investment in associates (continued)

The financial statements of the Group has not recognised share in losses of associates of RM113,997 (2012: RM Nil) in the current reporting period and RM124,365 (2012: RM66,472) cumulatively, since the Group has no obligation in respect of these losses.

In the previous 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 for a cash consideration of SGD196,000 (equivalent to RM495,488).

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

13. Deferred tax assets/(liabilities)

	Group	
	2013 RM	2012 RM
At beginning of year	(134,256)	-
Acquisition of subsidiary (Note 11)	(812)	-
Recognised in profit or loss (Note 7)		
- current year		
- Malaysia	(154,800)	(107,400)
- Outside Malaysia	1,392	31,691
- (under)/over provision in prior years		
- Malaysia	-	(68,000)
- Outside Malaysia	-	10,199
Exchange differences	(3,295)	(746)
At end of year	<u>(291,771)</u>	<u>(134,256)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets		
- Retirement benefits obligations	13,369	10,007
- Utilised tax losses	8,298	17,270
- Other deductible temporary differences	17,574	13,867
	<u>39,241</u>	<u>41,144</u>
Deferred tax liabilities		
- Carrying amount of development expenditure	(407,100)	(205,300)
- Excess of tax capital allowances over related depreciation of plant and equipment	(20,348)	(4,100)
- Unutilised tax losses	96,436	34,000
	<u>(331,012)</u>	<u>(175,400)</u>
	<u>(291,771)</u>	<u>(134,256)</u>

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13. Deferred tax assets/(liabilities) (continued)

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

	Group	
	2013 RM	2012 RM
Tax effects of:		
Retirement benefit obligations	13,369	10,007
Unabsorbed capital allowances and unutilised tax losses:		
- no expiry	939,393	571,393
- tax losses allowed to be utilised up to financial year ending 31 December		
- 2016	436,253	546,265
- 2017	339,866	318,393
- 2018	33,409	-
Other deductible temporary differences	84,873	58,867
	<u>1,847,163</u>	<u>1,504,925</u>
Less tax effects of:		
Carrying amount of development expenditure	(758,500)	(700,900)
Excess of tax capital allowances over related depreciation of plant and equipment	(22,116)	(13,500)
Other taxable temporary differences	(1,300)	(6,600)
	<u>(781,916)</u>	<u>(721,000)</u>
	<u>1,065,247</u>	<u>783,925</u>
Add: Net deferred tax liabilities recognised	291,771	134,256
Net deferred tax assets not recognised	<u>1,357,018</u>	<u>918,181</u>

Deferred tax liabilities are not recognised when the initial recognition of the related assets and liabilities at the time of the transactions, affects neither accounting profit nor taxable profit. Portion of the deferred tax assets arising from tax losses are also not recognised where it is not probable that taxable profit will be available in the foreseeable future to utilise the tax benefits.

14. Trade receivables

	Group	
	2013 RM	2012 RM
Third parties	19,482,764	14,408,812
Less: Allowance for doubtful debts	(545,733)	(464,928)
	<u>18,937,031</u>	<u>13,943,884</u>
Amount due from associates	1,077,785	152,056
	<u>20,014,816</u>	<u>14,095,940</u>

The Group's normal trade credit terms range from 30 days to 90 days (2012: 30 days to 60 days).

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14. Trade receivables (continued)

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

	Group	
	2013 RM	2012 RM
Not impaired or past due	5,099,038	3,476,390
1 – 30 days past due not impaired	4,266,449	2,576,467
31 – 60 days past due not impaired	3,368,244	2,737,828
61 – 90 days past due not impaired	2,287,959	1,684,722
91 – 120 days past due not impaired	1,389,357	574,056
More than 120 days past due not impaired	3,603,769	3,046,477
	20,014,816	14,095,940
Impaired	545,733	464,928
	<u>20,560,549</u>	<u>14,560,868</u>

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	
	2013 RM	2012 RM
At beginning of year	464,928	418,968
Allowance for the year	77,732	46,588
Allowance no longer required	(6,141)	-
Exchange differences	9,214	(628)
At end of year	<u>545,733</u>	<u>464,928</u>

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.

15. Other receivables, deposits and prepayments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	104,784	78,341	-	-
Amount due from associates	1,338,814	872,013	-	25,000
Amount due from subsidiaries	-	-	9,278,388	6,716,977
	1,443,598	950,354	9,278,388	6,741,977
Less: Allowance for doubtful debts	(23,325)	(22,286)	-	-
	1,420,273	928,068	9,278,388	6,741,977
Deposits	322,452	229,217	1,500	1,500
Prepayments	719,524	618,923	3,456	2,774
	<u>2,462,249</u>	<u>1,776,208</u>	<u>9,283,344</u>	<u>6,746,251</u>

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15. Other receivables, deposits and prepayments (continued)

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

	Group	
	2013	2012
	RM	RM
At beginning of year	22,286	15,600
Allowance for the year	-	6,686
Exchange differences	1,039	-
At end of year	<u>23,325</u>	<u>22,286</u>

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.

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	
	2013	2012
Weighted average interest rate (%)	<u>3.15</u>	<u>3.06</u>
Average maturity (days)	<u>75</u>	<u>52</u>

17. Other financial assets

	Group and Company	
	2013	2012
	RM	RM
Financial assets at fair value through profit or loss		
Investments in unquoted mutual funds in Malaysia, at cost	<u>5,307,157</u>	<u>7,574,178</u>
Fair value adjustments		
At beginning of year	169,394	-
Changes for the year	-	169,394
Disposals	(169,394)	-
At end of year	<u>-</u>	<u>169,394</u>
Carrying amount	<u>5,307,157</u>	<u>7,743,572</u>

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17. Other financial assets (continued)

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. The funds' objective is to maintain its net assets per unit at a prescribed rate hence there shall be minimum fluctuation to the fair value of the other financial assets.

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 RM Nil (2012: RM506,000) which represent the unutilised balance of gross proceeds raised from the flotation scheme which are restricted for the following intended use:

	Group and Company	
	2013	2012
	RM	RM
Research and development expenditure	-	1,000
Working capital	-	505,000
	<u>-</u>	<u>506,000</u>

18. Trade payables

	Group	
	2013	2012
	RM	RM
Third parties	8,529,840	6,517,396
Amount due to associates	926,221	264,006
	<u>9,456,061</u>	<u>6,781,402</u>

The normal trade credits granted to the Group range from 45 to 90 days (2012: 45 to 90 days).

19. Other payables and accruals

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Amount due to subsidiaries	-	-	411,669	-
Other payables	143,732	246,262	26,713	191,803
Advance billings to customers	1,270,572	1,200,809	-	-
Amount due to an associate	1,028	22,462	-	-
Financial guarantee liabilities	-	-	119,759	-
Accruals	620,680	434,457	27,400	42,610
Indirect tax payable	1,107,925	920,719	-	-
Payroll related statutory liabilities	332,018	196,377	-	-
	<u>3,475,955</u>	<u>3,021,086</u>	<u>585,541</u>	<u>234,413</u>
Less: Non current portion	-	-	(110,530)	-
Portion due within one year	<u>3,475,955</u>	<u>3,021,086</u>	<u>475,011</u>	<u>234,413</u>

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19. Other payables and accruals (continued)

	Company	
	2013	2012
	RM	RM
The non current portion of financial guarantee liabilities is to be accreted as follows:		
Later than 1 year and not later than 2 years	8,518	-
Later than 2 years and not later than 5 years	21,815	-
Later than 5 years	80,197	-
	<u>110,530</u>	<u>-</u>

20. Short term borrowings

	Group	
	2013	2012
	RM	RM
Long term loans – current portion (Note 21)	<u>34,158</u>	<u>33,123</u>

The weighted average effective interest rates are as follows:

	Group	
	2013	2012
	%	%
Bank overdrafts	8.4	8.6
Term loans	<u>7.4</u>	<u>7.4</u>

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

- (i) Fixed deposits with a licensed bank;
- (ii) Flexi Guarantee Scheme 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	
	2013	2012
	RM	RM
Amount outstanding	285,830	318,952
Less: Portion due within one year (Note 20)	<u>(34,158)</u>	<u>(33,123)</u>
Non current portion	<u>251,672</u>	<u>285,829</u>

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21. **Long term loans** (continued)

	Group	
	2013	2012
	RM	RM
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	38,389	35,691
Later than 2 years and not later than 5 years	105,960	108,388
Later than 5 years	107,323	141,750
	<u>251,672</u>	<u>285,829</u>

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

22. **Retirement benefit obligations**

	Group	
	2013	2012
	RM	RM
Present value of retirement benefit obligations/Net liability arising from retirement benefit obligations	<u>53,475</u>	<u>50,344</u>

Amounts recognised in profit or loss in respect of the retirement benefit obligations is as follows:

	Group	
	2013	2012
	RM	RM
Current service cost	<u>12,581</u>	<u>17,131</u>

The movements in the present value of the retirement benefit obligations are as follows:

	Group	
	2013	2012
	RM	RM
At beginning of year	50,344	36,894
Current service cost	12,581	17,131
Exchange differences	(9,450)	(3,681)
At end of year	<u>53,475</u>	<u>50,344</u>

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 benefit obligations was carried out on 27 January 2014 by an independent qualified actuary. The present value of the retirement benefit obligations, 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:

	2013	2012
Discount rate	8.5%	6%
Annual salary increase	<u>8%</u>	<u>8%</u>

Management believes that no reasonably possible changes in any of the above key assumptions would lead to significant changes to the present value of the retirement benefit obligations.

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23. Share capital

	Group and Company			
	2013 No. of ordinary shares of RM0.10 each	2012 No. of ordinary shares of RM0.10 each	2013 RM	2012 RM
Authorised:				
At beginning/end of year	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
	Group and Company			
	2013 No. of ordinary shares of RM0.10 each	2012 No. of ordinary shares of RM0.10 each	2013 RM	2012 RM
Issued and fully paid:				
At beginning of year	138,403,417	125,821,287	13,840,342	12,582,129
Issued during the year	<u>-</u>	<u>12,582,130</u>	<u>-</u>	<u>1,258,213</u>
At end of year	<u>138,403,417</u>	<u>138,403,417</u>	<u>13,840,342</u>	<u>13,840,342</u>

In the previous reporting period, 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 the then existing shares of the Company.

24. Reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Retained profits/ (Accumulated losses)	10,143,895	7,705,239	(1,367,643)	(1,234,568)
Non distributable:				
Share premium	5,097,189	5,097,189	5,097,189	5,097,189
Reverse acquisition reserve (legal capital adjustment)	(2,512,173)	(2,512,173)	-	-
Foreign currency translation reserve	<u>(413,885)</u>	<u>(240,840)</u>	<u>-</u>	<u>-</u>
	<u>12,315,026</u>	<u>10,049,415</u>	<u>3,729,546</u>	<u>3,862,621</u>

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.

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25. Prior year adjustments**25.1 Revenue recognition**

Prior to 2012, 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

As at 1 January 2012, 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 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:

	As previously reported RM	Group Prior year adjustments (Note 25.1) RM	(Note 25.2) RM	As restated RM
Statement of changes in equity as at 1 January 2012				
Retained profits	6,382,112	(714,377)	(86,627)	5,581,108
Non-controlling interests	(41,352)	(11,455)	(4,559)	(57,366)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

26. Contingent liability

A subsidiary's interpretation of the Promotion of Investment Act 1986 in respect of the amount of income exempted from tax might be different from that of the tax authority. As at the date the financial statements are approved for issue, the tax authority has yet to respond to the clarification sought by the subsidiary on this matter. The Group, therefore, is contingently liable for income tax expense amounting to RM331,000 should the interpretation by the tax authority differs from that of the subsidiary.

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27. Significant related party transactions

27.1. Related party transactions

		Group		Company	
	Type of Transactions	2013 RM	2012 RM	2013 RM	2012 RM
Significant transactions with related parties are as follows:					
With associates					
- Dynamic Outdoor Media Sdn Bhd	Purchases	107,633	100,296	-	-
- Innity Digital Media (Thailand) Co Ltd	Sales	16,581	36,210	-	-
	Administrative income	276	-	-	-
	Purchases	150,038	192,784	-	-
	Administrative expense	1,269	-	-	-
- I-DAC Pte Ltd	Sales	792,390	136,413	-	-
	Purchases	691,215	40,319	-	-
	Royalty fee expense	13,965	417	-	-
	Technical fee expense	189,410	45,000	-	-
With a corporate shareholder of the Company					
- Jobstreet Corporation Berhad	Purchases	14,005	168,702	-	-
With subsidiaries of a corporate shareholder of the Company					
- Jobstreet.com Sdn Bhd	Sales	5,000	5,000	-	-
	Staff recruitment expense	5,963	11,210	-	-
- Autoworld.com.my Sdn Bhd	Purchases	65,472	116,251	-	-
- PT. Jobstreet Indonesia	Purchases	317	-	-	-

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.

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27.2 Related party balances

		Group		Company	
	Type of transaction	2013 RM	2012 RM	2013 RM	2012 RM
Individually significant unsecured interest free outstanding balances arising from other than normal trade transactions are as follows:					
Financial assets:					
With subsidiaries					
- Advenue Digital Advertising Sdn Bhd	Advances	-	-	2,500	2,500
- Innity Limited	Advances	-	-	51,524	51,524
- Innity Sdn Bhd	Advances	-	-	9,224,364	6,662,953
With associates					
- Dynamic Outdoor Media Sdn Bhd	Advances	135,983	85,294	-	-
- Innity Digital Media (Thailand) Co Ltd	Advances	1,142,875	769,961	-	25,000
- I-DAC Pte Ltd	Advances	12,277	16,758	-	-
- I-DAC (M) Sdn Bhd	Advances	47,679	-	-	-
Financial liabilities:					
With subsidiaries					
- Innity Sdn Bhd	Advances	-	-	401,669	-
- Spiral Vibe Sdn Bhd	Advances	-	-	10,000	-
With associates					
- Innity Digital Media (Thailand) Co., Ltd.	Advances	1,028	-	-	-
- I-DAC Pte Ltd	Advances	-	22,462	-	-

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.

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28. Commitments

	2013 RM	Group 2012 RM
The future minimum rental payments under non cancellable tenancy agreements are as follows:		
Not later than 1 year	241,765	331,466
Later than 1 year and not later than 2 years	130,365	59,540
Later than 2 years and not later than 5 years	51,720	-
	<u>423,850</u>	<u>391,006</u>

29. 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 is determined based on negotiated margin basis.

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29. Segment information of the Group (continued)

2013	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Hong Kong/ China	Total	Inter-segment elimination	Group
Revenue	RM	RM	RM	RM	RM	RM	RM	RM	RM
External revenue	24,948,127	7,340,458	8,742,054	1,811,154	1,455,386	2,208,207	46,505,386	-	46,505,386
Inter-segment revenue	1,106,428	112,766	229,936	56,516	79,191	104,240	1,689,077	(1,689,077)	-
Total revenue	26,054,555	7,453,224	8,971,990	1,867,670	1,534,577	2,312,447	48,194,463	(1,689,077)	46,505,386
Results									
Profit/(Loss) from operations before investment income	973,111	508,699	1,964,257	93,202	7,750	(416,793)	3,130,226	-	3,130,226
Investment income	351,491	-	8,000	2,425	7,714	4	369,634	(189,247)	180,387
Profit/(Loss) from operations	1,324,602	508,699	1,972,257	95,627	15,464	(416,789)	3,499,860	(189,247)	3,310,613
Finance costs	(32,255)	(30,391)	(61,315)	(29,487)	-	(61,209)	(214,657)	189,247	(25,410)
Share in loss of equity-accounted associates, net of tax	(22,160)	(348,241)	-	-	-	-	(370,401)	-	(370,401)
Profit/(Loss) before tax	1,270,187	130,067	1,910,942	66,140	15,464	(477,998)	2,914,802	-	2,914,802
Income tax expense	(207,205)	13,058	(478,494)	-	(10,738)	(14,793)	(698,172)	-	(698,172)
Net profit/(loss) for the year	1,062,982	143,125	1,432,448	66,140	4,726	(492,791)	2,216,630	-	2,216,630
Profit/(Loss) attributable to non-controlling interests	194,372	-	(71,625)	(16,697)	-	112,083	218,133	-	218,133
Profit/(Loss) attributable to owners of the Company	1,257,354	143,125	1,360,823	49,443	4,726	(380,708)	2,434,763	-	2,434,763

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29. Segment information of the Group (continued)

2013	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	29,986,225	5,305,243	8,159,204	2,444,328	1,291,567	2,436,621	49,623,188	(10,066,357)	39,556,831
Investment in associates	62,194	-	-	-	-	-	62,194	-	62,194
Consolidated total assets	30,048,419	5,305,243	8,159,204	2,444,328	1,291,567	2,436,621	49,685,382	(10,066,357)	39,619,025
Segment liabilities	8,418,997	2,595,744	5,986,736	2,737,889	769,852	3,661,532	24,170,750	(10,179,534)	13,991,216
Consolidated total liabilities	8,418,997	2,595,744	5,986,736	2,737,889	769,852	3,661,532	24,170,750	(10,179,534)	13,991,216
Other information									
Capital expenditure	1,692,057	30,255	45,946	-	4,431	53,093	1,825,782	-	1,825,782
Amortisation of development expenditure	910,652	-	-	-	-	-	910,652	-	910,652
Depreciation	216,803	23,756	29,531	9,882	13,192	9,740	302,904	-	302,904
Material non cash expense other than depreciation and amortisation	-	-	-	-	-	-	-	-	-
- Allowance for doubtful debts	35,646	39,086	-	3,000	-	-	77,732	-	77,732
- Plant and equipment written off	3,799	1,732	-	-	-	-	5,531	-	5,531
- Development expenditure written off	125,574	-	-	-	-	-	125,574	-	125,574
- Retirement benefits	-	-	12,581	-	-	-	12,581	-	12,581
- Unrealised (gain)/loss on foreign exchange	(5,298)	(33,618)	440,102	2,479	(2,056)	(5,628)	395,981	-	395,981
- Allowance for doubtful debts no longer required	-	(6,141)	-	-	-	-	(6,141)	-	(6,141)

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29. Segment information of the Group (continued)

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 associates, 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
Profit/(Loss) attributable to 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

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29. Segment information of the Group (continued)

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	26,890,591	6,019,965	4,234,690	1,676,719	1,215,679	746,999	40,784,643	(7,044,562)	33,740,081
Investment in associates	84,353	348,242	-	-	-	-	432,595	-	432,595
Consolidated total assets	26,974,944	6,368,207	4,234,690	1,676,719	1,215,679	746,999	41,217,238	(7,044,562)	34,172,676
Segment liabilities	6,007,897	3,864,448	3,262,053	2,064,437	684,800	1,726,999	17,610,634	(7,044,562)	10,566,072
Consolidated total liabilities	6,007,897	3,864,448	3,262,053	2,064,437	684,800	1,726,999	17,610,634	(7,044,562)	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	-	5,307	41,281	6,686	-	-	53,274	-	53,274
- Allowance for doubtful debts	-	11,227	-	-	-	-	13,283	-	13,283
- Plant and equipment written off	2,056	-	-	-	-	-	17,131	-	17,131
- Retirement benefits	-	-	17,131	-	-	-	-	-	-
- Unrealised gain on foreign exchange	(26,342)	-	(3,970)	-	-	-	(30,312)	-	(30,312)

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30. Financial instruments, financial risks and capital risk management**30.1 Categories of financial instruments**

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets				
At fair value through profit or loss:				
- other financial assets	5,307,157	7,743,572	5,307,157	7,743,572
Loans and receivables:				
- trade and other receivables excluding prepayments	21,757,541	15,253,225	9,279,888	6,743,477
- fixed deposits with a licensed bank	1,701,768	681,139	-	-
- cash and bank balances	5,382,349	5,199,548	17,508	29,892
	28,841,658	21,133,912	9,297,396	6,773,369
	<u>34,148,815</u>	<u>28,877,484</u>	<u>14,604,553</u>	<u>14,516,941</u>
Financial liabilities				
Amortised cost:				
- borrowings	285,830	318,952	-	-
- trade and other payables excluding statutory liabilities and advance billings to customers	10,221,501	7,484,583	585,541	234,413
	<u>10,507,331</u>	<u>7,803,535</u>	<u>585,541</u>	<u>234,413</u>

30.2 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.

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30.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

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

Functional currency of the Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies										
	United States			Hong Kong			Chinese Renminbi	Vietnamese Dong	Philippine Peso	New Taiwan	
	Ringgit Malaysia RM	Thai Baht RM	Dollar RM	Singapore Dollar RM	Indonesian Rupiah RM	Dollar RM	RM	RM	RM	Dollar RM	
At 31 December 2013											
Ringgit Malaysia	-	(165,202)	1,403,407	(32,619)	(105,962)	(11,034)	134,711	(126,699)	(81,457)	-	1,015,145
Indonesian Rupiah	(1,780,808)	(1)	(590,694)	(228,343)	-	(90)	-	-	(4,271)	-	(2,604,207)
Vietnamese Dong	(1,366,394)	-	197,503	(20,298)	-	-	-	-	-	-	(1,189,189)
Singapore Dollar	(214,334)	(206,957)	544,165	-	(225,367)	(111,617)	-	-	(67,431)	-	(281,541)
Philippine Peso	(80,234)	(5)	70,266	(64,873)	(13,743)	(351)	-	-	-	-	(88,940)
Hong Kong Dollar	(501,349)	(18,070)	149,466	-	-	-	-	-	-	20,162	(349,791)
Chinese Renminbi	(362,519)	-	-	(46,185)	-	333,329	-	-	-	-	(75,375)
	(4,305,638)	(390,235)	1,774,113	(392,318)	(345,072)	210,237	134,711	(126,699)	(153,159)	20,162	(3,573,898)
At 31 December 2012											
Ringgit Malaysia	-	(110,484)	(167,231)	57,878	(4,807)	(127)	-	-	-	-	(224,771)
Indonesian Rupiah	-	-	89,270	-	-	-	-	-	-	-	89,270
Vietnamese Dong	-	-	200,553	-	-	-	-	-	-	-	200,553
Singapore Dollar	-	-	2,213,185	-	-	-	-	-	-	-	2,213,185
Philippine 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

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30.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

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	
	2013	2012
	RM	RM
Functional currency in		
Ringgit Malaysia		
Thai Baht	(16,520)	(11,048)
United States Dollar	140,341	(16,723)
Singapore Dollar	(3,262)	5,788
Indonesian Rupiah	(10,596)	(481)
Hong Kong Dollar	(1,103)	(13)
Chinese Reminbi	13,471	-
Vietnamese Dong	(12,670)	-
Philippine Peso	(8,146)	-
Functional currency in		
Indonesian Rupiah		
Ringgit Malaysia	(178,081)	-
United States Dollar	(59,069)	8,927
Singapore Dollar	(22,834)	-
Hong Kong Dollar	(9)	-
Philippine Peso	(427)	-
Functional currency in		
Vietnamese Dong		
Ringgit Malaysia	(136,639)	-
United States Dollar	19,750	20,055
Singapore Dollar	(2,030)	-
Functional currency in		
Singapore Dollar		
Ringgit Malaysia	(21,433)	-
Thai Baht	(20,696)	-
United States Dollar	54,417	221,319
Indonesian Rupiah	(22,537)	-
Hong Kong Dollar	(11,162)	-
Philippine Peso	(6,743)	-

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30.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

	Group Profit before tax 2013 RM	2012 RM
Functional currency in Philippine Peso		
Ringgit Malaysia	(8,023)	-
Thai Baht	(1)	-
United States Dollar	7,027	4,619
Singapore Dollar	(6,487)	-
Indonesian Rupiah	(1,374)	-
Hong Kong Dollar	(35)	-
	<hr/>	<hr/>
Functional currency in Hong Kong Dollar		
Ringgit Malaysia	(50,135)	-
Thai Baht	(1,807)	-
United States Dollar	14,947	1,215
Chinese Renminbi	-	1,818
New Taiwan Dollar	2,016	-
	<hr/>	<hr/>
Functional currency in Chinese Reminbi		
Ringgit Malaysia	(36,252)	-
Singapore Dollar	(4,619)	-
Hong Kong Dollar	33,333	-
	<hr/>	<hr/>

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 RM1,429 (2012: RM1,595).

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30.2 Financial risk management objectives and policies (continued)

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 to the Company by a subsidiary amounting to RM8,822,695 (2012: RM6,662,953).

The Company provides unsecured financial guarantee to a bank in respect of banking facility granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. The maximum exposure to credit risk amounts to RM2,000,000 (2012: RM Nil) representing the overdraft limit of the banking facility.

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.

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30.2 Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

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
2013						
Non interest bearing debts	10,221,501	10,221,501	10,221,501	-	-	-
Interest bearing debts	285,830	379,263	55,644	55,644	151,012	116,963
	<u>10,507,331</u>	<u>10,600,764</u>	<u>10,277,145</u>	<u>55,644</u>	<u>151,012</u>	<u>116,963</u>
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
	<u>7,803,535</u>	<u>7,884,192</u>	<u>7,520,189</u>	<u>41,169</u>	<u>134,275</u>	<u>188,559</u>

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.

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30.2 Financial risk management objectives and policies (continued)

Fair values

The carrying amounts of other financial assets, 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 borrowings approximate their respective carrying amounts, as these instruments were entered with interest rates which are reasonable approximation of the market interest rates on or near reporting date.

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	Level 2	Level 3	Total
2013	RM	RM	RM	RM
Investments in unquoted mutual funds (Note 17)	-	-	5,307,157	5,307,157
2012				
Investments in unquoted mutual funds (Note 17)	-	-	7,743,572	7,743,572

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

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30.3 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 shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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 2013, the Group's strategy was unchanged which is to maintain a net cash position.

31. 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 2013 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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries				
- Realised	10,280,263	6,432,818	(1,367,643)	(1,234,568)
- Unrealised	(741,227)	65,450	-	-
	<u>9,539,036</u>	<u>6,498,268</u>	<u>(1,367,643)</u>	<u>(1,234,568)</u>
Total share of accumulated losses from an associate				
- Realised	(574,818)	(204,417)	-	-
	<u>8,964,218</u>	<u>6,293,851</u>	<u>(1,367,643)</u>	<u>(1,234,568)</u>
Add: Consolidation adjustments	<u>1,179,677</u>	<u>1,411,388</u>	<u>-</u>	<u>-</u>
Retained profits/ (Accumulated losses) as per financial statements	<u><u>10,143,895</u></u>	<u><u>7,705,239</u></u>	<u><u>(1,367,643)</u></u>	<u><u>(1,234,568)</u></u>