

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

(Incorporated in Malaysia)

**FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2013**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.09.2013 RM'000	Preceding Year Corresponding Quarter 30.09.2012 RM'000	Current Year To Date 30.09.2013 RM'000	Preceding Year Corresponding Period 30.09.2012 RM'000
Revenue		2,908	3,267	11,575	9,723
Cost of sales and services		(2,339)	(2,589)	(9,496)	(8,214)
Gross profit		568	678	2,079	1,509
Other income		132	155	446	521
Administrative and other operating expenses		(1,017)	(1,237)	(3,042)	(3,184)
Operating loss		(317)	(404)	(517)	(1,154)
Finance costs		-	-	-	-
Amount from discontinued operations					
Loss before taxation	16	(317)	(404)	(517)	(1,154)
Taxation	17	-	5	-	5
<b>Loss after tax for the period</b>		<b>(317)</b>	<b>(399)</b>	<b>(517)</b>	<b>(1,149)</b>
<b>Other comprehensive income</b>					
Fair value reserve		11	1	(65)	(55)
Exchange fluctuation reserve		(58)	(26)	(44)	(44)
<b>Total comprehensive loss for the period</b>		<b>(364)</b>	<b>(424)</b>	<b>(626)</b>	<b>(1,248)</b>
<b>Loss for the period attributable to:</b>					
Owners of the Company		(317)	(399)	(517)	(1,149)
Non-controlling interest		-	-	-	-
		<b>(317)</b>	<b>(399)</b>	<b>(517)</b>	<b>(1,149)</b>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(364)	(424)	(626)	(1,248)
Non-controlling interest		-	-	-	-
		<b>(364)</b>	<b>(424)</b>	<b>(626)</b>	<b>(1,248)</b>
Earnings/ (loss) per share :-					
- Basic (sen)	24	(0.14)	(0.18)	(0.23)	(0.52)
- Diluted (sen)	24	-	-	-	-

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

The annexed notes are an integral part of this statement.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2013**

	Note	UNAUDITED As at 30.09.2013 RM'000	AUDITED As at 31.12.2012 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,980	2,280
Other investments		45	3,093
Deferred tax assets		8	8
		2,033	5,381
<b>Current Assets</b>			
Inventories		945	2,879
Trade receivables		848	1,809
Other receivables, deposits and prepayments		329	329
Tax recoverable		65	65
Short term deposits		16,192	17,255
Fixed deposits with licensed banks		5,931	104
Cash and bank balances		1,051	793
		25,361	23,234
<b>TOTAL ASSETS</b>		27,394	28,615
<b>EQUITY</b>			
Share capital		24,406	24,406
Share premium		896	896
Retained profits	23	6,014	6,531
Treasury shares		(4,058)	(4,058)
Other reserves		(223)	(114)
<b>Equity attributable to the shareholders of the Company</b>		27,035	27,661
<b>TOTAL EQUITY</b>		27,035	27,661
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employee benefits		32	32
Deferred tax liabilities		-	-
		32	32
<b>Current Liabilities</b>			
Trade payables		67	118
Other payables and accruals		249	679
Tax payable		11	125
		327	922
<b>TOTAL LIABILITIES</b>		359	954
<b>TOTAL EQUITY AND LIABILITIES</b>		27,394	28,615
Net Assets per share (RM)		0.1108	0.1133

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

For the nine months ended 30 September 2013

	Attributable to owners of the parent								Total Equity RM'000
	Ordinary Shares RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	
Balance as at 1 January 2013	24,406	896	(4,058)	(179)	65	6,531	27,661	-	27,661
Total comprehensive income for the period	-	-	-	(44)	(65)	(517)	(626)	-	(626)
Balance as at 30 September 2013	24,406	896	(4,058)	(223)	-	6,014	27,035	-	27,035

For the nine months ended 30 September 2012

	Attributable to owners of the parent								Total Equity RM'000
	Ordinary Shares RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	
Balance as at 1 January 2012	24,406	896	(4,058)	(130)	159	7,821	29,094	-	29,094
Total comprehensive income for the period	-	-	-	(44)	(55)	(1,149)	(1,248)	-	(1,248)
Balance as at 30 September 2012	24,406	896	(4,058)	(174)	104	6,672	27,846	-	27,846

This unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**ADVANCE INFORMATION MARKETING BERHAD**  
(Company No. 644769-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	Current Year To Date 30.09.2013 RM'000	Audited Financial Year Ended 31.12.2012 RM'000
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	(517)	(1,214)
Adjustment for:-		
Depreciation of property, plant & equipment	340	471
Defined benefit obligations		16
Property, plant and equipment written off	5	135
Gain on disposal of property, plant & equipment	-	(14)
Unrealised Gain/loss on foreign exchange	170	222
Allowance for impairment loss on other receivables	-	66
Inventories written off	-	2
Interest Income from fixed and short term deposits	(263)	(500)
Dividend Income from available-for-sale investments	(100)	(149)
Reversal of impairment losses on trade receivables	-	(16)
Reversal of impairment losses on other receivables		(143)
Operating loss before working capital changes	<u>(365)</u>	<u>(1,124)</u>
Decrease /(Increase) in inventories	1,834	(1,776)
Decrease/(Increase) in trade receivables	903	(1,074)
(Increase)/Decrease in other receivables, deposits and prepayments	(7)	612
(Decrease)/Increase in trade payables	(49)	21
(Decrease)/Increase in other payables and accruals	<u>(419)</u>	<u>253</u>
Cash utilised in operations	1,897	(3,088)
Tax refunded	<u>(109)</u>	<u>61</u>
<b>Net cash used in operating activities</b>	<u>1,788</u>	<u>(3,027)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(65)	(782)
Redemption of AFS investment	3,048	-
Interest received from fixed and short term deposits	263	500
Dividend received from available-for-sale investments	100	149
Proceeds from disposal of property, plant and equipment	-	40
Proceeds from disposal of investment in subsidiary	<u>-</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>3,346</u>	<u>(93)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,134	(3,120)
<b>Exchange differences on cash and cash equivalents</b>	(112)	(69)
Cash and cash equivalents at beginning of the year	<u>18,152</u>	<u>21,341</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>23,174</u>	<u>18,152</u>
<b>Cash and cash equivalents comprise:</b>		
Short term deposit with licensed financial institutions	16,192	17,255
Fixed deposits with licensed banks	5,931	104
Cash and bank balances	<u>1,051</u>	<u>793</u>
	<u>23,174</u>	<u>18,152</u>

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting, IAS 34, Interim Financial Reporting and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2012.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the preparation of the Group's recent audited financial statements for the FYE 31 December 2012, except for the adoption of the following MFRSs, IC Interpretations and amendments to MFRSs during the current financial period :-

		<b>Effective for financial period beginning on or after</b>
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119 (Revised)	Employee Benefits	1 January 2013
MFRS 127 (Revised)	Separate Financial Statements	1 January 2013
MFRS 128 (Revised)	Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 -2011 Cycle)	1 January 2013
Amendments to MFRS 7	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendments to MFRS 132	Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)	1 January 2013
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvement 2009 - 2011 Cycle)	1 January 2014

IC Interpretation 20 is not applicable to the Group as it is not relevant to the Group's operations. The adoption of all other MFRSs and amendments to MFRSs did not result in any material financial impact on the financial statements of the Group.

## 1. Basis of Preparation (Cont'd)

The Group has not early adopted the following new MFRSs and amendments to MFRSs which have been issued by the Malaysian Accounting Standards Board but are not yet effective :-

		<b>Effective for financial period beginning on or after</b>
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)	1 January 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The Group will apply the above MFRSs and amendments to MFRSs once they become effective. The above standards and amendments are not expected to have any material financial impact on the financial statements of the Group on initial adoption.

## 2. Auditors' Report on preceding annual financial statements

The auditors' reports on the financial statements of the Company and its subsidiaries for the FYE 31 December 2012 were not subject to any qualification.

## 3. Seasonality or cyclicity

The Group's operations have not been materially affected by any seasonal/cyclical factors.

## 4. Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows

There was no item or event that was unusual by reason of its nature, size or incidence during the current quarter which affected the assets, liabilities, equity, net income or cash flows of the Group.

## 5. Changes in estimates

There was no material change in the estimates used for the preparation of these interim financial statements.

## 6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

## 7. Valuation of property, plant and equipment

There was no change in the valuation of the property, plant and equipment reported in the previous audited financial statements that would have an effect on the current quarter's financial statements.

## 8. Material events subsequent to the end of the interim period

There was no material event subsequent to the financial quarter ended 30 September 2013 which was likely to substantially affect the results of the operations of the Group.

## 9. Change in the composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 30 September 2013.

## 10. Contingent liabilities and contingent assets

As at 30 September 2013, there was no contingent asset and liability.

## 11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the third quarter ended 30 September 2013 were generated from the following segments:

<b>SEGMENT REVENUE</b>	Managed Customer Loyalty Services RM'000	Distribution of Health & Beauty Products RM'000	Adjustments RM'000	Consolidated RM'000
Malaysia	204	410	-	614
Indonesia & others	2,294	-	-	2,294
	<u>2,497</u>	<u>410</u>	<u>-</u>	<u>2,908</u>

<b>SEGMENT PROFIT/ (LOSS)</b>	Managed Customer Loyalty Services RM'000	Distribution of Health & Beauty Products RM'000	Adjustment RM'000	Consolidated RM'000
Malaysia	(73)	(320)	-	(393)
Indonesia & others	76	-	-	76
	<u>3</u>	<u>(320)</u>	<u>-</u>	<u>(317)</u>

## 12. Review of performance

During the quarter ended 30 September 2013, the Group recorded an unaudited sales revenue of RM2.91 million compared to RM3.27 million in the preceding year corresponding quarter. The operating expenses during the quarter were lower by RM0.22 million as compared to the preceding year corresponding quarter.

The major revenue contributor to the Group was the Managed Customer Loyalty Services ("MCLS") segment. While business in Malaysia in this segment remain lacklustre, the Indonesian operation has remained. The Indonesia MCLS segmental revenue of RM2.29 mil is lower than the revenue of RM3.02mil recorded in the earlier quarter due to the holiday seasons during the current quarter. The Indonesian MCLS segment recorded a profit of RM0.08 mil as compared to the RM0.19 mil recorded in the earlier quarter.

Contribution from the Distribution of Healthy & Beauty Products ("DHBP") segment towards the Group's revenue was marginal at RM0.41 mil during the current quarter. The DHBP segmental revenue was mainly contributed by the sale of "HABA" products, a leading healthcare and beauty products brand in Japan.

## 13. Material Changes in The Profit/ (Loss) Before Tax As Compared To the Immediate Preceding Quarter

The Group recorded an unaudited loss before tax of RM0.32 mil in the current quarter as compared to a loss before tax of RM0.26 mil in the preceding quarter.

## 14. Prospects

The IT remains extremely competitive with entry of new players in the industry and fast changing technology. The Group does not expect the prospect in this segment to turnaround in near future in Malaysia. The Group, however, is actively exploring avenues to bring its IT products and services to other countries where demand still exists.

The continuous cut back on corporate spending on loyalty marketing by the Group's clients and customers' preference for instant redemptions and gift vouchers will continue to pose a major challenge to the Group's MCLS segment in Malaysia. However, this segment has shown encouraging growth in Indonesia and the Group expects this trend to continue. In this regard, while the Group is focusing its resources to tap into this area of growth, it is also mindful of the risks associated with doing services in a foreign country.

The DHBP market is expected to remain competitive and challenging. In addition to the efforts to expand the current businesses, the Group is also actively exploring new business initiatives.



## 15. Profit forecast

The Group did not disclose or announce any profit forecast or profit guarantee in any public document in the financial quarter ended 30 September 2013.

## 16. Profit/(Loss)Profit before Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.09.2013 RM'000	Preceding Year Corresponding Quarter 30.09.2012 RM'000	Current Year To Date 30.09.2013 RM'000	Preceding Year Corresponding Period 30.09.2012 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	110	11	340	375
Property, plant and equipment written off	-	-	5	-
and crediting :-				
Interest income on short term deposits	79	(9)	263	434
Dividend income	26	2	100	86

## 17. Taxation

	Current Quarter RM'000	Current Year To Date RM'000
Current provision	-	-

The effective tax rate of the Group was higher than the statutory tax rate as some subsidiaries were incurring losses.

## 18. Unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year to date.

## 19. Status of corporate proposals

M&A Securities Sdn Bhd had on 14 May 2012 announced on behalf of the Company that the Company proposes to implement a private placement of up to 21,997,100 new ordinary shares of RM0.10 each in the Company, representing up to ten percent (10%) of the total issued and paid-up share capital of the Company (excluding treasury shares), to independent third party investor(s) to be identified.

M&A Securities Sdn Bhd had on 30 May 2012 announced on behalf of the Company that Bursa Malaysia Securities had, vide its letter dated 30 May 2012, approved the private placement.

Members of the Company had approved the resolution for this proposal in the Annual General Meeting held on 22 June 2012.

M&A Securities Sdn Bhd had on 21 Nov 2012 announced that Bursa Malaysia had vide its letter dated 21 Nov 2012 granted an extension of six (6) months from 30 November 2012 to 29 May 2013 for AIM to complete the Private Placement.

M&A Securities Sdn Bhd had on 14 May 2013 announced that Bursa Malaysia had vide its letter dated 13 May 2013 granted an extension of six (6) months from 30 May 2013 to 29 November 2013 for AIM to complete the Private Placement.

M&A Securities Sdn Bhd had on 19 Nov 2013 announced that the Company has fixed the issue price at RM0.125 per Placement Share to be issued pursuant to the Private Placement. The aforementioned issue price of RM0.125 per Placement Share represents a discount of approximately RM0.011 or 8.09% from the five (5)-day weighted average market price of AIM Shares from 12 November 2013 to 18 November 2013 of approximately RM0.136 per Share.

## 20. Group borrowings

There was no bank borrowing by the Group as at 30 September 2013.

## 21. Material litigation

As at the latest practicable date, the Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any pending proceeding or threat against the Group which might materially and adversely affect the financial position or business of the Group.

## 22. Dividend

There was no dividend proposed or declared during the quarter under review.

## 23. Realised and Unrealised Profits

The breakdown of retained profits into realised and unrealised profits as at the end of the reporting period is as follows:-

	30.09.2013 RM'000	31.12.2012 RM'000
Total retained profits		
- Realised	5,143	5,711
- Unrealised	<u>(163)</u>	<u>(214)</u>
	4,980	5,497
Less: consolidation adjustments	<u>1,034</u>	<u>1,034</u>
Total retained profits	<u><u>6,014</u></u>	<u><u>6,531</u></u>

## 24. Basis of calculation of earnings per share

The basic and fully diluted earnings per share for the quarter and cumulative year to date are computed as follows:

	Current Quarter 30.09.2013	Preceding Year Corresponding Quarter 30.09.2012	Current Year To Date 30.09.2013	Preceding Year Corresponding Period 30.09.2012
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	(317)	(399)	(517)	(1,149)
Weighted average number of shares of RM0.10 each in issue ('000)	<u>219,971</u>	<u>219,971</u>	<u>219,971</u>	<u>219,971</u>
- Basic earnings per share (sen)	(0.14)	(0.18)	(0.23)	(0.52)
- Diluted earnings per share (sen)*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*\*Fully diluted earnings per share was not computed as there was no outstanding ordinary share to be issued as at the end of the reporting period.*