

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

**FINANCIAL REPORT FOR THE 1st QUARTER ENDED 31 MARCH 2014**

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Revenue		2,767	5,030	2,767	5,030
Cost of sales and services		<u>(2,186)</u>	<u>(4,205)</u>	<u>(2,186)</u>	<u>(4,205)</u>
Gross profit		581	824	581	824
Other income		684	270	684	270
Administrative and other operating expenses		<u>(931)</u>	<u>(1,034)</u>	<u>(931)</u>	<u>(1,034)</u>
Operating profit		334	61	334	61
Profit before taxation	16	<u>334</u>	<u>61</u>	<u>334</u>	<u>61</u>
Taxation	17	(25)	-	(25)	-
<b>Profit after tax for the period</b>		<u>309</u>	<u>61</u>	<u>309</u>	<u>61</u>
<b>Other comprehensive income</b>					
Fair value reserve		-	(17)	-	(17)
Exchange fluctuation reserve		64	53	64	53
<b>Total comprehensive profit for the period</b>		<u>373</u>	<u>97</u>	<u>373</u>	<u>97</u>
<b>Profit for the period attributable to:</b>					
Owners of the Company		309	61	309	61
Non-controlling interest		-	-	-	-
		<u>309</u>	<u>61</u>	<u>309</u>	<u>61</u>
<b>Total comprehensive profit attributable to:</b>					
Owners of the Company		373	97	373	97
Non-controlling interest		-	-	-	-
		<u>373</u>	<u>97</u>	<u>373</u>	<u>97</u>
Earnings/ (loss) per share :-					
- Basic (sen)	24	0.13	0.03	0.13	0.03
- 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 2013 and the accompanying explanatory notes attached to the interim financial statements.

The annexed notes are an integral part of this statement.

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

	UNAUDITED As at 31.03.2014 RM'000	AUDITED As at 31.12.2013 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,697	1,744
Other investments	45	45
Deferred tax assets	9	8
	1,751	1,797
<b>Current Assets</b>		
Inventories	1,071	546
Trade receivables	1,515	1,253
Other receivables, deposits and prepayments	323	513
Tax recoverable	44	44
Short term deposits	18,599	18,704
Fixed deposits with licensed banks	4,485	4,922
Cash and bank balances	1,072	1,043
	27,109	27,025
<b>TOTAL ASSETS</b>	28,860	28,822
<b>EQUITY</b>		
Share capital	26,606	26,606
Share premium	1,446	1,446
Retained profits	4,918	4,609
Treasury shares	(4,058)	(4,058)
Other reserves	(248)	(312)
<b>Equity attributable to the shareholders of the Company</b>	28,664	28,291
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	28,664	28,291
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Employee benefits	35	33
	35	33
<b>Current Liabilities</b>		
Trade payables	88	157
Other payables and accruals	72	322
Tax payable	1	19
	161	498
<b>TOTAL LIABILITIES</b>	196	531
<b>TOTAL EQUITY AND LIABILITIES</b>	28,860	28,822
Net Assets per share (RM)	0.1077	0.1063

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**For the three months ended 31 March 2014**

	Attributable to owners of the parent								
	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	Total Equity RM'000
<b>Balance as at 1 January 2014</b>	26,606	1,446	(4,058)	(312)	-	4,609	28,291	-	28,291
<b>Total comprehensive income for the period</b>	-	-	-	64	-	309	373	-	373
<b>Balance as at 31 March 2014</b>	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(248)</u>	<u>-</u>	<u>4,918</u>	<u>28,664</u>	<u>-</u>	<u>28,664</u>

**For the three months ended 31 March 2013**

	Attributable to owners of the parent								
	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	Total Equity RM'000
<b>Balance as at 1 January 2013</b>	24,406	896	(4,058)	(179)	65	6,531	27,661	-	27,661
<b>Total comprehensive income for the period</b>	-	-	-	53	(17)	61	97	-	97
<b>Balance as at 31 March 2013</b>	<u>24,406</u>	<u>896</u>	<u>(4,058)</u>	<u>(126)</u>	<u>48</u>	<u>6,592</u>	<u>27,758</u>	<u>-</u>	<u>27,758</u>

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 2013 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 FIRST QUARTER ENDED 31 MARCH 2014**

	Current Year To Date 31.03.2014 RM'000	Audited Financial Year Ended 31.12.2013 RM'000
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	309	(1,860)
Adjustment for:-		
Bad debts written off	-	5
Depreciation of property, plant & equipment	75	431
Defined benefit obligations	-	16
Property, plant and equipment written off	-	95
Loss on disposal of property, plant and equipment	-	10
Loss on redemption of available-for-sale financial assets	-	24
Unrealised (Gain)/loss on foreign exchange	(438)	734
Inventories written off	-	16
Interest Income from fixed and short term deposits	(108)	(650)
Dividend Income from available-for-sale investments	-	(101)
Operating loss before working capital changes	<u>(162)</u>	<u>(1,281)</u>
(Increase)/Decrease in inventories	(525)	2,148
(Increase)/Decrease in trade receivables	(262)	392
Decrease/(Increase) in other receivables, deposits and prepayments	190	(291)
(Decrease)/Increase in trade payables	(69)	55
(Decrease) in other payables and accruals	<u>(251)</u>	<u>(346)</u>
Cash utilised in operations	(1,079)	676
Tax (paid)	<u>(18)</u>	<u>(99)</u>
<b>Net cash used in operating activities</b>	<u><u>(1,097)</u></u>	<u><u>577</u></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(73)
Redemption of available-for-sale financial assets	-	2,971
Interest received from fixed and short term deposits	108	650
Dividend received from available-for-sale financial assets	-	101
Proceeds from disposal of property, plant and equipment	-	1
<b>Net cash used in investing activities</b>	<u>108</u>	<u>3,649</u>
<b>Cash flows from financing activities</b>		
Proceed from issues of shares	-	2,750
<b>Net Cash used in financing activities</b>	<u>-</u>	<u>2,750</u>
<b>Net increase/increase in cash and cash equivalents</b>	(989)	6,976
<b>Exchange differences on cash and cash equivalents</b>	476	(459)
Cash and cash equivalents at beginning of the year	24,669	18,152
<b>Cash and cash equivalents at the end of the period</b>	<u><u>24,156</u></u>	<u><u>24,669</u></u>
 <b>Cash and cash equivalents comprise:</b>		
Short term deposit with licensed financial institutions	18,599	18,704
Fixed deposits with licensed banks	4,485	4,922
Cash and bank balances	<u>1,072</u>	<u>1,043</u>
	<u><u>24,156</u></u>	<u><u>24,669</u></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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 2013. 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 2013.

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 2013, except for the adoption of the following MFRSs, Issues Committee ("IC") Interpretations and amendments to MFRSs and IC Interpretations during the current financial period :-

**Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10, MFRS 12 and MFRS 127 - Investment Entities  
Amendments to MFRS 132 - Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 136 - Recoverable Amount Disclosures for Non-Financial Assets  
Amendments to MFRS 139 - Novation of Derivatives and Continuation of Hedge Accounting  
IC Interpretation 21, Levies

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 :-

**Effective for annual periods beginning on or after 1 July 2014**

Amendments to MFRS 119, Defined Benefit Plans : Employee Contributions  
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2010 - 2012 Cycle"  
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2011 - 2013 Cycle"

**Effective for a date yet to be confirmed**

MFRS 9 - Financial Instruments (IFRS 9 issued in November 2009)  
MFRS 9 - Financial Instruments (IFRS 9 issued in October 2010)  
Amendments to MFRS 7 and MFRS 9 - Mandatory Effective Date of MFRS 9 and Transition Disclosures  
MFRS 9, Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139) (IFRS 9 as amended in November 2013)

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 2013 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

On 16 and 19 September 2011, PT CLS System ("PTCLS"), a wholly-owned subsidiary of the Company and incorporated in the Republic of Indonesia, had made two payments on 16 and 19 September 2011 for a total sum of Rp200,000,000 (equivalent to approximately RM58,000) as earnest deposit ("Earnest Deposit") to the vendors (hereinafter referred to as "the Appellants") to acquire an office premises in Jakarta, Indonesia ("the Proposed Acquisition") from the Appellants. Subsequently, however, the Proposed Acquisition could not be concluded because the title of ownership interest of the premises is not registered in the names of the Appellants. PTCLS requested the Appellants to refund the Earnest Deposit but the Appellants refused. PTCLS then sought legal recourse to recover the Earnest Deposit and on 28 November 2013, the District Court of South Jakarta gave a judgement in favour of PTCLS and ordered the Appellants to reimburse the Earnest Deposit to PTCLS.

Subsequently, on 3 March 2014 the Appellants filed a Memorandum of Appeal ("the Appeal") to the High Court of Jakarta to seek, among others, the following :-

- to reverse the judgement of the District Court of South Jakarta;
- damages for a total sum of Rp17,000,000,000 (equivalent to approximately RM4,930,000);
- the seizure of an office premises belonging to PTCLS as security for the payment of the damages; and payment to the Appellants a sum of Rp1,000,000 (equivalent to approximately RM290) per day from the day of the filing
- of the Appeal until the judgement on the Appeal is made.

On 25 April 2014, the Board of AIM informed that legal advice has been sought on the Memorandum of Appeal served by Hartono & Lisdajandi on PT. CLS System. The legal counsel opined that the judgment of the District Court of South Jakarta is sound and there is no contradictory rationale for the judgment to be reversed. On this basis, PT. CLS System has filed a Counter Memorandum of Appeal on 11 April 2014. As at the date of this report, the hearing date is yet to be fixed by the courts.

## 9. Change in the composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 31 March 2014.

## 10. Contingent liabilities and contingent assets

As at 31 March 2014, there was no contingent asset and liability.

## 11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the first quarter ended 31 March 2014 were generated from the following segments:

	Managed Customer Loyalty Services RM'000	Distribution of Health & Beauty Products RM'000	Others RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>				
Malaysia	171	338	(23)	486
Indonesia & others	2,281	-	-	2,281
	<u>2,452</u>	<u>338</u>	<u>(23)</u>	<u>2,767</u>
<b>SEGMENT PROFIT/ (LOSS)</b>				
Malaysia	4	(278)	383	109
Indonesia & others	225	-	-	225
	<u>229</u>	<u>(278)</u>	<u>383</u>	<u>334</u>

## 12. Review of performance

During the quarter ended 31 March 2014, the Group recorded an unaudited sales revenue of RM2.77 million compared to RM5.03 million in the preceding year corresponding quarter. The operating expenses during the quarter were lower by RM0.10 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 RM2.28mil is higher than the revenue of RM1.42mil recorded in the earlier quarter, it was due to peak period in the current quarter compared to the earlier quarter. The Indonesian MCLS segment recorded a profit of RM0.26mil as compared to a loss of RM0.28mil recorded in the earlier quarter.

Contribution from the Distribution of Healthy & Beauty Products ("DHBP") segment towards the Group's revenue was marginal at RM0.34 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 gain before tax of RM0.33 mil in the current quarter as compared to a loss before tax of RM1.34 mil in the preceding quarter. It was due to the unrealised foreign exchange gain of RM0.44mil in the current 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 31 March 2014.

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	Current Year To Date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	75	118	75	118
Property, plant and equipment written off	-	5	-	5
and crediting :-				
Interest income on short term deposits	108	125	108	125
Dividend income	-	11	-	11

### 17. Taxation

	Current Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2014 RM'000
Current provision	25	25

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

### - Utilisation of proceeds

The Company raised RM2.750 mil during its Private Placement exercise on 28 November 2013 and the details of the utilisation of proceeds up to 31 March 2014 are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Amount RM'000
Working capital	2,650	660	1,990
Estimated expenses in relation to the Proposed Private Placement	100	113	(13)
Total	<u>2,750</u>	<u>772</u>	<u>1,978</u>

\*The utilisation of proceeds is within the timeframe of twelve (12) months as stated in the company's proposal dated 14 May 2012.

## 20. Group borrowings

There was no bank borrowing by the Group as at 31 March 2014.

## 21. Material litigation

Apart of the subsequent event as per para 8 of this report, 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:-

	31.03.2014 RM'000	31.12.2013 RM'000
Total retained profits		
- Realised	547	1,410
- Unrealised	446	(726)
	<u>993</u>	<u>684</u>
Less: consolidation adjustments	3,925	3,925
Total retained profits	<u>4,918</u>	<u>4,609</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 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013	Current Year To Date 31.03.2014	Preceding Year Corresponding Period 31.03.2013
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	309	61	309	61
Weighted average number of shares of RM0.10 each in issue ('000)	<u>241,968</u>	<u>219,971</u>	<u>241,968</u>	<u>219,971</u>
- Basic earnings per share (sen)	0.13	0.03	0.13	0.03
- 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.