

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPT 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPT 2015**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Revenue		6,159	2,981	16,242	8,165
Cost of sales and services		(5,405)	(2,356)	(14,220)	(6,404)
Gross profit		754	625	2,022	1,761
Other income		766	348	1,512	916
Administrative and other operating expenses		(929)	(882)	(2,739)	(2,726)
Operating profit / (loss)		592	91	795	(49)
Profit/(loss) before taxation	16	592	91	795	(49)
Taxation	17	-	(11)	2	(52)
Profit/(loss) after tax for the period		592	80	797	(101)
Other comprehensive income/(loss)					
<i>Items that will be reclassified subsequently to profit or loss, net of tax</i>					
Fair value reserve		7	-	7	-
Exchange fluctuation reserve		151	80	175	(10)
Total other comprehensive income/ (loss) for the period		158	80	182	(10)
Total comprehensive income/(loss) for the period		750	80	979	(111)
Profit/(loss) for the period attributable to:					
Owners of the Company		592	80	797	(101)
Non-controlling interest		-	-	-	-
		592	80	797	(101)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		750	80	979	(111)
Non-controlling interest		-	-	-	-
		750	80	979	(111)
Earnings/ (loss) per share :-					
- Basic (sen)	24	0.24	0.03	0.33	(0.04)
- Diluted (sen)					

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 SEPT 2015**

	UNAUDITED As at 30.09.2015 RM'000	AUDITED As at 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,618	1,475
Other investments	5,711	45
Deferred tax assets	13	12
	<u>7,342</u>	<u>1,532</u>
Current Assets		
Inventories	736	461
Trade receivables	1,347	1,306
Other receivables, deposits and prepayments	548	200
Tax recoverable	7	7
Placements with money market funds	12,123	15,298
Fixed deposits with licensed banks	6,393	8,577
Cash and bank balances	1,566	1,757
	<u>22,720</u>	<u>27,606</u>
TOTAL ASSETS	<u>30,062</u>	<u>29,138</u>
EQUITY		
Share capital	26,606	26,606
Share premium	1,446	1,446
Retained profits	5,612	4,815
Treasury shares	(4,058)	(4,058)
Other reserves	(76)	(258)
Equity attributable to the shareholders of the Company	<u>29,530</u>	<u>28,551</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>29,530</u>	<u>28,551</u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	53	49
	<u>53</u>	<u>49</u>
Current Liabilities		
Trade payables	227	195
Other payables and accruals	310	292
Tax payable	(58)	51
	<u>479</u>	<u>538</u>
TOTAL LIABILITIES	<u>532</u>	<u>587</u>
TOTAL EQUITY AND LIABILITIES	<u>30,062</u>	<u>29,138</u>
Net Assets per share (RM)	1.3096	1.2662

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 SEPT 2015**

For the nine months ended 30 Sept 2015

	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 2015	26,606	1,446	(4,058)	(258)	-	4,815	28,551	-	28,551
Total comprehensive income for the period	-	-	-	175	7	797	979	-	979
Balance as at 30 Sept 2015	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(83)</u>	<u>7</u>	<u>5,612</u>	<u>29,530</u>	<u>-</u>	<u>29,530</u>

For the nine months ended 30 Sept 2014

	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 2014	26,606	1,446	(4,058)	(312)	-	4,609	28,291	-	28,291
Total comprehensive loss for the period	-	-	-	(11)	-	(101)	(112)	-	(112)
Balance as at 30 Sept 2014	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(323)</u>	<u>-</u>	<u>4,508</u>	<u>28,179</u>	<u>-</u>	<u>28,179</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 2014 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 SEPT 2015**

	Current Year To Date 30.09.2015 RM'000	Audited Financial Year Ended 31.12.2014 RM'000
Cash flow from operating activities		
Profit before taxation	797	326
Adjustment for:-		
Depreciation of property, plant & equipment	240	292
Defined benefit obligations	-	16
(Gain) on disposal of property, plant and equipment	-	(6)
Unrealised (Gain) on foreign exchange	(648)	(276)
Allowance for impairment loss on trade receivables	-	11
Income from placement with money market funds and fixed deposits	-	-
- Interest income	(890)	(1,236)
Operating loss before working capital changes	<u>(501)</u>	<u>(873)</u>
(Increase) / Decrease in inventories	(275)	102
(Increase) in trade receivables	(40)	(26)
(Increase) / Decrease in other receivables, deposits and prepayments	(348)	324
Increase in trade payables	32	32
Increase / (Decrease) in other payables and accruals	4	(33)
Cash utilised in operations	<u>(1,128)</u>	<u>(474)</u>
Tax paid	(95)	(58)
Net cash used in operating activities	<u>(1,223)</u>	<u>(532)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(354)	(6)
Interest received from money market funds and fixed deposits	890	1,236
Reclassification of placement with money market funds to available-for-sale investment	(5,666)	-
Proceeds from disposal of property, plant and equipment	-	6
Proceeds from disposal of investment in subsidiary	-	-
Net cash from investing activities	<u>(5,130)</u>	<u>1,236</u>
Net (decrease)/increase in cash and cash equivalents	(6,353)	704
Exchange differences on cash and cash equivalents	803	259
Cash and cash equivalents at beginning of the year	<u>25,632</u>	<u>24,669</u>
Cash and cash equivalents at the end of the period	<u><u>20,082</u></u>	<u><u>25,632</u></u>
Cash and cash equivalents comprise:		
Short term deposit with licensed financial institutions	12,123	15,298
Fixed deposits with licensed banks	6,393	8,577
Cash and bank balances	1,566	1,757
	<u><u>20,082</u></u>	<u><u>25,632</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPT 2015**

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 2014. 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 2014.

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 2014, except for the adoption of the following amendments to MFRSs during the current financial period :-

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"

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 January 2016

MFRS 14, Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 - Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 - Agriculture : Bearer Plants
Amendments to MFRS 127 - Equity Method in Separate Financial Statements
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

Effective for annual periods beginning on or after 1 January 2017

MFRS 15, Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

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 2014 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 :-

- (a) to reverse the judgement of the District Court of South Jakarta;
- (b) damages for a total sum of Rp17,000,000,000 (equivalent to approximately RM4,930,000);
- (c) the seizure of an office premises belonging to PTCLS as security for the payment of the damages; and
- (d) 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 8 December 2014, the panel of judges of the High Court of Jakarta had decided as follows:-

- To accept the appeal from the attorneys of the appealing parties (formerly defendant I and defendant II in the claim);
- To affirm the judgment of the District Court of South Jakarta No. 147/Pdt.G/2013/PN.Jkt.Sel dated 28 November 2013 being appealed at the appellate instance;
- To punish the appealing parties (formerly defendant I and defendant II in the claim) to pay all the proceeding costs, in which at the appellate instance of RP75,000.

On 13 January 2015, the Bailiff of the District Court of South Jakarta has issued Summons of Cessation with regard to Memorandum of Cessation dated 23 December 2014 filed by Hartono & Lisdajandi. Hartono & Lisdajandi ("the appellants") seeking the following:-

- (a) damages:-
 - material loss of Indonesian Rupiah ("Rp.") 7,000,000,000 (equivalent to RM2.03 million); and
 - immaterial loss of Rp. 10,000,000,000 (equivalent to RM2.9 million).
- (b) declaring valid and valuable sequestration placed on the assets of PT. CLS System located at Citilofts Sudirman Suite 2228-2230, Jl. K.H. Mas Mansyur Street No. 121 Jakarta Pusat 10220
- (c) payment to the Appellant the sum of Rp. 1,000,000 (equivalent to RM290) per day of every late payment from the reading of the verdict until a legally binding decision.

The Company has engaged BMD & Partners Law Firm to defend PT. CLS System against the appeal.

The lawyer advised on 26 November 2015 that the case is still pending.

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 2015.

10. Contingent liabilities and contingent assets

As at 30 September 2015, there was no contingent asset and liability.

11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the second quarter ended 30 September 2015 were generated from the following segments:

SEGMENT REVENUE	Managed Customer Loyalty Services RM'000	Distribution of Health & Beauty Products RM'000	Others RM'000	Consolidated RM'000
Malaysia	300	296	-	596
Indonesia & others	5,563	-	-	5,563
	<u>5,863</u>	<u>296</u>	<u>-</u>	<u>6,159</u>
SEGMENT PROFIT/ (LOSS)				
Malaysia	28	(92)	381	317
Indonesia & others	276	-	-	276
	<u>304</u>	<u>(92)</u>	<u>381</u>	<u>592</u>

12. Review of performance

During the quarter ended 30 September 2015, the Group recorded an unaudited sales revenue of RM6.16 million, as compared with RM2.98 million of the corresponding quarter of the preceding year. The operating expenses during the quarter were higher by RM0.05 million, as compared with the corresponding quarter of the preceding year.

The major revenue contributor to the Group was the Managed Customer Loyalty Services ("MCLS") segment; while the business in Malaysia in this segment remains lacklustre, the Indonesian operation has remained robust. The Indonesia MCLS segmental revenue of RM5.56mil is lower than the revenue of RM7.16mil recorded in the earlier quarter due to lower demand in this quarter. Correspondingly the Indonesian MCLS segment recorded a lower profit of RM0.28mil as compared to a profit of RM0.37mil recorded in the earlier quarter.

Contribution from the Distribution of Healthy & Beauty Products ("DHBP") segment towards the Group's revenue was marginal at RM0.30 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 profit before tax of RM0.59 mil in the current quarter, compared with RM0.08 mil in the preceding quarter, with the depreciation of Ringgit Malaysia, the Group posted a hefty unrealised gain of RM0.51 in the current quarter due to the profit recorded in Indonesia Rupiah. At home, the implementation of the GST exerted a downward pressure on the revenue.

14. Prospects

The IT industry remains extremely competitive with entry of new players in the industry and with fast changing technology. The Group does not expect 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 2015.

16. Profit/(Loss) Profit before Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	92	72	241	219
and crediting :-				
Interest income on short term deposits	144	110	890	335

17. Taxation

	Current Quarter 30.09.2015 RM'000	Current Year To Date 30.09.2015 RM'000
Current provision	-	(2)

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

There was no corporate proposal for the current quarter and financial year to date.

20. Group borrowings

There was no bank borrowing by the Group as at 30 September 2015.

21. Material litigation

Advanced Supply Chain Solutions Sdn. Bhd. ("ASCSSB"), a wholly-owned subsidiary of the Company, had on 29 July 2015 received a Notice of Demand pursuant to Section 218 of the Companies Act, 1965 ("the Act") dated 24 July 2015 ("Notice") from Messrs Josephine, L K Chow & Co. ("the Claimant"), demanding for a payment of RM6,150.00 together with interest thereon at the rate of 8% per annum from 11 February 2015 until the date of full settlement to be paid within twenty one (21) days from the date of receipt of the Notice, failing which, a winding-up petition may be filed against ASCSSB.

ASCSSB had on 5 August 2015 made full settlement of the amount claimed.

Apart from the subsequent event as stated in Note 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:-

	30.09.2015 RM'000	31.12.2014 RM'000
Total retained profits		
- Realised	652	228
- Unrealised	<u>662</u>	<u>289</u>
	1,314	517
Less: consolidation adjustments	<u>4,298</u>	<u>4,298</u>
Total retained profits	<u><u>5,612</u></u>	<u><u>4,815</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 30.09.2015	Preceding Year Corresponding Quarter 30.09.2014	Current Year To Date 30.09.2015	Preceding Year Corresponding Period 30.09.2014
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	592	80	797	(101)
Weighted average number of shares of RM0.10 each in issue ('000)	<u>241,968</u>	<u>241,968</u>	<u>241,968</u>	<u>241,968</u>
- Basic earnings per share (sen)	0.24	0.03	0.33	(0.04)