

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 2ND QUARTER

ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.6.2016 RM'000	Preceding Year Corresponding Quarter 30.6.2015 RM'000	Current Year To Date 30.6.2016 RM'000	Preceding Year Corresponding Period 30.6.2015 RM'000
Revenue		2,913	7,654	6,374	10,083
Cost of sales and services		(2,210)	(6,910)	(4,754)	(8,815)
Gross profit		703	744	1,620	1,268
Other income		229	294	585	746
Administrative and other operating expenses		(1,670)	(911)	(2,860)	(1,811)
Operating profit / (loss)		(738)	127	(655)	203
Profit/(loss) before taxation	16	(738)	127	(655)	203
Taxation	17	-	(4)	-	1
Profit/(loss) after tax for the period		(738)	123	(655)	204
Other comprehensive income/(loss)					
<i>Items that will be reclassified subsequently to profit or loss, net of tax</i>					
Fair value reserve		(5)	-	13	-
Exchange fluctuation reserve		(69)	1	(61)	24
Total comprehensive income/(loss) for the period		(812)	124	(703)	24
Profit/(loss) for the period attributable to:					
Owners of the Company		(738)	123	(655)	204
Non-controlling interest		-	-	-	-
		(738)	123	(655)	204
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(812)	124	(703)	228
Non-controlling interest		-	-	-	-
		(812)	124	(703)	228
Earnings/ (loss) per share :-					
- Basic (sen)	24	(0.30)	0.05	(0.27)	0.08
- 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 2015 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 30 JUNE 2016

	UNAUDITED	AUDITED
	As at	As at
	30.6.2016	31.12.2015
ASSETS	RM'000	RM'000
	Note	
Non-Current Assets		
Property, plant and equipment	1,500	1,550
Other Investments	10,588	5,842
Deferred tax assets	19	20
	<u>12,107</u>	<u>7,412</u>
Current Assets		
Inventories	778	270
Trade receivables	1,951	2,965
Other receivables, deposits and prepayments	2,434	337
Tax recoverable	7	7
Placements with money market funds	-	1,073
Fixed deposits with licensed banks	8,366	10,411
Cash and bank balances	3,604	7,639
	<u>17,140</u>	<u>22,702</u>
TOTAL ASSETS	<u>29,247</u>	<u>30,114</u>
EQUITY		
Share capital	26,606	26,606
Share premium	1,446	1,446
Retained profits	23 4,838	5,493
Treasury shares	(4,058)	(4,058)
Fair Value Reserve	19	6
Other reserves	(81)	(20)
Equity attributable to the shareholders of the Company	<u>28,770</u>	<u>29,473</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>28,770</u>	<u>29,473</u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	77	79
	<u>77</u>	<u>79</u>
Current Liabilities		
Trade payables	258	96
Other payables and accruals	139	412
Tax payable	3	54
	<u>400</u>	<u>562</u>
TOTAL LIABILITIES	<u>477</u>	<u>641</u>
TOTAL EQUITY AND LIABILITIES	<u>29,247</u>	<u>30,114</u>
	-	-
Net Assets per share (RM)	0.1189	0.1218

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2016

For the period ended 30 June 2016

	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
Balance as at 1 January 2016	26,606	1,446	(4,058)	(20)	6	5,493	29,473	-	29,473
Total comprehensive income/ (loss) for the period	-	-	-	(61)	13	(655)	(703)	-	(703)
Balance as at 30 June 2016	26,606	1,446	(4,058)	(81)	19	4,838	28,770	-	28,770

For the period ended 30 June 2015

	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
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	-	-	-	24	-	204	228	-	228
Balance as at 30 June 2015	26,606	1,446	(4,058)	(234)	-	5,019	28,779	-	28,779

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 2015 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 SECOND QUARTER ENDED 30 JUNE 2016

	Current Year To Date 30.6.2016 RM'000	Audited Financial Year Ended 31.12.2015 RM'000
Cash flow from operating activities		
Profit before taxation	(655)	803
Adjustment for:-		
Bad debts written off	-	2
Depreciation of property, plant & equipment	203	321
Written off property, plant & equipment	127	-
(Gain) on disposal of property, plant and equipment	(23)	-
Defined benefit obligations	25	25
Unrealised (Gain) on foreign exchange	(323)	(750)
Income from placement wth money market funds and fixed deposits	102	(1,276)
Operating loss before working capital changes	<u>(544)</u>	<u>(875)</u>
(Increase)/ Decrease in inventories	(440)	216
Decrease /(Increase) in trade receivables	1,207	(1,461)
(Increase)/ Decrease in other receivables, deposits and prepayments	(2,078)	22
Increase/ (Decrease)in trade payables	169	(110)
(Increase)/Decrease in other payables and accruals	<u>(268)</u>	<u>111</u>
Cash utilised in operations	(1,954)	(2,097)
Tax paid	(46)	(280)
Income from placement wth money market funds and fixed deposits	(102)	1,276
Net cash used in operating activities	<u>(2,102)</u>	<u>(1,101)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(281)	(354)
Disposal of motor vehicles	23	-
Investment in available-for-sale financial assets	(4,733)	(5,790)
Net cash from investing activities	<u>(4,991)</u>	<u>(6,144)</u>
Net (decrease)/increase in cash and cash equivalents	(7,093)	(7,245)
Exchange differences on cash and cash equivalents	(61)	737
Cash and cash equivalents at beginning of the year	19,124	25,632
Cash and cash equivalents at the end of the period	<u>11,970</u>	<u>19,124</u>
Cash and cash equivalents comprise:		
Placements with money market funds	-	1,074
Fixed deposits with licensed banks	8,366	10,411
Cash and bank balances	3,604	7,639
	<u>11,970</u>	<u>19,124</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 2015 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 SECOND QUARTER
ENDED 30 JUNE 2016

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965, Interim Financial Reporting and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements of the Group should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the charges in the financial position and performance of the Group since the FYE 31 December 2015. The financial statements of the Group for FYE 31 December 2015 are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of a number of amendments to MFRSs as disclosed as below.

Application of Amendments to MFRSs and a new IC Interpretation

The Group has applied the following amendments to MFRSs and a new IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2015 :-

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"

New MFRSs and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group has not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the MASB 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 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 2018

MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
MFRS 15, Revenue from Contracts with Customers

Effective deferred to a later date

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

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 2015 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 were 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

As reported in the previous quarters, PT CLS System, a wholly owned subsidiary of the Company in Indonesia has initiated legal action against contain parties to recover two payments meant for earnest deposits to acquire a landed property in Jakarta. The case is still on-going.

9. Change in the composition of the Group

There was no change in the composition of the Group for the quarter under review.

10. Contingent liabilities and contingent assets

There was no contingent asset and liability during the financial quarter under review.

11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the current quarter ended 30 June 2016 were generated from the following segments:

	Managed Customer Loyalty Services	Distribution of Health & Beauty Products	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE				
Malaysia	278	256	200	734
Indonesia & others	2,179	-	-	2,179
	<u>2,457</u>	<u>256</u>	<u>200</u>	<u>2,913</u>
SEGMENT PROFIT/(LOSS)				
Malaysia	(103)	(399)	(322)	(824)
Indonesia & others	86	-	-	86
	<u>(17)</u>	<u>(399)</u>	<u>(322)</u>	<u>(738)</u>

12. Review of performance

During the quarter ended 30 June 2016, the Group recorded an unaudited revenue of RM2.91 million, as compared with RM7.65 million in the corresponding quarter of the preceding year. The operation expenses during the quarter amounted to RM1.67 million, as compared with RM0.91 million in the corresponding quarter of the preceding year. The Group recorded an after tax loss of RM0.73 million as compared to an after tax profit of RM0.12 million in the corresponding quarter of the preceding year.

The major revenue contributor to the Group remained as the Managed Customer Loyalty Services ("MCLS") segments. The business in Malaysia in this segment remains lacklustre, while the Indonesian operation has continued to decline for the current quarter due to economy slowdown and changes in Government regulations, as well as after taking into consideration of the adjustments made in accordance with the Malaysian Financial Reporting Standards.

Contribution from the Distribution of Healthy and Beauty Products segment towards the Group's revenue recorded at RM0.26 million for the quarter under review compared to RM0.25 million in the preceding quarter. The slight improvement was mainly attributed to the increased number of outlets, amidst the challenging economy and intense competition within the industry.

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

The Group recorded a revenue of RM2.90 million compared with revenue of RM3.46 million in the preceding quarter, the unaudited loss before tax of RM0.83 million for the current quarter, compared with profit before tax of RM0.083 million in the preceding quarter. The operations remain slow for the current quarter and the demand of products at the low side.

14. Prospects

The Group is actively exploring the development of new products and services based on its existing platforms in both local and international markets. The Board is aware that 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 customer loyalty solutions business in Malaysia.

However, this segment has shown encouraging growth in Indonesia and the Group expects this trend to continue in the current year. 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 business in a foreign country.

For the Group's beauty care products business, the weakening of Ringgit Malaysia has extended pressure on the product margin. Despite the challenging environment, the Company is actively looking into expanding its distribution network as well as enlarging the product range. The Group is planning to widen its distribution network to East Malaysia, Northern Region as well as Southern Region of Peninsular Malaysia.

The Group is also looking into diversification into other industries.

15. Profit forecast

The Group did not disclose or announce any profit forecast or profit guarantee in any public document in the financial quarter under review.

16. Profit/(Loss) Profit before Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.2016 RM'000	Preceding Year Corresponding Quarter 30.6.2015 RM'000	Current Year To Date 30.6.2016 RM'000	Preceding Year Corresponding Period 30.6.2015 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	104	77	203	149
and crediting :-				
Interest income on short term deposits	49	294	102	402

17. Taxation

	Current Quarter 30.6.2016 RM'000	Current Year To Date 30.6.2016 RM'000
Current provision	<u>n/a</u>	<u>n/a</u>

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 unquoted investment and/ or properties for the current quarter under review.

19. Status of corporate proposals

The Company's Annual General Meeting and Extraordinary General Meeting were held on 24 May 2016.

20. Group borrowings

There was no bank borrowing by the Group for the current quarter and financial year to date.

21. Material litigation

There was no material litigation for the current quarter under review.

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:-

	30.6.2016 RM'000	31.12.2015 RM'000
Total retained profits		
- Realised	(655)	676
- Unrealised	-	2
	<u>(655)</u>	<u>678</u>
Less: consolidation adjustments	5,493	4,815
Total retained profits	<u>4,838</u>	<u>5,493</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 30.6.2016	Preceding Year Corresponding Quarter 30.6.2015	Current Year To Date 30.6.2016	Preceding Year Corresponding Period 30.6.2015
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	(738)	123	(655)	204
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)	(0.30)	0.05	(0.27)	0.08
- 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.