

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

## **FINANCIAL REPORT**

**UNAUDITED FOR THE 3RD QUARTER**

**ENDED 30 SEPTEMBER 2016**

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.9.2016 RM'000	Preceding Year Corresponding Quarter 30.9.2015 RM'000	Current Year To Date 30.9.2016 RM'000	Preceding Year Corresponding Period 30.9.2015 RM'000
Revenue		2,152	6,159	8,526	16,242
Cost of sales and services		(1,489)	(5,405)	(6,243)	(14,220)
Gross profit		663	754	2,283	2,022
Other income		176	766	761	1,512
Administrative and other operating expenses		(1,227)	(929)	(4,087)	(2,740)
Operating profit / (loss)		(388)	592	(1,043)	795
Profit/(loss) before taxation	16	(388)	592	(1,043)	795
Taxation	17	-	-	-	2
<b>Profit/(loss) after tax for the period</b>		<b>(388)</b>	<b>592</b>	<b>(1,043)</b>	<b>797</b>
<b>Other comprehensive income/(loss)</b>					
Fair value reserve		241	7	254	7
Exchange fluctuation reserve		137	151	76	175
<b>Total comprehensive income/(loss) for the period</b>		<b>(10)</b>	<b>750</b>	<b>(713)</b>	<b>979</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		(388)	592	(1,043)	797
Non-controlling interest		-	-	-	-
		<b>(388)</b>	<b>592</b>	<b>(1,043)</b>	<b>797</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		(10)	750	(713)	979
Non-controlling interest		-	-	-	-
		<b>(10)</b>	<b>750</b>	<b>(713)</b>	<b>979</b>
Earnings/ (loss) per share :-					
- Basic (sen)	24	(0.16)	0.24	(0.43)	0.33
- 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 SEPTEMBER 2016**

	UNAUDITED	AUDITED
	As at	As at
	30.9.2016	31.12.2015
	RM'000	RM'000
<b>ASSETS</b>	Note	
<b>Non-Current Assets</b>		
Property, plant and equipment	1,602	1,550
Other Investments	10,889	5,842
Deferred tax assets	20	20
	<u>12,511</u>	<u>7,412</u>
<b>Current Assets</b>		
Inventories	877	270
Trade receivables	2,183	2,965
Other receivables, deposits and prepayments	2,427	337
Tax recoverable	7	7
Placements with money market funds	-	1,073
Fixed deposits with licensed banks	8,265	10,411
Cash and bank balances	2,841	7,639
	<u>16,600</u>	<u>22,702</u>
<b>TOTAL ASSETS</b>	<u>29,111</u>	<u>30,114</u>
<b>EQUITY</b>		
Share capital	26,606	26,606
Share premium	1,446	1,446
Retained profits	23 4,450	5,493
Treasury shares	(4,058)	(4,058)
Fair Value Reserve	260	6
Other reserves	56	(20)
<b>Equity attributable to the shareholders of the Company</b>	<u>28,760</u>	<u>29,473</u>
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<u>28,760</u>	<u>29,473</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Employee benefits	79	79
	<u>79</u>	<u>79</u>
<b>Current Liabilities</b>		
Trade payables	112	96
Other payables and accruals	155	412
Tax payable	5	54
	<u>272</u>	<u>562</u>
<b>TOTAL LIABILITIES</b>	<u>351</u>	<u>641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>29,111</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 QUARTER ENDED 30 SEPTEMBER 2016**

**For the period ended 30 SEPTEMBER 2016**

	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 2016	26,606	1,446	(4,058)	(20)	6	5,493	29,473	-	29,473
Total comprehensive income/ (loss) for the quarter	-	-		76	254	(1,043)	(713)		(713)
Balance as at 30 September 2016	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>56</u>	<u>260</u>	<u>4,450</u>	<u>28,760</u>	<u>-</u>	<u>28,760</u>

**For the period ended 30 September 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 September 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>

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 QUARTER ENDED 30 SEPTEMBER 2016**

	Current Year To Date 30.9.2016 RM'000	Audited Financial Year Ended 31.12.2015 RM'000
<b>Cash flow from operating activities</b>		
Profit before taxation	(1,043)	803
Adjustment for:-		
Bad debts written off	-	2
Depreciation of property, plant & equipment	270	321
Written off property, plant & equipment	125	-
(Gain) on disposal of property, plant and equipment	(23)	-
Defined benefit obligations	25	25
Unrealised (Gain) on foreign exchange	(324)	(750)
Income from placement with money market funds and fixed deposits	(276)	(1,276)
Operating loss before working capital changes	<u>(1,246)</u>	<u>(875)</u>
(Increase)/ Decrease in inventories	(539)	216
Decrease /(Increase) in trade receivables	974	(1,461)
(Increase)/ Decrease in other receivables, deposits and prepayments	(2,071)	22
Increase/ (Decrease) in trade payables	24	(110)
(Increase)/Decrease in other payables and accruals	<u>(251)</u>	<u>111</u>
Cash utilised in operations	(3,109)	(2,097)
Tax paid	(43)	(280)
Income from placement with money market funds and fixed deposits	276	1,276
<b>Net cash used in operating activities</b>	<u>(2,876)</u>	<u>(1,101)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(447)	(354)
Disposal of motor vehicles	23	-
Investment in available-for-sale financial assets	(4,794)	(5,790)
<b>Net cash from investing activities</b>	<u>(5,218)</u>	<u>(6,144)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(8,094)	(7,245)
Exchange differences on cash and cash equivalents	76	737
Cash and cash equivalents at beginning of the year	19,124	25,632
<b>Cash and cash equivalents at the end of the period</b>	<u>11,106</u>	<u>19,124</u>
<b>Cash and cash equivalents comprise:</b>		
Placements with money market funds	-	1,074
Fixed deposits with licensed banks	8,265	10,411
Cash and bank balances	<u>2,841</u>	<u>7,639</u>
	<u>11,106</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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER  
ENDED 30 SEPTEMBER 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 any applicable amendments 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 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

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 September 2016 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	442	250	120	812
Indonesia & others	1,340	-	-	1,340
	<u>1,782</u>	<u>250</u>	<u>120</u>	<u>2,152</u>
<b>SEGMENT PROFIT/(LOSS)</b>				
Malaysia	74	(381)	(89)	(396)
Indonesia & others	8	-	-	8
	<u>82</u>	<u>(381)</u>	<u>(89)</u>	<u>(388)</u>

## 12. Review of performance

During the quarter ended 30 September 2016, the Group recorded an unaudited revenue of RM2.15 million, as compared with RM6.16 million in the corresponding quarter of the preceding year. The operation expenses during the quarter amounted to RM1.23 million, as compared with RM0.93 million in the corresponding quarter of the preceding year. The Group recorded an after tax loss of RM0.39 million as compared to an after tax profit of RM0.59 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 remained lacklustre, while the Indonesian business has continued to decline due to economy slowdown and changes in Government regulations. The revenue has taken into account the adjustments made in accordance with the Malaysian Financial Reporting Standards.

Contribution from the Distribution of Health and Beauty Products segment towards the Group's revenue recorded at RM0.25 million for the quarter under review compared to RM0.26 million in the preceding quarter. The slight decrease was due to slowdown in consumer spending amidst a 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 RM2.15 million in this quarter compared with a revenue of RM2.90 million in the preceding quarter, and an unaudited loss before tax of RM0.39 million, compared with profit before tax of RM0.83 million in the preceding quarter. The decline in revenue was mainly attributed to the slowdown in economy in both Malaysia and Indonesia.

## 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 changes in customers' preference for loyalty products will continue to pose a major challenge to the Group. The Group is now focused in developing new products and services to broaden the revenue base.

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.

Besides the existing businesses, the Group is also actively 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 30.9.2016 RM'000	Preceding Year Corresponding Quarter 30.9.2015 RM'000	Current Year To Date 30.9.2016 RM'000	Preceding Year Corresponding Period 30.9.2015 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	123	92	270	219
and crediting :-				
Interest income on short term deposits	174	144	276	335



## 17. Taxation

	Current Quarter 30.9.2016 RM'000	Current Year To Date 30.9.2016 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 for the quarter under review. The Option Agreement with Sunsea Development Sdn Bhd pertaining to the commercial shoplot at G-42 Oceanus Waterfront Mall, Sabah was extended on 26 October 2016 for another three months.

## 19. Status of corporate proposals

There was no corporate proposal for the current quarter under review.

## 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:-

	30.9.2016 RM'000	31.12.2015 RM'000
Total retained profits		
- Realised	(1,043)	676
- Unrealised	-	2
	<u>(1,043)</u>	<u>678</u>
Less: consolidation adjustments	5,493	4,815
Total retained profits	<u>4,450</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 30.9.2016	Preceding Year Corresponding Quarter 30.9.2015	Current Year To Date 30.9.2016	Preceding Year Corresponding Period 30.9.2015
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	(388)	592	(1,043)	797
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)	(0.16)	0.24	(0.43)	0.33
- 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.