

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)
(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 1ST QUARTER

ENDED 31 MARCH 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.3.2017 RM'000	Preceding Year Corresponding Quarter 31.3.2016 RM'000	Current Year To Date 31.3.2017 RM'000	Preceding Year Corresponding Period 31.3.2016 RM'000
Revenue		4,335	3,461	4,335	3,461
Cost of sales and services		(3,071)	(2,544)	(3,071)	(2,544)
Gross profit		1,264	917	1,264	917
Other income		216	356	216	356
Administrative and other operating expenses		(1,417)	(1,190)	(1,417)	(1,190)
Operating profit / (loss)		63	83	63	83
Profit/(loss) before taxation	16	63	83	63	83
Taxation	17	(20)	-	(20)	
Profit/(loss) after tax for the period		43	83	43	83
Other comprehensive income/(loss)					
<i>Items that will be reclassified</i>					
<i>subsequently to profit or loss, net of tax</i>					
Remeasurement of defined benefit obligations		-	-	-	-
Fair value reserve		36	18	36	18
Exchange fluctuation reserve		(134)	8	(134)	8
Total comprehensive income/(loss) for the period		(55)	109	(55)	109
Profit/(loss) for the period attributable to:					
Owners of the Company		43	83	43	83
Non-controlling interest		-	-	-	-
		43	83	43	83
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(55)	109	(55)	109
Non-controlling interest		-	-	-	-
		(55)	109	(55)	109
Earnings/ (loss) per share :-					
- Basic (sen)	24	0.018	0.034	0.018	0.034
- 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 2016 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 2017

	Note	UNAUDITED As at 31.3.2017 <u>RM'000</u>	AUDITED As at 31.12.2016 <u>RM'000</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,271	1,351
Intangible assets		3	3
Other Investments		10,910	10,992
Deferred tax assets		31	30
		<u>12,215</u>	<u>12,376</u>
Current Assets			
Inventories		1,391	661
Trade receivables		3,305	3,268
Other receivables, deposits and prepayments		1,405	2,410
Tax recoverable		246	73
Placements with money market funds		-	-
Fixed deposits with licensed banks		8,876	8,494
Cash and bank balances		2,106	2,067
		<u>17,329</u>	<u>16,973</u>
TOTAL ASSETS		<u><u>29,544</u></u>	<u><u>29,349</u></u>
EQUITY			
Share capital		26,606	26,606
Share premium		1,446	1,446
Retained profits	23	4,444	4,401
Treasury shares		(4,058)	(4,058)
Fair Value Reserve		225	189
Other reserves		57	191
Equity attributable to the shareholders of the Company		<u>28,720</u>	<u>28,775</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u><u>28,720</u></u>	<u><u>28,775</u></u>
LIABILITIES			
Non-Current Liabilities			
Employee benefits		121	121
		<u>121</u>	<u>121</u>
Current Liabilities			
Trade payables		384	198
Other payables and accruals		318	255
Tax payable		1	-
		<u>703</u>	<u>453</u>
TOTAL LIABILITIES		<u><u>824</u></u>	<u><u>574</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>29,544</u></u>	<u><u>29,349</u></u>
Net Assets per share (RM)		0.1187	0.1257

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017**

For the period ended 31 March 2017

	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	
Balance as at 1 January 2017	26,606	1,446	(4,058)	191	189	4,401	28,775
Total comprehensive income/ (loss) for the quarter	-	-	-	(134)	36	43	(55)
Balance as at 31 March 2017	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>57</u>	<u>225</u>	<u>4,444</u>	<u>28,720</u>

For the period ended 31 December 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	
Balance as at 1 January 2016	26,606	1,446	(4,058)	(20)	6	5,443	29,423
Total comprehensive income for the period	-	-	-	211	183	(1,042)	(648)
Balance as at 31 December 2016	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>191</u>	<u>189</u>	<u>4,401</u>	<u>28,775</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 2016 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 31 MARCH 2017

	Current Year To Date 31.3.2017 RM'000	Audited Financial Year Ended 31.12.2016 RM'000
Cash flow from operating activities		
Profit before taxation	63	(1,019)
Adjustment for:-		
Amortisation of intangible assets	-	2
Depreciation of property, plant & equipment	80	277
Written off property, plant & equipment	-	397
(Gain)/Loss on disposal of property, plant and equipment	-	(23)
(Gain)/Loss on disposal of quoted shares	-	(26)
Dividend from quoted shares	-	(1)
Defined benefit obligations	25	33
Unrealised (Gain) on foreign exchange	(37)	(479)
Tax paid	171	-
Income from placement with money market funds and fixed deposits	(276)	(879)
Operating loss before working capital changes	26	(1,718)
(Increase)/ Decrease in inventories	(730)	(379)
Decrease /(Increase) in trade receivables	(36)	(106)
(Increase)/ Decrease in other receivables, deposits and prepayments	984	(2,095)
Increase/ (Decrease) in trade payables	191	-
(Increase)/Decrease in other payables and accruals	67	(62)
Cash utilised in operations	502	(4,360)
Tax paid	(171)	(192)
Employee benefits paid	-	(4)
Income from placement with money market funds and fixed deposits	276	878
Net cash used in operating activities	607	(3,678)
Cash flows from investing activities		
Investment in available-for-sale financial assets	(52)	(2,238)
Purchase of property, plant and equipment	-	(445)
Investment in preference shares	-	(3,000)
Purchase of intangible assets	-	(5)
Proceeds from disposal of property, plant and equipment	-	23
Proceeds from disposal of quoted shares	-	297
Dividend received	-	1
Net cash from investing activities	(52)	(5,367)
Net (decrease)/increase in cash and cash equivalents	555	(9,045)
Exchange differences on cash and cash equivalents	(134)	482
Cash and cash equivalents at beginning of the year	10,561	19,124
Cash and cash equivalents at the end of the period	10,982	10,561
Cash and cash equivalents comprise:		
Placements with money market funds	-	-
Fixed deposits with licensed banks	8,876	8,494
Cash and bank balances	2,106	2,067
	10,982	10,561

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2017**

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, 2016, 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 2016. 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 2016. The financial statements of the Group for FYE 31 December 2016 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

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2016 :-

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"

The initial application of the above amendments to MFRSs have no significant impact on the financial statements of the Group and the Company.

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

The Group and the Company have not early adopted the following new MFRSs and IC Interpretation 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 2017

Amendments to MFRS 107 - Disclosure Initiative
Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"
- Amendments to MFRS 12, Disclosure of Interests in Other Entities

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
Clarifications to MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts
Amendments to MFRS 140 - Transfer of Investment Property
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycles":
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128, Investments in Associates and Joint Ventures
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

Effective for annual periods beginning on or after a date to be determined by the MASB

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

The Group and the Company will apply the above new MFRSs and IC Interpretation and amendments to MFRSs that are applicable 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 2016 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 certain parties to recover two payments meant for earnest deposits to acquire a landed property in Jakarta. The High Court of Jakarta had made a judgement in favour of PT CLS System on 2 September 2014 which among others, reaffirming the judgement of the District Court of South Jakarta.

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
SEGMENT REVENUE				
Malaysia	521	315	144	980
Indonesia & others	<u>3,355</u>	<u>-</u>	<u>-</u>	<u>3,355</u>
	<u>3,876</u>	<u>315</u>	<u>144</u>	<u>4,335</u>
SEGMENT PROFIT/(LOSS)				
Malaysia	30	(232)	(180)	(377)
Indonesia & others	<u>440</u>	<u>-</u>	<u>-</u>	<u>440</u>
	<u>470</u>	<u>(232)</u>	<u>(180)</u>	<u>63</u>

12. Review of performance

During the quarter ended 31 March 2017, the Group recorded an unaudited revenue of RM4.34 million, as compared with RM3.46 million in the corresponding quarter of the preceding year. The operation expenses during the quarter amounted to RM1.417 million, as compared with RM1.19 million in the corresponding quarter of the preceding year. The Group recorded an after tax profit of RM0.043 million as compared to an after tax profit of RM0.083 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 has been picked up steadily, while the Indonesian business has also improved due to stability of economy and some 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 RM0.32 million for the quarter under review compared to RM0.25 million in the preceding quarter, which is able to sustain in business even though the overall consumer spending power is at the conservative side.

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

The Group recorded a revenue of RM4.34 million in this quarter compared with a revenue of RM3.76 million in the preceding quarter, and an unaudited profit before tax of RM0.043 million, compared with profit before tax of RM0.001 million in the preceding quarter. The increase in revenue was duly contributed by MCLS both in Malaysia and Indonesia during the quarter under review.

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.

Besides the existing businesses, the Group is also actively looking into diversification into other industries, such as tourism, property development and construction industry.

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 31.3.2017 RM'000	Preceding Year Corresponding Quarter 31.3.2016 RM'000	Current Year To Date 31.3.2017 RM'000	Preceding Year Corresponding Period 31.3.2016 RM'000
This is arrived at after charging : Depreciation of property, plant and equipment	<u>80</u>	<u>70</u>	<u>80</u>	<u>70</u>
and crediting :- Interest income on short term deposits	<u>276</u>	<u>53</u>	<u>276</u>	<u>53</u>

17. Taxation

	Current Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2017 RM'000
Current provision	<u>(20)</u>	<u>(20)</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 shophot at G-42 Oceanus Waterfront Mall, Sabah has been terminated upon the due date on 25 January 2017.

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

The Company had on 23 January 2017 received a Kuala Lumpur High Court Suit No. : WA-22NCC-17-01/2017 (case management) pertaining to Customer Loyalty Solutions Sdn Bhd (in liquidation) (the Plaintiff) against the Company (first defendant) and two other defendants. The Company has made the announcement to Bursa Malaysia on the same day. Subsequent to the above, the Company has taken all relevant actions on the defend. The case has been fixed for full trial in September 2017.

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:-

	31.3.2017 RM'000	31.12.2016 RM'000
Total retained profits		
- Realised	43	(1,042)
- Unrealised	<u>(55)</u>	<u>-</u>
	<u>(12)</u>	<u>(1,042)</u>
Less: consolidation adjustments	<u>4,456</u>	<u>5,543</u>
Total retained profits	<u>4,444</u>	<u>4,401</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 31.3.2017	Preceding Year Corresponding Quarter 31.3.2016	Current Year To Date 31.3.2017	Preceding Year Corresponding Period 31.3.2016
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	43	83	43	83
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)	0.018	0.034	0.018	0.034
- 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.*