

ADVANCE INFORMATION MARKETING BERHAD

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

FINANCIAL REPORT

UNAUDITED FOR THE 2ND QUARTER

ENDED 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2017

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.6.2017 RM'000	Preceding Year Corresponding Quarter 30.6.2016 RM'000	Current Year To Date 30.6.2017 RM'000	Preceding Year Corresponding Period 30.6.2016 RM'000
Revenue		2,614	2,900	6,949	6,361
Cost of sales and services		(1,870)	(2,199)	(4,941)	(4,743)
Gross profit		744	701	2,008	1,618
Other income		342	229	558	585
Administrative and other operating expenses		(1,539)	(1,767)	(2,956)	(2,957)
Operating profit / (loss)		(453)	(837)	(390)	(754)
Profit/(loss) before taxation	16	(453)	(837)	(390)	(754)
Taxation	17	20	-	-	-
Profit/(loss) after tax for the period		(433)	(837)	(390)	(754)
Other comprehensive income/(loss)					
<i>Items that will be reclassified subsequently to profit or loss, net of tax</i>					
Remeasurement of defined benefit obligations		-	-	-	-
Fair value reserve		141	11	177	29
Exchange fluctuation reserve		119	(100)	(15)	(92)
Total comprehensive income/(loss) for the period		(173)	(926)	(228)	(817)
Profit/(loss) for the period attributable to:					
Owners of the Company		(433)	(837)	(390)	(754)
Non-controlling interest		-	-	-	-
		(433)	(837)	(390)	(754)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(173)	(926)	(228)	(817)
Non-controlling interest		-	-	-	-
		(173)	(926)	(228)	(817)
Earnings/ (loss) per share :-					
- Basic (sen)	27	(0.179)	(0.346)	(0.161)	(0.312)
- 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 30 JUNE 2017

	UNAUDITED	AUDITED
	As at	As at
	30.6.2017	31.12.2016
ASSETS	RM'000	RM'000
	Note	
Non-Current Assets		
Property, plant and equipment	1,187	1,351
Intangible assets	3	3
Other Investments	11,028	10,992
Deferred tax assets	30	30
	<u>12,248</u>	<u>12,376</u>
Current Assets		
Inventories	785	661
Trade receivables	2,391	3,268
Other receivables, deposits and prepayments	1,199	2,410
Tax recoverable	246	73
Fixed deposits with licensed banks	8,031	8,494
Cash and bank balances	4,097	2,067
	<u>16,749</u>	<u>16,973</u>
TOTAL ASSETS	<u>28,997</u>	<u>29,349</u>
EQUITY		
Share capital	26,606	26,606
Share premium	1,446	1,446
Retained profits	26 4,011	4,401
Treasury shares	(4,058)	(4,058)
Fair Value Reserve	366	189
Other reserves	176	191
Equity attributable to the shareholders of the Company	<u>28,547</u>	<u>28,775</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>28,547</u>	<u>28,775</u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	121	121
	<u>121</u>	<u>121</u>
Current Liabilities		
Trade payables	191	198
Other payables and accruals	138	255
	<u>329</u>	<u>453</u>
TOTAL LIABILITIES	<u>450</u>	<u>574</u>
TOTAL EQUITY AND LIABILITIES	<u>28,997</u>	<u>29,349</u>
Net Assets per share (RM)	0.1180	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 30 JUNE 2017**

	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
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	-	-	-	(15)	177	(390)	(228)
Balance as at 30 June 2017	26,606	1,446	(4,058)	176	366	4,011	28,547

	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
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	26,606	1,446	(4,058)	191	189	4,401	28,775

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 30 JUNE 2017

	Current Year To Date 30.6.2017 RM'000	Audited Financial Year Ended 31.12.2016 RM'000
Cash flow from operating activities		
Profit before taxation	(390)	(1,019)
Adjustment for:-		
Amortisation of intangible assets	-	2
Depreciation of property, plant & equipment	176	277
Written off property, plant & equipment	25	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	(38)	(479)
Tax paid	-	-
Income from placement with money market funds and fixed deposits	(276)	(879)
Operating loss before working capital changes	<u>(478)</u>	<u>(1,718)</u>
(Increase)/ Decrease in inventories	(124)	(379)
Decrease /(Increase) in trade receivables	877	(106)
(Increase)/ Decrease in other receivables, deposits and prepayments	1,212	(2,095)
Increase/ (Decrease) in trade payables	-	-
(Increase)/Decrease in other payables and accruals	<u>(113)</u>	<u>(62)</u>
Cash utilised in operations	1,374	(4,360)
Tax paid	(172)	(192)
Employee benefits paid	-	(4)
Income from placement with money market funds and fixed deposits	<u>276</u>	<u>878</u>
Net cash used in operating activities	<u>1,478</u>	<u>(3,678)</u>
Cash flows from investing activities		
Investment in available-for-sale financial assets	-	(2,238)
Purchase of property, plant and equipment	(37)	(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	<u>141</u>	<u>298</u>
Net cash from investing activities	<u>104</u>	<u>(5,367)</u>
Net (decrease)/increase in cash and cash equivalents	1,582	(9,045)
Exchange differences on cash and cash equivalents	(15)	482
Cash and cash equivalents at beginning of the year	<u>10,561</u>	<u>19,124</u>
Cash and cash equivalents at the end of the period	<u>12,128</u>	<u>10,561</u>
Cash and cash equivalents comprise:		
Placements with money market funds	-	-
Fixed deposits with licensed banks	8,031	8,494
Cash and bank balances	<u>4,097</u>	<u>2,067</u>
	<u>12,128</u>	<u>10,561</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 financial year ended 31 December 2016 were not subject to any qualification.

3. Seasonality or cyclical

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

- a. As reported in the previous quarters, PT CLS System ("PT CLS") 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. On 27 January 2015, PT CLS System submitted a Counter Memorandum of Cassation, and on 24 November 2016 the judgement by Indonesia's Supreme Court ordering the Appellant to refund the earnest deposit amounted to IDR200.0 million to PT CLS, the Appellant has defaulted in the refund. PT CLS is now engaging Messrs. BMD & Partners in Indonesia to pursue on the recovery.
- b. The Company had on 27 April 2016 entered into an Option Agreement ("OA") with Sunsea Development Sdn Bhd (Company No. 210948-D) to purchase a unit of retail lot measuring of 1,664 sq.ft. identified as "Unit No. G-42, Ground Floor, KK City Waterfront Mall" for the purchase price of RM4.0 million. The Company had paid an Option Fee of RM2.0 million for the option to consider on the purchase and subject to full refund upon termination. The said Option Agreement was duly terminated on 25 January 2017. Sunsea Development Sdn Bhd has refunded RM1.5 million since termination.

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 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	558	284	122	964
Indonesia & others	1,627	-	23	1,650
	<u>2,185</u>	<u>284</u>	<u>145</u>	<u>2,614</u>
Segment Profit/(Loss)				
Malaysia	31	(262)	(180)	(411)
Indonesia & others	(53)	-	11	(42)
	<u>(22)</u>	<u>(262)</u>	<u>(169)</u>	<u>(453)</u>
Segment Assets				
Malaysia	41	373	351	765
Indonesia & others	422	-	-	422
	<u>463</u>	<u>373</u>	<u>351</u>	<u>1,187</u>
Segment Liabilities				
Malaysia	(159)	(29)	(24)	(212)
Indonesia & others	(113)	-	(4)	(117)
	<u>(272)</u>	<u>(29)</u>	<u>(28)</u>	<u>(329)</u>

12. Review of performance

TABLE 1 : FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE FOR THE QUARTER ENDED 30 JUNE 2017

	Individual Quarter				Cumulative Quarter			
	Current Quarter 30.6.2017 RM'000	Preceding Year Corresponding Quarter 30.6.2016 RM'000	Changes Amount	Changes %	Current Year To Date 30.6.2017 RM'000	Preceding Year Corresponding Period 30.6.2016 RM'000	Changes Amount	Changes %
	Revenue	2,614	2,900	(286)	-10%	6,949	6,361	588
Operating profit / (loss)	(453)	(837)	384	-46%	(390)	(754)	364	-48%
Loss before taxation	(453)	(837)	384	-46%	(390)	(754)	364	-48%
Loss after tax for the period	(433)	(837)	404	-48%	(390)	(754)	364	-48%
Loss for the period attributable to:								
Owners of the Company	(433)	(837)	404	-48%	(390)	(754)	364	-48%
Non-controlling interest	-	-	-	-	-	-	-	-

During the quarter ended 30 June 2017, the Group recorded an unaudited revenue of RM2.61 million, as compared with RM2.90 million in the corresponding quarter of the preceding year. The operation expenses during the quarter amounted to RM1.54 million, as compared with RM1.77 million in the corresponding quarter of the preceding year. The Group recorded an after tax loss of RM0.43 million as compared to an after tax loss of RM0.84 million in the corresponding quarter of the preceding year.

The major revenue contributor to the Group remained at Managed Customer Loyalty Services ("MCLS") segments. Whereby the segment of MCLS in Indonesia contributed larger portion in this segment compared to MCLS business in Malaysia. The MCLS business in Malaysia remain stable for the quarter under review, whereby MCLS segment in Indonesian business has declined due to lesser demand of MCLS services and uncertainty of the stability of economy and some changes in Government regulations, resulted overall decline in MCLS business of the Group. 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 RM0.28 million for the quarter under review compared to RM0.31 million in the preceding quarter, a slide decline during the quarter under review, as the Group also take action in cut cost on the non-profitable outlet, 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

TABLE 2: FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Individual Quarter			
	Current Quarter	Immediate Preceding Quarter	Changes Amount	Changes %
	30.6.2017 RM'000	31.3.2017 RM'000		
Revenue	2,614	4,335	(1,721)	-40%
Operating profit / (loss)	(453)	63	(516)	-819%
Profit/(loss) before taxation	(453)	63	(516)	-819%
Profit/(loss) after tax for the period	(433)	43	(476)	-1107%
Profit/(loss) for the period attributable to:				
Owners of the Company	(433)	43	(476)	-1107%
Non-controlling interest	-	-		

The Group recorded a revenue of RM2.61 million in this quarter compared with a revenue of RM4.33 million in the preceding quarter, and an unaudited loss before tax of RM0.453 million, compared with profit before tax of RM0.063 million in the preceding quarter. The major decreased in revenue was due to decline in MCLS business in Indonesia during the quarter under review.

The Group took all reasonable step in monitoring the costs spending, and also make details feasibility study before decision in investment, in order to minimise risk.

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.

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	<u>96</u>	<u>104</u>	<u>176</u>	<u>203</u>
and crediting :-				
Interest income on short term deposits	<u>-</u>	<u>49</u>	<u>276</u>	<u>102</u>

17. Taxation

	Current Quarter 30.6.2017 RM'000	Current Year To Date 30.6.2017 RM'000
Current provision	-	-

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. Whereby PT CLS System is in the midst of process in the purchase a three (3) storeys shoup houses with lift located at Jl. Bendeungan Hilir Raya No. 9 with building area of 4.5 x 14.5 m2 at a purchase consideration of IDR8.2 billion or approximately RM2.73 million.

19. Status of corporate proposals

There was no corporate proposal, merger and acquisition exercises 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, hereby known as "CLS") against the Company (first defendant) and two other defendants. The Company has made the announcement to Bursa Malaysia pertaining to the progress of case management on 15 March 2017, 27 April 2017 and 14 July 2017.

The Company had obtained an Order dated 14 June 2017 for security of costs amounting to RM50,000 to be provided by CLS. CLS did not comply with the said Order and the Claim against the Company has consequently been struck out on 5 July 2017. As such, the trial dates of 4 to 7 September 2017 have been vacated.

CLS has now applied for a stay of Order dated 14 June 2017 and/or to reinstate the claim against the Company. The Court has fixed this application for Hearing on 25 August 2017. CLS has also filed an appeal to the Court of Appeal against the Order dated 14 June 2017.

22. Dividend

There was no dividend proposed or declared during the quarter under review.

23. Procurement of new contract/termination of existing contract

There was no procurement of new contract, whereby the subsidiary of the Company has close of one (1) HABA beauty and healthcare outlet at Parkson Subang Parade during the quarter under review.

24. Impairments of assets or receivables

There was written of asset of RM25,487 for the quarter under review due to close of outlet as stated in item 23 above for the quarter under review.

25. Fair value gain on investment

There was value gain on investment in bond fund of RM176,986 for the quarter under review.

26. 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:-

	30.6.2017 RM'000	31.12.2016 RM'000
Total retained profits		
- Realised	(390)	(1,042)
- Unrealised	-	-
	<u>(390)</u>	<u>(1,042)</u>
Less: consolidation adjustments	4,401	5,543
Total retained profits	<u>4,011</u>	<u>4,401</u>

27. 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 30.6.2017	Preceding Year Corresponding Quarter 30.6.2016	Current Year To Date 30.6.2017	Preceding Year Corresponding Period 30.6.2016
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	(433)	(837)	(390)	(754)
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)	(0.179)	(0.346)	(0.161)	(0.312)
- 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.*