

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 3RD QUARTER

ENDED 30 SEPTEMBER 2018

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	As at 30.9.2018 RM'000	As at 31.12.2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,304	2,586
Investment property	3,298	3,197
Intangible assets	1	2
Other Investments	5,239	2,821
Deferred tax assets	40	42
	<u>10,882</u>	<u>8,648</u>
Current Assets		
Inventories	539	688
Trade receivables	1,277	2,302
Other receivables, deposits and prepayments	345	3,370
Tax recoverable	170	94
Fixed deposits with licensed banks	9,010	7,627
Cash and bank balances	996	4,422
	<u>12,337</u>	<u>18,503</u>
TOTAL ASSETS	<u><u>23,219</u></u>	<u><u>27,151</u></u>
EQUITY		
Share capital	26,606	26,606
Share premium	1,446	1,446
(Accumulated losses)/Retained earnings	(1,145)	2,266
Treasury shares	(4,058)	(4,058)
Fair value reserve	233	423
Other reserves	(382)	(198)
Equity attributable to the shareholders of the Company	<u>22,700</u>	<u>26,485</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>22,700</u></u>	<u><u>26,485</u></u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	130	165
	<u>130</u>	<u>165</u>
Current Liabilities		
Trade payables	110	106
Other payables and accruals	279	395
	<u>389</u>	<u>501</u>
TOTAL LIABILITIES	<u><u>519</u></u>	<u><u>666</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>23,219</u></u>	<u><u>27,151</u></u>
Net Assets per share (RM)	0.0938	0.1095

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.9.2018 RM'000	Preceding Year Corresponding Quarter 30.9.2017 RM'000	Current Year To Date 30.9.2018 RM'000	Preceding Year Corresponding Period 30.9.2017 RM'000
Revenue		1,731	2,421	6,810	9,370
Cost of sales and services		(1,385)	(1,407)	(5,407)	(6,348)
Gross profit		346	1,014	1,403	3,022
Other income		190	39	363	492
Administrative and other operating expenses		(1,505)	(1,603)	(5,177)	(4,454)
Operating loss		(969)	(550)	(3,411)	(940)
Loss before taxation	17	(969)	(550)	(3,411)	(940)
Taxation	18	-	-	-	-
Loss after tax for the period		(969)	(550)	(3,411)	(940)
Other comprehensive loss					
<i>Items that will be reclassified</i>					
<i>subsequently to profit or loss, net of tax</i>					
Remeasurement of defined benefit obligations		-	-	-	-
Exchange translation differences for foreign operations		(23)	(181)	(184)	(4)
Fair value reserve		(327)	(187)	(190)	(202)
Total comprehensive loss for the period		(1,319)	(918)	(3,785)	(1,146)
Loss for the period attributable to:					
Owners of the Company		(969)	(550)	(3,411)	(940)
Non-controlling interest		-	-	-	-
		(969)	(550)	(3,411)	(940)
Total comprehensive loss attributable to:					
Owners of the Company		(1,319)	(918)	(3,785)	(1,146)
Non-controlling interest		-	-	-	-
		(1,319)	(918)	(3,785)	(1,146)
Loss per share :-					
- Basic (sen)	25	(0.400)	(0.227)	(1.410)	(0.388)
- 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 2017 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 CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

For the period ended 30 September 2018

	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	(Accumulated losses)/ Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	
Balance as at 1 January 2018	26,606	1,446	(4,058)	(198)	423	2,266	26,485	-	26,485
Total comprehensive loss for the period	-	-	-	(184)	(190)	(3,411)	(3,785)	-	(3,785)
Balance as at 30 September 2018	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(382)</u>	<u>233</u>	<u>(1,145)</u>	<u>22,700</u>	<u>-</u>	<u>22,700</u>

For the period ended 30 September 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 Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	
Balance as at 1 January 2017	26,606	1,446	(4,058)	191	189	4,401	28,775	-	28,775
Total comprehensive loss for the period	-	-	-	(202)	(4)	(940)	(1,146)	-	(1,146)
Balance as at 30 September 2017	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(11)</u>	<u>185</u>	<u>3,461</u>	<u>27,629</u>	<u>-</u>	<u>27,629</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 2017 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 2018

	Current Year To Date 30.9.2018 RM'000	Financial Year Ended 31.12.2017 RM'000
Cash flow from operating activities		
Loss before taxation	(3,411)	(2,123)
Adjustment for:-		
Amortisation of intangible assets	1	1
Depreciation of property, plant & equipment	216	248
Depreciation of investment property	12	3
Property, plant & equipment written off	287	107
Fair value gain of financial asset recognised in profit or loss	-	(257)
Gain on disposal of quoted shares	-	(10)
Gain on disposal of unit trusts	-	(14)
Defined benefit obligations	-	44
Unrealised loss on foreign exchange	369	118
Finance income	(176)	(554)
Operating loss before working capital changes	(2,702)	(2,437)
Decrease/(Increase) in inventories	129	(27)
Decrease in receivables	4,013	3,009
(Decrease)/Increase in payables	(124)	47
Cash generated from operations	1,316	592
Tax paid	(120)	(23)
Employee benefits paid	(25)	(9)
Interest received	175	435
Net cash from operating activities	1,346	995
Cash flows from investing activities		
Investment in quoted shares	(2,608)	(922)
Acquisition of investment property	(113)	(3,200)
Acquisition of property, plant & equipment	(356)	(1,756)
Proceeds from disposal of quoted shares	-	275
Proceeds from disposal of unit trusts	-	6,452
Net cash (used in)/from investing activities	(3,077)	849
Net (decrease)/increase in cash and cash equivalents	(1,731)	1,844
Exchange differences on cash and cash equivalents	(312)	(356)
Cash and cash equivalents at beginning of the period	12,049	10,561
Cash and cash equivalents at the end of the period	10,006	12,049
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	9,010	7,627
Cash and bank balances	996	4,422
	10,006	12,049

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting 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 2017. 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 2017. The financial statements of the Group for FYE 31 December 2017 are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of this report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2017.

2.1 Adoption of Standards, Amendments and IC Interpretations

The accounting policies adopted are consistent with those of previous financial year except for the adoption of the following new and amended MFRSs and IC Interpretation which are effective for accounting period 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

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

2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued 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 2019

MFRS 16, Leases
IC Interpretation 23, Uncertainty over Income Tax Treatments
Amendments to MFRS 9, Prepayment Features with Negative Compensation
Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128, Long-term interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle:
- Amendments to MFRS 3
- Amendments to MFRS 11
- Amendments to MFRS 112
- Amendments to MFRS 123

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

2. Significant Accounting Policies (Cont'd)

2.2 MFRSs, Amendments to MFRS and IC Interpretation Issued But Not Yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

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.

3. 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 2017 were not subject to any qualification.

4. Seasonality or cyclicity

The Group's operations have not been materially affected by any seasonal/cyclical factors.

5. 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.

6. Changes in estimates

There was no material change in the estimates used for the preparation of these interim financial statements.

7. 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.

8. 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.

9. Material events subsequent to the end of the interim period

There was no material events subsequent to the end of the interim period.

10. Change in the composition of the Group

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

11. Contingent assets and contingent liabilities

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

12. Segmental information

The revenue and (loss)/profit 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	588	5	-	593
Indonesia & others	1,138	-	-	1,138
	<u>1,726</u>	<u>5</u>	<u>-</u>	<u>1,731</u>
Segment Profit/(Loss)				
Malaysia	72	(59)	(444)	(431)
Indonesia & others	(533)	-	(5)	(538)
	<u>(461)</u>	<u>(59)</u>	<u>(449)</u>	<u>(969)</u>
Segment Assets as per year to date				
Malaysia	4,425	255	12,037	16,717
Indonesia & others	6,496	-	6	6,502
	<u>10,921</u>	<u>255</u>	<u>12,043</u>	<u>23,219</u>
Segment Liabilities as per year to date				
Malaysia	(74)	(14)	(77)	(165)
Indonesia & others	(349)	-	(5)	(354)
	<u>(423)</u>	<u>(14)</u>	<u>(82)</u>	<u>(519)</u>

The segment assets and segment liabilities as per year to date by taking into consideration of the non-current assets, current assets, current liabilities and long term liabilities.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

13. Review of performance

**TABLE 1: FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Individual Quarter				Cumulative Quarter			
	Current Quarter	Preceding Year Corresponding Quarter	Changes Amount	Changes %	Current Year To Date	Preceding Year Corresponding Period	Changes Amount	Changes %
	30.9.2018 RM'000	30.9.2017 RM'000			30.9.2018 RM'000	30.9.2017 RM'000		
Revenue	1,731	2,421	(690)	-29%	6,810	9,370	(2,560)	-27%
Operating loss	(969)	(550)	(419)	76%	(3,411)	(940)	(2,471)	263%
Loss before taxation	(969)	(550)	(419)	76%	(3,411)	(940)	(2,471)	263%
Loss after tax for the period	(969)	(550)	(419)	76%	(3,411)	(940)	(2,471)	263%
Loss for the period attributable to:								
Owners of the Company	(969)	(550)	(419)	76%	(3,411)	(940)	(2,471)	263%
Non-controlling interest	-	-	-	0%	-	-	-	0%

During the quarter ended 30 September 2018, the Group recorded an unaudited revenue of RM1.73 million, as compared with RM2.42 million in the corresponding quarter of the preceding year. The Group recorded an after tax loss of RM0.97 million as compared to an after tax loss of RM0.55 million in the corresponding quarter of the preceding year.

The Managed Customer Loyalty Services ("MCLS") segments remained as the major revenue contributor to the Group whereby the segment of MCLS in Indonesia contributed larger portion compared to MCLS business in Malaysia. The MCLS business in Malaysia remains stable for the quarter under review, whereby MCLS segment in Indonesian business has declined due to lower demand in MCLS services and continuous challenging environment in the financial services and customer loyalty segment during the financial period, resulted in overall decline in MCLS business of the Group.

Furthermore, foreign exchange losses resulted from translation of the financial results of Indonesia's subsidiary company has increased over the period due to strengthening Ringgit Malaysia against Indonesia Rupiah. The increase in the expenses of the Indonesia's subsidiary company also due to the tax expenses and penalty resulted from the Value Added Tax audit for Year 2015 which the payment was made on monthly basis instead of one off payment.

The Company dividend income has declined RM0.44 million per annum also contributed to higher losses in the Group resulted from full redemption by NTL International Holdings (M) Sdn Bhd in January 2018 on 100,000 Non-Convertible Redeemable Preference Shares which has a coupon rate of 16% per annum.

Contribution from the Distribution of Health and Beauty Products segment recorded at RM0.39 million for current year to date as compared to RM0.72 million in the preceding year corresponding period due to the license agreement of HABA has discontinued on 1 April 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

14. Material Changes in The 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 Year Quarter	Changes Amount	Changes %
	30.9.2018 RM'000	30.06.2018 RM'000		
Revenue	1,731	1,601	130	8%
Operating loss	(969)	(1,258)	289	-23%
Loss before taxation	(969)	(1,258)	289	-23%
Loss after tax for the period	(969)	(1,258)	289	-23%
Loss for the period attributable to:				
Owners of the Company	(969)	(1,258)	289	-23%
Non-controlling interest	-	-	-	0%

The Group recorded a revenue of RM1.73 million in this quarter compared with a revenue of RM1.60 million in the preceding quarter, and an unaudited loss before tax of RM0.97 million, compared with loss before tax of RM1.26 million in the preceding quarter. The increase in revenue was due to increase in MCLS business in Indonesia during the quarter under review compared to last quarter.

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.

15. 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. Futhermore, the Group has also considered to concentrate on its core business on customer loyalty services by securing more contracts to broaden the revenue base.

One of the subsidiary company of the Group has been selected into the final round of bidding for fulfillment needs/business of an international electronic company.

16. 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

17. Loss before taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2018 RM'000	Preceding Year Corresponding Quarter 30.9.2017 RM'000	Current Year To Date 30.9.2018 RM'000	Preceding Year Corresponding Period 30.9.2017 RM'000
This is arrived at after charging :				
Amortisation of intangible assets	-	-	1	-
Depreciation of investment property	4	-	12	-
Depreciation of property, plant and equipment	74	79	216	255
Property, plant and equipment written off	-	-	287	-
Unrealised loss on foreign exchange	89	-	369	-
and crediting :-				
Interest income on short term deposits	32	39	176	315

18. Taxation

	Current Quarter 30.9.2018 RM'000	Current Year To Date 30.9.2018 RM'000
Current provision	-	-

Currently there is no provision for taxation as all subsidiaries were incurring loss.

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 20 January 2017 been served with a Writ (Kuala Lumpur High Court Suit No.: WA-22NCC-17-01/2-17) issued by Customer Loyalty Solutions Sdn Bhd (in liquidation) (the Plaintiff, hereby known as "CLS") against the Company, as the First Defendant, and two other Defendants. The Company has made the announcements 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 to the Company. CLS did not comply with the said Order and the said Writ against the Company was consequently struck out on 5 July 2017. As such, the trial dates of 4 to 7 September 2017 have been vacated.

CLS then applied for a stay of the Order dated 14 June 2017 and/or to reinstate the claim against the Company. The High Court fixed this application for Hearing on 25 August 2017 and dismissed the said application on the same day.

CLS had also filed an appeal to the Court of Appeal against the Order dated 14 June 2017. After several case managements at the Court of Appeal on 13 December 2017, 25 January 2018 and 13 February 2018, CLS' appeal was fixed for Hearing on 11 July 2018 before the Court of Appeal.

On 16 May 2018, the Court of Appeal informed that the Hearing date of 11 July 2018 has been vacated and CLS's appeal was fixed for Hearing on 20 September 2018 before the Court of Appeal.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

21. Material litigation (Cont'd)

On 20 September 2018, the Court of Appeal had allowed CLS' appeal with no order as to costs. The CLS suit is now before the Kuala Lumpur High Court and fixed for final case management on 4 January 2019. The Kuala Lumpur High Court has also fixed the suit for full trial on 16 and 17 January 2019.

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 or termination of existing contract during the quarter under review.

24. Fair value on investment

Included in the other investment is an amount of RM5.19 million which is the fair value of investment in quoted shares that is determined directly by reference to their published market price as at 30 September 2018.

25. Basis of calculation of loss per share

The basic and fully diluted loss per share for the quarter and cumulative year to date are computed as follows:

	Current Quarter 30.9.2018	Preceding Year Corresponding Quarter 30.9.2017	Current Year To Date 30.9.2018	Preceding Year Corresponding Period 30.9.2017
Net loss attributable to equity holders of the parent for the period (RM'000)	(969)	(550)	(3,411)	(940)
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 loss per share (sen)	(0.400)	(0.227)	(1.410)	(0.388)
- 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.*

26. Related Party Transactions

There is no related party transaction during the financial quarter under review.

27. Date of Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 November 2018.