

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 1ST QUARTER

ENDED 31 MARCH 2019

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	As at 31.3.2019	As at 31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,127	2,151
Investment property	3,983	3,728
Intangible assets	9	9
Other Investments	5,383	6,031
Deferred tax assets	35	35
	<u>11,537</u>	<u>11,954</u>
Current Assets		
Inventories	337	328
Trade receivables	693	1,951
Other receivables, deposits and prepayments	167	205
Tax recoverable	17	-
Fixed deposits with licensed banks	9,545	9,986
Cash and bank balances	485	684
	<u>11,244</u>	<u>13,154</u>
TOTAL ASSETS	<u><u>22,781</u></u>	<u><u>25,108</u></u>
EQUITY		
Share capital	28,052	28,052
Accumulated losses	(1,010)	(39)
Treasury shares	(4,058)	(4,058)
Fair value reserve	376	1,024
Other reserves	(1,129)	(1,107)
Equity attributable to the shareholders of the Company	<u>22,231</u>	<u>23,872</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>22,231</u></u>	<u><u>23,872</u></u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	191	193
Loan and borrowing	31	35
	<u>222</u>	<u>228</u>
Current Liabilities		
Trade payables	59	426
Other payables and accruals	253	445
Loan and borrowing	16	16
Provision for taxation	-	121
	<u>328</u>	<u>1,008</u>
TOTAL LIABILITIES	<u><u>550</u></u>	<u><u>1,236</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>22,781</u></u>	<u><u>25,108</u></u>
Net Assets per share (RM)	0.0919	0.0987

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2019**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000	Current Year To Date 31.3.2019 RM'000	Preceding Year Corresponding Period 31.3.2018 RM'000
Revenue		978	3,478	978	3,478
Cost of sales and services		(808)	(2,763)	(808)	(2,763)
Gross profit		170	715	170	715
Other income		124	90	124	90
Administrative and other operating expenses		(1,265)	(1,989)	(1,265)	(1,989)
Operating loss		(971)	(1,184)	(971)	(1,184)
Loss before taxation	18	(971)	(1,184)	(971)	(1,184)
Taxation	19	-	-	-	-
Loss after tax for the period		(971)	(1,184)	(971)	(1,184)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit obligations		-	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
		-	-	-	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		(22)	(180)	(22)	(180)
Fair value reserve		(648)	402	(648)	402
Total other comprehensive (loss)/income for the period		(670)	222	(670)	222
Total comprehensive loss for the period		(1,641)	(962)	(1,641)	(962)
Loss for the period attributable to:					
Owners of the Company		(971)	(1,184)	(971)	(1,184)
Non-controlling interest		-	-	-	-
		(971)	(1,184)	(971)	(1,184)
Total comprehensive loss attributable to:					
Owners of the Company		(1,641)	(962)	(1,641)	(962)
Non-controlling interest		-	-	-	-
		(1,641)	(962)	(1,641)	(962)
Loss per share :-					
- Basic (sen)	26	(0.401)	(0.489)	(0.401)	(0.489)
- 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 2018 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 31 MARCH 2019

For the period ended 31 March 2019

	Attributable to owners of the parent								
	Share capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2019	28,052	-	(4,058)	(1,107)	1,024	(39)	23,872	-	23,872
Total comprehensive loss for the period	-	-	-	(22)	(648)	(971)	(1,641)	-	(1,641)
Balance as at 31 March 2019	<u>28,052</u>	<u>-</u>	<u>(4,058)</u>	<u>(1,129)</u>	<u>376</u>	<u>(1,010)</u>	<u>22,231</u>	<u>-</u>	<u>22,231</u>

For the period ended 31 March 2018

	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 Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity 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	-	-	-	(180)	402	(1,184)	(962)	-	(962)
Balance as at 31 March 2018	<u>26,606</u>	<u>1,446</u>	<u>(4,058)</u>	<u>(378)</u>	<u>825</u>	<u>1,082</u>	<u>25,523</u>	<u>-</u>	<u>25,523</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 2018 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 2019

	Current Year To Date 31.3.2019 RM'000	Financial Year Ended 31.12.2018 RM'000
Cash flow from operating activities		
Loss before taxation	(971)	(2,320)
Adjustment for:-		
Amortisation of intangible assets	-	-
Depreciation of property, plant & equipment	73	294
Depreciation of investment property	4	16
Property, plant & equipment written off	7	288
Gain on disposal of property, plant & equipment	-	(1,377)
Defined benefit obligations	-	50
Interest expense	1	-
Inventories written off	4	60
Finance income	(107)	(342)
Operating loss before working capital changes	<u>(989)</u>	<u>(3,331)</u>
(Increase)/Decrease in inventories	(13)	290
Decrease in receivables	1,300	3,448
(Decrease)/Increase in payables	(561)	366
Cash (used in)/generated from operations	<u>(263)</u>	<u>773</u>
Tax (paid)/refunded	(139)	204
Employee benefits paid	(1)	(44)
Interest paid	(1)	-
Interest received	107	342
Net cash (used in)/from operating activities	<u>(297)</u>	<u>1,275</u>
Cash flows from investing activities		
Investment in quoted shares	-	(2,608)
Acquisition of investment property	(260)	(546)
Acquisition of property, plant & equipment	(62)	(339)
Acquisition of intangible assets	-	(8)
Proceeds from disposal of property, plant & equipment	-	1,626
Net cash used in investing activities	<u>(322)</u>	<u>(1,875)</u>
Cash flows from financing activities		
Repayment of finance lease liability	(4)	(7)
Net Cash used in financing activities	<u>(4)</u>	<u>(7)</u>
Net decrease in cash and cash equivalents	(623)	(607)
Exchange differences on cash and cash equivalents	(17)	(772)
Cash and cash equivalents at beginning of the period	10,670	12,049
Cash and cash equivalents at the end of the period	<u>10,030</u>	<u>10,670</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	9,545	9,986
Cash and bank balances	485	684
	<u>10,030</u>	<u>10,670</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

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 2018. 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 2018. The financial statements of the Group for FYE 31 December 2018 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 2018.

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 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

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 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3, Definition of a Business
Amendments to MFRS 101, Definition of Material

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019

2. Significant Accounting Policies (Cont'd)

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

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 2018 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 31 MARCH 2019**

11. Contingent assets and contingent liabilities

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

12. Capital commitments

Capital commitments contracted but not provided for in the financial statements are as follows:

	As at 31.3.2019 RM'000	As at 31.12.2018 RM'000
Capital expenditure	<u>284</u>	<u>514</u>

13. Segmental information

The revenue and 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	228	1	-	229
Indonesia & others	<u>749</u>	<u>-</u>	<u>-</u>	<u>749</u>
	<u>977</u>	<u>1</u>	<u>-</u>	<u>978</u>
Segment Loss				
Malaysia	(146)	(43)	(385)	(574)
Indonesia & others	<u>(396)</u>	<u>-</u>	<u>(1)</u>	<u>(397)</u>
	<u>(542)</u>	<u>(43)</u>	<u>(386)</u>	<u>(971)</u>
Segment Assets as per year to date				
Malaysia	4,618	149	11,017	15,784
Indonesia & others	<u>6,994</u>	<u>-</u>	<u>3</u>	<u>6,997</u>
	<u>11,612</u>	<u>149</u>	<u>11,020</u>	<u>22,781</u>
Segment Liabilities as per year to date				
Malaysia	(123)	-	(82)	(205)
Indonesia & others	<u>(343)</u>	<u>-</u>	<u>(2)</u>	<u>(345)</u>
	<u>(466)</u>	<u>-</u>	<u>(84)</u>	<u>(550)</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 31 MARCH 2019**

14. Review of performance

**TABLE 1: FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE
FOR THE QUARTER ENDED 31 MARCH 2019**

	Individual Quarter				Cumulative Quarter			
	Current Quarter	Preceding Year Corresponding Quarter	Changes Amount	Changes %	Current Year To Date	Preceding Year Corresponding Period	Changes Amount	Changes %
	31.3.2019 RM'000	31.3.2018 RM'000			31.3.2019 RM'000	31.3.2018 RM'000		
Revenue	978	3,478	(2,500)	-72%	978	3,478	(2,500)	-72%
Operating loss	(971)	(1,184)	213	-18%	(971)	(1,184)	213	-18%
Loss before taxation	(971)	(1,184)	213	-18%	(971)	(1,184)	213	-18%
Loss after tax for the period	(971)	(1,184)	213	-18%	(971)	(1,184)	213	-18%
Loss for the period attributable to:								
Owners of the Company	(971)	(1,184)	213	-18%	(971)	(1,184)	213	-18%
Non-controlling interest	-	-	-	0%	-	-	-	0%

During the quarter ended 31 March 2019, the Group recorded an unaudited revenue of RM0.98 million, as compared to the revenue recorded at RM3.48 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 RM1.18 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 revenue of MCLS business in Indonesia recorded at RM0.75 million for the quarter under review which has decreased 74% as compared to the preceding year corresponding quarter's recorded revenue of RM2.88 million.

The decreased in revenue was due to decrease in revenue from major customers which contributed more than 50% of the revenue in the corresponding quarter of preceding year. Growing competition in the MCLS segment and higher operating cost also one of the reason for the decreased in revenue and increased in after tax losses in our Indonesia's business.

The revenue of Malaysia's MCLS segment is recorded at RM0.23 million, which has declined 16% as compared to the recorded revenue of RM0.27 million in corresponding quarter of preceding year. This is mainly due to decrease in order from our customer during the quarter under review.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

15. 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 %
	31.3.2019 RM'000	31.12.2018 RM'000		
Revenue	978	2,741	(1,763)	-64%
Operating (loss)/profit	(971)	1,152	(2,123)	-184%
(Loss)/profit before taxation	(971)	1,152	(2,123)	-184%
(Loss)/profit after tax for the period	(971)	1,147	(2,118)	-185%
(Loss)/profit for the period attributable to:				
Owners of the Company	(971)	1,147	(2,118)	-185%
Non-controlling interest	-	-	-	0%

The Group recorded a revenue of RM0.98 million in this quarter compared with a revenue of RM2.74 million in the preceding quarter, and an unaudited loss before tax of RM0.97 million, compared with profit before tax of RM1.15 million in the preceding quarter. The decreased in revenue was mainly due to the decrease in revenue in MCLS segment of both Indonesia and Malaysia's subsidiary companies. Furthermore, the decreased in profit before tax was mainly due to there was a gain on disposal of property, plant and equipment that amounted to RM1.38 million in our Indonesia's subsidiary company in the immediate preceding year quarter compared to current 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.

16. 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.

Our Indonesia's operation continues to expand its services and offering to our client and exploring a more robust e-platform for our future developments. Our e-commerce platform is expected to go to market in second half of this year.

Malaysia's operations is focusing in upgrading our capability and enhancing our call centre business as well as going into mobile application sphere. We will continue to look for opportunities for both locally and across the region. We will leverage and expand our Indonesia platform and seek opportunity to cross sell.

17. 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 31 MARCH 2019**

18. Loss before taxation

This is arrived at after charging/(crediting) amongst other, the following items :

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.3.2019 RM'000	Preceding Year Corresponding Quarter 31.3.2018 RM'000	Current Year To Date 31.3.2019 RM'000	Preceding Year Corresponding Period 31.3.2018 RM'000
Amortisation of intangible assets	-	-	-	-
Depreciation of investment property	4	4	4	4
Depreciation of property, plant and equipment	73	75	73	75
Property, plant and equipment written off	7	-	7	-
Inventories written off	4	-	4	-
Interest expense	1	-	1	-
Interest income	(107)	(76)	(107)	(76)

19. Taxation

	Current Quarter 31.3.2019 RM'000	Current Year To Date 31.3.2019 RM'000
Current provision	-	-

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

20. Status of corporate proposals

There was no corporate proposal, merger and acquisition exercises for the current quarter under review.

21. Group borrowing

	As at 31.3.2019 RM'000	As at 31.3.2018 RM'000
Lease liability - secured		
- Current	16	-
- Non-current	31	-
	<u>47</u>	<u>-</u>

22. 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") claiming that the payment of RM6,524,652 from the Plaintiff to the Company are void or voidable. The Claim has also been filed on two (2) other defendants comprising a current and a former director of the Company to jointly and severally liable to pay the Plaintiff the sum of RM6,524,652. On 7 July 2011, the Plaintiff ceased as subsidiary of the Company.

The matters went for full trial and concluded on 16 January 2019. The Court fixed 20 February 2019 for oral submissions and had fixed 4 March 2019 for further submissions. The Court had on 4 March 2019 heard further submissions by the Defendants and has fixed 10 May 2019 for further clarification/decision and it was then postponed to 2 July 2019.

The outcome of the legal case cannot be reliably ascertained as at the date of this report pending the Court decision.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

23. Dividend

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

24. 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.

25. Fair value on investment

Included in the other investment is an amount of RM5.34 million which is the fair value of investment in quoted shares that is determined directly by reference to their published market price as at 31 March 2019.

26. 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 31.3.2019	Preceding Year Corresponding Quarter 31.3.2018	Current Year To Date 31.3.2019	Preceding Year Corresponding Period 31.3.2018
Net loss attributable to equity holders of the parent for the period (RM'000)	(971)	(1,184)	(971)	(1,184)
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)	(0.401)	(0.489)	(0.401)	(0.489)
- 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.*

27. Significant Related Party Transactions

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

28. 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 23 May 2019.