

ADVANCE INFORMATION MARKETING BERHAD

(Registration No. 200401006266 (644769-D))

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 4TH QUARTER

ENDED 31 DECEMBER 2019

ADVANCE INFORMATION MARKETING BERHAD
(Registration No. 200401006266 (644769-D))

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

	As at 31.12.2019	As at 31.12.2018
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	6,479	2,151
Investment property	-	3,728
Intangible assets	7	9
Right-of-use asset	106	-
Other Investments	5,622	6,031
Deferred tax assets	42	35
	<u>12,256</u>	<u>11,954</u>
Current Assets		
Inventories	1,088	328
Trade receivables	853	1,951
Other receivables, deposits and prepayments	356	205
Tax recoverable	-	-
Fixed deposits with licensed banks	6,661	9,986
Cash and bank balances	<u>1,294</u>	<u>684</u>
	<u>10,252</u>	<u>13,154</u>
TOTAL ASSETS	<u><u>22,508</u></u>	<u><u>25,108</u></u>
EQUITY		
Share capital	28,052	28,052
Accumulated losses	(4,049)	(39)
Treasury shares	(4,058)	(4,058)
Fair value reserve	615	1,024
Other reserves	(642)	(1,107)
Equity attributable to the shareholders of the Company	<u>19,918</u>	<u>23,872</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>19,918</u></u>	<u><u>23,872</u></u>
LIABILITIES		
Non-Current Liabilities		
Employee benefits	225	193
Loan and borrowings	<u>1,607</u>	<u>35</u>
	1,832	228
Current Liabilities		
Trade payables	172	426
Other payables and accruals	457	445
Loan and borrowings	125	16
Provision for taxation	<u>4</u>	<u>121</u>
	758	1,008
TOTAL LIABILITIES	<u><u>2,590</u></u>	<u><u>1,236</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>22,508</u></u>	<u><u>25,108</u></u>
Net Assets per share (RM)	0.0823	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.

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2019 RM'000	Preceding Year Corresponding Period 31.12.2018 RM'000
Revenue		1,653	2,741	4,944	9,551
Cost of sales and services		(1,549)	(2,675)	(4,502)	(8,082)
Gross profit		104	66	442	1,469
Other income		(31)	1,226	387	1,589
Administrative and other operating expenses		(983)	(201)	(4,872)	(5,378)
Operating (loss)/profit		(910)	1,091	(4,043)	(2,320)
Finance costs		(30)	-	(54)	-
(Loss)/profit before taxation	18	(940)	1,091	(4,097)	(2,320)
Taxation	19	14	(10)	14	(10)
(Loss)/profit after tax for the period		(926)	1,081	(4,083)	(2,330)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit obligations		30	(28)	30	(28)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(8)	(7)	(8)	(7)
		22	(35)	22	(35)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		(47)	(725)	465	(909)
Fair value reserve		(144)	791	(409)	601
Total other comprehensive (loss)/income for the period		(191)	66	56	(308)
Total comprehensive (loss)/income for the period		(1,095)	1,112	(4,005)	(2,673)
(Loss)/profit for the period attributable to:					
Owners of the Company		(926)	1,081	(4,083)	(2,330)
Non-controlling interest		-	-	-	-
		(926)	1,081	(4,083)	(2,330)
Total comprehensive (loss)/profit attributable to:					
Owners of the Company		(1,095)	1,112	(4,005)	(2,673)
Non-controlling interest		-	-	-	-
		(1,095)	1,112	(4,005)	(2,673)
(Loss)/profit per share :-					
- Basic (sen)	26	(0.383)	0.447	(1.687)	(0.963)
- 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
(Registration No. 200401006266 (644769-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2019

For the period ended 31 December 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
Loss for the period	-	-	-	-	-	(4,083)	(4,083)	-	(4,083)
Other comprehensive loss for the period	-	-	-	465	(409)	22	78	-	78
Total comprehensive loss for the period	-	-	-	465	(409)	(4,061)	(4,005)	-	(4,005)
Strike off of subsidiary company	-	-	-	-	-	16	16	-	16
Disposal of subsidiary company	-	-	-	-	-	35	35	-	35
Total transactions with owners	-	-	-	-	-	51	51	-	51
Balance as at 31 December 2019	<u>28,052</u>	<u>-</u>	<u>(4,058)</u>	<u>(642)</u>	<u>615</u>	<u>(4,049)</u>	<u>19,918</u>	<u>-</u>	<u>19,918</u>

For the period ended 31 December 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/ (Accumulated losses) 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
Loss for the period	-	-	-	-	-	(2,330)	(2,330)	-	(2,330)
Other comprehensive loss for the period	-	-	-	(909)	601	(35)	(343)	-	(343)
Total comprehensive loss for the period	-	-	-	(909)	601	(2,365)	(2,673)	-	(2,673)
Transactions with owners:									
Strike off of subsidiary company	-	-	-	-	-	60	60	-	60
Transfer in accordance with Section 618(2) of the Companies Act, 2016	1,446	(1,446)	-	-	-	-	-	-	-
Balance as at 31 December 2018	<u>28,052</u>	<u>-</u>	<u>(4,058)</u>	<u>(1,107)</u>	<u>1,024</u>	<u>(39)</u>	<u>23,872</u>	<u>-</u>	<u>23,872</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
(Registration No. 200401006266 (644769-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2019

	Current Year To Date 31.12.2019 RM'000	Financial Year Ended 31.12.2018 RM'000
Cash flow from operating activities		
Loss before taxation	(4,097)	(2,320)
Adjustment for:-		
Amortisation of intangible assets	3	-
Depreciation of property, plant & equipment	404	294
Depreciation of investment property	-	16
Depreciation of right-of-use asset	43	-
Property, plant & equipment written off	6	288
Waiver on amount due to related company	(160)	-
Gain on disposal of property, plant & equipment	-	(1,377)
Loss on disposal of subsidiary company	156	-
Defined benefit obligations	59	50
Interest expense	54	-
Inventories written off	159	60
Finance income	(388)	(342)
Operating loss before working capital changes	(3,761)	(3,331)
(Increase)/Decrease in inventories	(909)	290
Decrease in receivables	985	3,448
(Decrease)/Increase in payables	(253)	366
Cash (used in)/generated from operations	(3,938)	773
Tax paid	(134)	204
Tax refunded	15	-
Employee benefits paid	(1)	(44)
Interest paid	(45)	-
Interest received	388	342
Net cash (used in)/from operating activities	(3,715)	1,275
Cash flows from investing activities		
Investment in quoted shares	-	(2,608)
Acquisition of investment property	-	(546)
Acquisition of property, plant & equipment	(964)	(339)
Acquisition of intangible assets	-	(8)
Disposal of subsidiary, net of cash disposed of	2	-
Proceeds from disposal of property, plant & equipment	-	1,626
Net cash used in investing activities	(962)	(1,875)
Cash flows from financing activities		
Repayment of lease liabilities	(58)	(7)
Repayment of term loan	(20)	-
Drawdown of term loan	1,600	-
Net Cash from/(used in) financing activities	1,522	(7)
Net decrease in cash and cash equivalents	(3,155)	(607)
Exchange differences on cash and cash equivalents	440	(772)
Cash and cash equivalents at beginning of the period	10,670	12,049
Cash and cash equivalents at the end of the period	7,955	10,670
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	6,661	9,986
Cash and bank balances	1,294	684
	7,955	10,670

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 DECEMBER 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 :-

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
MFRS 16, Leases

The initial application of the above amendments to MFRSs have no significant impact on the financial statements of the Group other than as disclosed below:

2.1(a) MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases -Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 introduces a single, on-balance sheet leases accounting model for lessee.

At the date of initial application, the Group has adopted MFRS 16 using the modified retrospective approach and did not restate the comparative information prior to the date of initial application. The Group had opted to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The adoption of MFRS 16 does not have any financial impact on the accumulated losses of the Group at the date of initial application.

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

2. Significant Accounting Policies (Cont'd)

2.1 Adoption of Standards, Amendments and IC Interpretations (Cont'd)

2.1(a) MFRS 16 Leases (Cont'd)

The adoption of MFRS 16 impacts the Group's statement of financial position and statement of profit or loss as at 31 December 2019 as below:

Statement of financial position as at 31 December 2019

	Pre-adoption of MFRS 16 RM'000	Adjustments under MFRS 16 RM'000	Year-to-date Under MFRS 16 RM'000
Right-of-use asset	-	106	106
Lease liabilities	36	107	143
Accumulated losses	(4,048)	(1)	(4,049)

Statement of profit or loss for the year ended 31 December 2019

Depreciation of right-of-use asset	-	43	43
Interest expenses	42	12	54
Loss for the period	(4,082)	(1)	(4,083)

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

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.

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

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

The Company had on 1 October 2019 disposed of entire equity interest in Pride Group Limited ("Pride Group"), a dormant wholly-owned subsidiary of the Company which was incorporated in British Virgin Islands for a total cash consideration of USD1,000 (equivalent to RM4,213). The disposal of Pride Group is not expected to have any material effect on the earnings or net assets of the Group.

11. Contingent assets and contingent liabilities

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

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

12. Capital commitments

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

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Capital expenditure	<u>9</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	175	-	-	175
Indonesia & others	1,478	-	-	1,478
	<u>1,653</u>	<u>-</u>	<u>-</u>	<u>1,653</u>
Segment Loss				
Malaysia	(190)	(42)	(235)	(467)
Indonesia & others	(458)	-	(1)	(459)
	<u>(648)</u>	<u>(42)</u>	<u>(236)</u>	<u>(926)</u>
Segment Assets as per year to date				
Malaysia	4,945	-	11,376	16,321
Indonesia & others	6,187	-	-	6,187
	<u>11,132</u>	<u>-</u>	<u>11,376</u>	<u>22,508</u>
Segment Liabilities as per year to date				
Malaysia	(1,872)	-	(165)	(2,037)
Indonesia & others	(553)	-	-	(553)
	<u>(2,425)</u>	<u>-</u>	<u>(165)</u>	<u>(2,590)</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 DECEMBER 2019**

14. Review of performance

**TABLE 1: FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE
FOR THE QUARTER ENDED 31 DECEMBER 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 %
	31.12.2019 RM'000	31.12.2018 RM'000			31.12.2019 RM'000	31.12.2018 RM'000		
Revenue	1,653	2,741	(1,088)	-40%	4,944	9,551	(4,607)	-48%
Operating (loss)/profit	(910)	1,091	(2,001)	-183%	(4,043)	(2,320)	(1,723)	74%
(Loss)/profit before taxation	(940)	1,091	(2,031)	-186%	(4,097)	(2,320)	(1,777)	77%
(Loss)/profit after tax for the period	(926)	1,081	(2,007)	-186%	(4,083)	(2,330)	(1,753)	75%
(Loss)/profit for the period attributable to: Owners of the Company	(926)	1,081	(2,007)	-186%	(4,083)	-	(1,753)	75%
Non-controlling interest	-	-	-	0%	-	-	-	0%

During the quarter ended 31 December 2019, the Group recorded an unaudited revenue of RM1.65 million, as compared to the revenue recorded at RM2.74 million in the corresponding quarter of the preceding year. The Group recorded an after tax loss of RM0.93 million as compared to an after tax profit of RM1.08 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 RM1.48 million for the quarter under review which has decreased 41% as compared to the preceding year corresponding quarter's recorded revenue of RM2.50 million which is due to decreased in customer orders and termination of projects.

The revenue of the MCLS segment in Indonesia has been declining throughout the year which is mainly due to the continuous challenging and increasingly competitive environment to retain existing clients and secure new clients. Furthermore, higher operating expenses has been incurred for the MCLS business such as expenses in recruitment and manpower to develop new products in order to increase the Company's competitiveness to obtain more business and to increase brand awareness in Indonesia.

For the revenue of MCLS business in Malaysia, RM0.18 million is recorded for the quarter under review which has decreased 25% as compared to preceding year corresponding quarter's recorded revenue of RM0.24 million. The revenue of the MCLS business in Malaysia has been declining since the second quarter of year 2019 as our major client has been reducing their orders but the Company's daily operating expenses remained and higher finance costs from term loan has been incurred which lead to continuous after tax losses.

The significant increase in after tax losses of the Group in this quarter/period compared to the preceding year corresponding quarter/period is also due to our Indonesia's subsidiary company disposed its vacated buildings and resulted in an one-off gain on disposal which amounted to RM1.38 million in December 2018 and has decreased the after tax losses of the Group in the last quarter of Year 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 31.12.2019 RM'000	Immediate Preceding Quarter 30.9.2019 RM'000	Changes Amount	Changes %
Revenue	1,653	1,311	342	26%
Operating loss	(910)	(777)	(133)	17%
Loss before taxation	(940)	(801)	(139)	17%
Loss after tax for the period	(926)	(801)	(125)	16%
Loss for the period attributable to:				
Owners of the Company	(926)	(801)	(125)	16%
Non-controlling interest	-	-	-	0%

The Group recorded a revenue of RM1.65 million in this quarter compared with a revenue of RM1.31 million in the preceding quarter, and an unaudited loss before tax of RM0.94 million, compared with loss before tax of RM0.80 million in the preceding quarter. The revenue in the current quarter has increased 26% as compared to the immediate preceding quarter, however there's also an increase in operating expenditure which mostly from our Indonesia's subsidiary company which had lead to a higher after tax losses for this quarter as compared to the immediate preceding 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

Malaysia's operation continues to focus on upgrade its capabilities. Targeting second quarter of the year 2020 to collaborate with a leading motor vehicle supplier to expand our call centre to outbounds call and to be a universal motor car insurance renewal operator.

Indonesia has seen a surge of interest in our customer loyalty programme. We have successfully launched our Gold Campaign with one of the Indonesia top cement manufacturer for the second time. Our digital space have also expanded to e-voucher and todate have brought in 6 more corporate accounts. We expect this trend and momentum to carry through for the rest of the two quarters. This would have a positive impact on our Group's profitability.

Meanwhile, the coronavirus and also several flash floods have hit Indonesia and thus may impact our growth there. We continue to monitor and provide support to our operation and also staff welfare there.

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 DECEMBER 2019**

18. Loss/(profit) before taxation

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2019 RM'000	Preceding Year Corresponding Period 31.12.2018 RM'000
Amortisation of intangible assets	1	(1)	3	-
Depreciation of investment property	-	4	-	16
Depreciation of property, plant and equipment	113	74	404	294
Depreciation of right-of-use asset	18	-	43	-
Gain on disposal of property, plant & equipment	-	(1,377)	-	(1,377)
Loss on disposal of subsidiary company	156	-	156	-
Waiver on amount due to related company	(160)	-	(160)	-
Realised foreign exchange loss	-	69	350	69
Property, plant and equipment written off	-	-	6	288
Inventories written off	51	60	159	60
Interest expense	30	-	54	-
Interest income	(81)	(166)	(388)	(342)

19. Taxation

	Current Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
Current provision	-	-
Deferred tax	(14)	(14)
	<u>(14)</u>	<u>(14)</u>

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 borrowings

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Short-term borrowings - secured:		
Lease liabilities	61	16
Term loan	64	-
	<u>125</u>	<u>16</u>
Long-term borrowings - secured:		
Lease liabilities	82	35
Term loan	1,525	-
	<u>1,607</u>	<u>35</u>

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(Registration No. 200401006266 (644769-D))

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

21. Group borrowings (Cont'd)

Total borrowings

Lease liabilities - secured	143	51
Term loan	1,589	-
	<u>1,732</u>	<u>51</u>

The Group borrowings stated above include borrowing denominated in foreign currency as follows:-

	As at 31.12.2019		As at 31.12.2018	
	IDR'000	RM'000	IDR'000	RM'000
Lease liability - secured				
- Short term	67,975	20	55,541	16
- Long term	55,328	16	123,302	35
	<u>123,303</u>	<u>36</u>	<u>178,843</u>	<u>51</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 30 September 2019 for decision.

On 30 September 2019, the Court had dismissed the Plaintiff's claim against all the Defendants with costs of RM15,000 to each Defendant (subject to allocatur fee of 4%). On 29 October 2019, the Plaintiff had filed a Notice of Appeal against the decision of the Kuala Lumpur High Court and the Court of appeal has fixed the first case management on 19 December 2019. On 19 December 2019, the Court has fixed the next case management on 27.2.2020 pending the High Court to provide the notes of evidence and the grounds of judgment.

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

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 RM5.58 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 December 2019.

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

26. Basis of calculation of (loss)/profit per share

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

	Current Quarter 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018	Current Year To Date 31.12.2019	Preceding Year Corresponding Period 31.12.2018
Net (loss)/profit attributable to equity holders of the parent for the period (RM'000)	(926)	1,081	(4,083)	(2,330)
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)/profit per share (sen)	(0.383)	0.447	(1.687)	(0.963)
- 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 26 February 2020.