

ADVANCE INFORMATION MARKETING BERHAD

(Registration No. 200401006266 (644769-D))

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 4TH QUARTER

ENDED 31 DECEMBER 2020

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		As at	As at
	Note	31.12.2020	31.12.2019
		<u>RM'000</u>	<u>RM'000</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	6,157	6,396
Intangible assets		37	7
Right-of-use assets		-	189
Other Investments		9,230	5,622
Deferred tax assets		82	42
		<u>15,506</u>	<u>12,256</u>
Current Assets			
Inventories		599	1,088
Trade receivables		2,101	853
Other receivables, deposits and prepayments		141	356
Tax recoverable		-	-
Fixed deposits with licensed banks		3,614	6,661
Cash and bank balances		355	1,294
		<u>6,810</u>	<u>10,252</u>
TOTAL ASSETS		<u><u>22,316</u></u>	<u><u>22,508</u></u>
EQUITY			
Share capital		28,052	28,052
Accumulated losses		(7,895)	(4,049)
Treasury shares		(4,058)	(4,058)
Fair value reserve		4,264	615
Foreign currency translation reserve		(795)	(642)
Equity attributable to the shareholders of the Company		<u>19,568</u>	<u>19,918</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u>19,568</u>	<u>19,918</u>
LIABILITIES			
Non-Current Liabilities			
Employee benefits		317	225
Borrowing and lease liabilities	21	1,525	1,607
		<u>1,842</u>	<u>1,832</u>
Current Liabilities			
Trade payables		545	172
Other payables and accruals		263	457
Borrowing and lease liabilities	21	74	125
Provision for taxation		24	4
		<u>906</u>	<u>758</u>
TOTAL LIABILITIES		<u>2,748</u>	<u>2,590</u>
TOTAL EQUITY AND LIABILITIES		<u><u>22,316</u></u>	<u><u>22,508</u></u>
Net Assets per share (RM)		0.0809	0.0823

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Revenue		3,099	1,653	10,851	4,944
Cost of sales and services		(2,757)	(1,549)	(9,808)	(4,502)
Gross profit		342	104	1,043	442
Other income		248	121	474	539
Administrative and other operating expenses		(1,650)	(1,135)	(5,238)	(5,024)
Operating loss		(1,060)	(910)	(3,721)	(4,043)
Finance costs		(23)	(30)	(100)	(54)
Loss before taxation	18	(1,083)	(940)	(3,821)	(4,097)
Taxation	19	26	14	26	14
Loss after tax for the period		(1,057)	(926)	(3,795)	(4,083)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit obligations		(66)	30	(66)	30
Income tax relating to items that will not be reclassified subsequently to profit or loss		15	(8)	15	(8)
		(51)	22	(51)	22
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		109	(47)	(153)	465
Fair value reserve		2,388	(144)	3,649	(409)
Total other comprehensive income/(loss) for the period		2,497	(191)	3,496	56
Total comprehensive income/(loss) for the period		1,389	(1,095)	(350)	(4,005)
Loss for the period attributable to:					
Owners of the Company		(1,057)	(926)	(3,795)	(4,083)
Non-controlling interest		-	-	-	-
		(1,057)	(926)	(3,795)	(4,083)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,389	(1,095)	(350)	(4,005)
Non-controlling interest		-	-	-	-
		1,389	(1,095)	(350)	(4,005)
Loss per share :-					
- Basic (sen)	26	(0.437)	(0.383)	(1.568)	(1.687)
- 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 2019 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 2020

For the period ended 31 December 2020

	Attributable to owners of the parent								
	Share capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Translation 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 2020	28,052	-	(4,058)	(642)	615	(4,049)	19,918	-	19,918
Loss for the period	-	-	-	-	-	(3,795)	(3,795)	-	(3,795)
Other comprehensive (loss)/income for the period	-	-	-	(153)	3,649	(51)	3,445	-	3,445
Total comprehensive loss for the period	-	-	-	(153)	3,649	(3,846)	(350)	-	(350)
Balance as at 31 December 2020	28,052	-	(4,058)	(795)	4,264	(7,895)	19,568	-	19,568

For the period ended 31 December 2019

	Attributable to owners of the parent								
	Ordinary Shares RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Translation 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 income/(loss) for the period	-	-	-	465	(409)	22	78	-	78
Total comprehensive loss for the period	-	-	-	465	(409)	(4,061)	(4,005)	-	(4,005)
Transaction with owners:									
Disposal of a subsidiary company	-	-	-	-	-	51	51	-	51
Balance as at 31 December 2019	28,052	-	(4,058)	(642)	615	(4,049)	19,918	-	19,918

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 2019 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 2020

	Current Year To Date 31.12.2020 RM'000	Financial Year Ended 31.12.2019 RM'000
Cash flow from operating activities		
Loss before taxation	(3,821)	(4,097)
Adjustment for:-		
Amortisation of intangible assets	6	3
Depreciation of property, plant & equipment	463	392
Depreciation of right-of-use assets	-	41
Property, plant & equipment written off	-	7
Reversal of impairment losses on trade receivables	-	(12)
Gain on disposal of share investment	(62)	-
Gain on disposal of subsidiary company	-	(4)
Gain on lease modification	(1)	-
Defined benefit obligations	81	59
Inventories written off	-	159
Interest expense	100	54
Interest income	(195)	(438)
Operating loss before working capital changes	<u>(3,429)</u>	<u>(3,836)</u>
Decrease/(Increase) in inventories	461	(915)
(Increase)/Decrease in receivables	(1,071)	1,003
Increase/(Decrease) in payables	191	(255)
Cash used in operations	<u>(3,848)</u>	<u>(4,003)</u>
Tax paid	-	(135)
Tax refunded	20	14
Employee benefits paid	(47)	(1)
Interest paid	(100)	(54)
Interest received	195	438
Net cash used in operating activities	<u>(3,780)</u>	<u>(3,741)</u>
Cash flows from investing activities		
Acquisition of property, plant & equipment	(135)	(965)
Acquisition of intangible assets	(37)	-
Proceeds from disposal of share investment	103	-
Net cash inflows arising from disposal of subsidiary company	-	2
Net cash used in investing activities	<u>(69)</u>	<u>(963)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(61)	(44)
Repayment of term loan	(25)	(11)
Drawdown of term loan	-	1,600
Net Cash (used in)/from financing activities	<u>(86)</u>	<u>1,545</u>
Net decrease in cash and cash equivalents	(3,935)	(3,159)
Exchange differences on cash and cash equivalents	(51)	444
Cash and cash equivalents at beginning of the period	7,955	10,670
Cash and cash equivalents at the end of the period	<u>3,969</u>	<u>7,955</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	3,614	6,661
Cash and bank balances	355	1,294
	<u>3,969</u>	<u>7,955</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020

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 2019. 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 2019. The financial statements of the Group for FYE 31 December 2019 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 2019.

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 2020 :-

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3, Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108, Definition of Material

The initial application of the above-mentioned MFRSs and 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 2021

MFRS 17, Insurance Contracts

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 101, Classification of Liabilities as Current or Non-current

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 2020

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 2019 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. The right-of-use assets have been included in property, plant and equipment.

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

- 1) On 14 October 2020, the Board of Advance Information Marketing Berhad ("AIM") had announced the receipt of a notice of conditional voluntary take-over offer from Mercury Securities Sdn Bhd, on behalf of Datuk Chai Woon Chet ("the Offeror"), to acquire all the ordinary shares in AIM (excluding treasury shares) which are not held by the Offeror for a cash offer price of RM0.13 per Offer Share.

On 19 October 2020, the Board of AIM had announced that M&A Securities Sdn Bhd ("M&A Securities") has been appointed to provide independent advice to the Board and shareholders of AIM on the fairness and reasonableness of the Offer. The Board of AIM will in due course, following consultation with M&A Securities, issue its comments and opinion on the Offer.

On 16 November 2020, AIM had announced the circular/notice to shareholders on the independent advice circular.

As at 5pm. (Malaysian time) on 4 January 2021 (Closing Date), the Offeror does not hold any AIM Shares, and has received valid acceptances for 101,904,614 Offer Shares, representing approximately 42.11% of the total issued AIM Shares (excluding treasury shares). The Offeror did not receive valid acceptances of the Offer Shares which would result in the Offeror holding more than 50% of the voting shares in AIM. As such, the Acceptance Condition has not been fulfilled. Accordingly, the Offeror shall return all AIM Shares which have been transferred into the CDS account of the Offeror pursuant to the Offer to the respective Accepting Holders, and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

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 DECEMBER 2020

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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Capital expenditure	-	50

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	Others RM'000	Consolidated RM'000
Segment Revenue			
Malaysia	521	-	521
Indonesia	2,578	-	2,578
	<u>3,099</u>	<u>-</u>	<u>3,099</u>
Segment Loss			
Malaysia	(5)	(639)	(644)
Indonesia	(439)	-	(439)
	<u>(444)</u>	<u>(639)</u>	<u>(1,083)</u>
Segment Assets as per year to date			
Malaysia	5,189	12,386	17,575
Indonesia	4,741	-	4,741
	<u>9,930</u>	<u>12,386</u>	<u>22,316</u>
Segment Liabilities as per year to date			
Malaysia	(1,826)	(91)	(1,917)
Indonesia	(831)	-	(831)
	<u>(2,657)</u>	<u>(91)</u>	<u>(2,748)</u>

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020

14. Review of performance

TABLE 1: FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE
FOR THE QUARTER ENDED 31 DECEMBER 2020

	Individual Quarter				Cumulative Quarter			
	Current Quarter	Preceding Year Corresponding Quarter	Changes Amount	Changes %	Current Year To Date	Preceding Year Corresponding Period	Changes Amount	Changes %
	31.12.2020 RM'000	31.12.2019 RM'000			31.12.2020 RM'000	31.12.2019 RM'000		
Revenue	3,099	1,653	1,446	87%	10,851	4,944	5,907	119%
Operating loss	(1,060)	(910)	(150)	16%	(3,721)	(4,043)	322	-8%
Loss before taxation	(1,083)	(940)	(143)	15%	(3,821)	(4,097)	276	-7%
Loss after tax for the period	(1,057)	(926)	(131)	14%	(3,795)	(4,083)	288	-7%
Loss for the period attributable to:								
Owners of the Company	(1,057)	(926)	(131)	14%	(3,795)	(4,083)	288	-7%
Non-controlling interest	-	-	-	0%	-	-	-	0%

During the quarter ended 31 December 2020, the Group recorded an unaudited revenue of RM3.10 million, as compared to the revenue recorded at RM1.65 million in the corresponding quarter of the preceding year.

The Managed Customer Loyalty Services ("MCLS") segment remained as the major revenue contributor to the Group whereby the segment of MCLS in Indonesia contributed a larger portion compared to MCLS business in Malaysia. The revenue of MCLS business in Indonesia recorded RM2.58 million for the quarter under review as compared to the preceding year corresponding quarter's revenue of RM1.48 million which was mainly due to new corporate clients and business.

For the revenue of MCLS segment in Malaysia, RM0.52 million is recorded for the quarter under review as compared to preceding year corresponding quarter's recorded revenue of RM0.19 million. The revenue of the MCLS segment in Malaysia increased due to our major client increasing their orders during the quarter under review.

The Group's unaudited loss before tax for the quarter ended 31 December 2020 recorded at RM1.08 million, which had increased by 15% as compared to the loss before tax of RM0.94 million in the corresponding quarter of the preceding year. This was mainly due to despite there was an increase in gross profit in the Group's business operations during the quarter, the increase in operating expenditure has also lead to a higher loss before tax in the Group. The increase in the operating expenditure of the Group during the quarter under review was mainly due to the holding company's professional and legal fees incurred on the initial stage of private placement, the conditional voluntary take-over offer as disclosed in Explanatory Note 9, and also the legal case as disclosed in Explanatory Note 22(2) which has in total amounted to around RM0.44 million.

During the period ended 31 December 2020, the Group recorded an unaudited revenue of RM10.85 million, which increased by 119% as compared to the revenue recorded at RM4.94 million in the corresponding period of the preceding year. The increase in revenue of the Group for the period under review was mainly due to increase in orders from the Group's major clients and also new corporate clients in our MCLS segment.

The Group's unaudited loss before tax for the period ended 31 December 2020 recorded at RM3.82 million, which had decreased by 7% as compared to the loss before tax of RM4.10 million in the corresponding period of the preceding year. During the period under review, despite the increase in gross profit margin and lower operating expenditure in the Malaysia's MCLS segment, higher operating expenditure in the holding company included the professional and legal fees incurred which has in total amounted to around RM0.71 million and also decreased in gross profit margin in our Indonesia's MCLS segment and interest income has reduced the loss before tax of the Group by only 7% although there was 119% increase in the revenue of the Group as compared to the corresponding period of the preceding year.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020

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 31.12.2020 RM'000	Immediate Preceding Quarter 30.9.2020 RM'000	Changes Amount	Changes %
Revenue	3,099	2,747	352	13%
Operating loss	(1,060)	(700)	(360)	51%
Loss before taxation	(1,083)	(756)	(327)	43%
Loss after tax for the period	(1,057)	(756)	(301)	40%
Loss for the period attributable to: Owners of the Company	(1,057)	(756)	(301)	40%
Non-controlling interest	-	-	-	0%

The Group recorded a revenue of RM3.10 million in this quarter which increased by 13% compared to revenue of RM2.75 million in the preceding quarter. The increase in revenue was mainly due to increase in corporate clients' orders in both our Indonesia and Malaysia MCLS's segment.

The Group recorded an unaudited loss before tax of RM1.08 million which increased by 43% as compared to the unaudited loss before tax of RM0.76 million in the preceding quarter. This was mainly due to despite the increase in gross profit in our MCLS segment, the increase in the operating expenditure in particular the professional and legal fees incurred in the holding company which amounted to around RM0.44 million had in overall increased the Group's loss before tax of current quarter as compared to the immediate preceding quarter.

16. Prospects

The fourth quarter of 2020 performed much better to its corresponding quarter of the preceding year despite facing the pandemic Covid-19. However, the ongoing pandemic continued to exact its toll on the overall business and operations of the Group's MCLS business.

The implementation of the second Movement Control Order (MCO) in the first quarter of 2021 for Klang Valley had adverse impact on the businesses of the Malaysian operations. Our Indonesian counterpart in Jakarta were not spared either, this shall continue to weigh heavily on the Group's overall business performance.

The Group do not foresee a major improvement in the financial performance of the first quarter of 2021 due to the prevailing pandemic and the distressful economic conditions. The process of cost rationalization and consolidation is expected to be more significant in the coming quarter period. Despite the current conditions, the Group is hopeful that it can still capitalise on the improving business sentiments moving into the next quarter.

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 2020**

18. Loss before taxation

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000
Amortisation of intangible assets	3	1	6	3
Depreciation of property, plant and equipment	147	104	463	392
Depreciation of right-of-use assets	(67)	16	-	41
Defined benefit obligations	81	59	81	59
Gain on disposal of share investment	(62)	-	(62)	-
Gain on disposal of subsidiary company	-	(4)	-	(4)
Gain on lease modification	(1)	-	(1)	-
Inventories written off	-	51	-	159
Reversal of impairment losses on trade receivables	-	(12)	-	(12)
Property, plant and equipment written off	-	1	-	7
Interest expense	23	30	100	54
Interest income	(44)	(131)	(195)	(438)

19. Taxation

	Current Quarter 31.12.2020 RM'000	Current Year To Date 31.12.2020 RM'000
Current provision	-	-
Deferred tax	26	26
	<u>26</u>	<u>26</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. Borrowing and lease liabilities

		As at 30.12.2020 RM'000	As at 31.12.2019 RM'000
Short-term - secured:			
Term loan	(a)	39	64
Lease liabilities	(b)	35	61
		<u>74</u>	<u>125</u>
Long-term - secured:			
Term loan	(a)	1,525	1,525
Lease liabilities	(b)	-	82
		<u>1,525</u>	<u>1,607</u>
Total borrowing and lease liabilities - secured:			
Term loan	(a)	1,564	1,589
Lease liabilities	(b)	35	143
		<u>1,599</u>	<u>1,732</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020

21. Borrowing and lease liabilities (Cont'd)

(a) The term loan is secured by the following:

- (i) First party legal charge over the freehold land and building of the Group.
- (ii) Corporate guarantee by the Company.

(b) The lease liabilities stated include lease liability denominated in foreign currency as follows:-

	As at 31.12.2020		As at 31.12.2019	
	IDR'000	RM'000	IDR'000	RM'000
Lease liability				
- Short term	55,328	16	67,974	20
- Long term	-	-	55,328	16
	<u>55,328</u>	<u>16</u>	<u>123,302</u>	<u>36</u>

22. Material litigations

- 1) The Company had, on 20 January 2017, been served with a Writ (Kuala Lumpur High Court Suit No.: WA-22NCC-17-01/2017) 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 included two (2) other defendants i.e. a current and a former director of the Company to be jointly and severally liable to pay the Plaintiff the sum of RM6,524,652. On 7 July 2011, the Plaintiff was no longer a subsidiary of the Company.

The trial was 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 then 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. The Court of Appeal has now fixed the next case management on 24 May 2021 pending the grounds of judgment from the Kuala Lumpur High Court.

- 2) The Company together with five other defendants ("the Defendants"), the current directors and chief executive officer of the Company had, on 2 November 2020, been served with a Writ (Kuala Lumpur High Court suit No.: WA-22NCC-537-11/2020) issued by Mak Siew Wei ("the Plaintiff"), a current executive director of the Company, via its Solicitors, Messrs. Chong + Kheng Hoe. The Plaintiff's suit relates to possible breach of Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Take-Overs and Mergers 2016, Rule on Take-Overs, Mergers and Compulsory Acquisitions read in conjunction with the Capital Market and Services Act 2007 and the Companies Act, 2016 by the Defendants. On 3 November 2020, the Board of the Company had announced the details related to the Material Litigation.

During the case management held on 10 November 2020, the Plaintiff sought for an Ad-interim injunction order to restrain, inter-alia, the 1st, 2nd, 3rd & 4th Defendants from being directors or holding office as directors or as the chief executive officer of the Company pending the disposal of this suit. The Court did not grant the order sought by the Plaintiff.

On 26 November 2020, the Judge after having read the respective parties' submissions, directed the parties to file a Rebuttal Submissions by end of December 2020. The Judge also fixed a hearing on 11 January 2021 at 2pm for the decision and clarification on the Rebuttal Submissions. In view of the amended Statement of Claim served by the Plaintiff on 25 November 2020, the Judge had also directed the Company to file the amended Defence accordingly. The Court's directions have been complied by the parties. The Hearing of the Plaintiff's application for interim injunction and case management is now fixed on 6 May 2021.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020**

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 RM9.18 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 2020.

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 31.12.2020	Preceding Year Corresponding Quarter 31.12.2020	Current Year To Date 31.12.2020	Preceding Year Corresponding Period 31.12.2020
Net loss attributable to equity holders of the parent for the period (RM'000)	(1,057)	(926)	(3,795)	(4,083)
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)	(0.437)	(0.383)	(1.568)	(1.687)
- 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 on 26 March 2021.