

ADVANCE INFORMATION MARKETING BERHAD

(Registration No. 200401006266 (644769-D))

(Incorporated in Malaysia)

FINANCIAL REPORT

UNAUDITED FOR THE 3RD QUARTER

ENDED 30 SEPT 2021

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		As at 30.9.2021	As at 31.12.2020
	Note	<u>RM'000</u>	<u>RM'000</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	5,956	6,157
Intangible assets		32	37
Other investments		4,998	9,230
Deferred tax assets		84	82
		<u>11,070</u>	<u>15,506</u>
Current Assets			
Inventories		163	599
Trade receivables		1,970	2,101
Other receivables, deposits and prepayments		323	141
Fixed deposits with licensed banks		1,308	3,614
Cash and bank balances		431	355
		<u>4,195</u>	<u>6,810</u>
TOTAL ASSETS		<u>15,265</u>	<u>22,316</u>
EQUITY			
Share capital		28,052	28,052
Accumulated losses		(10,929)	(7,895)
Treasury shares		(4,058)	(4,058)
Fair value reserve		33	4,264
Foreign currency translation reserve		(711)	(796)
TOTAL EQUITY		<u>12,387</u>	<u>19,567</u>
LIABILITIES			
Non-Current Liabilities			
Employee benefits		324	317
Borrowing and lease liabilities	21	1,488	1,534
		<u>1,812</u>	<u>1,851</u>
Current Liabilities			
Trade payables		97	546
Other payables and accruals		521	263
Borrowing and lease liabilities	21	365	65
Provision for taxation		83	24
		<u>1,066</u>	<u>898</u>
TOTAL LIABILITIES		<u>2,878</u>	<u>2,749</u>
TOTAL EQUITY AND LIABILITIES		<u>15,265</u>	<u>22,316</u>
Net Assets per share (RM)		0.0512	0.0809

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.9.2021 RM'000	Preceding Year Corresponding Quarter 30.9.2020 RM'000	Current Year To Date 30.9.2021 RM'000	Preceding Year Corresponding Period 30.9.2020 RM'000
Revenue		1,681	2,747	6,808	7,752
Cost of sales and services		(1,477)	(2,521)	(5,989)	(7,051)
Gross profit		204	226	819	701
Other income		120	59	268	226
Administrative and other operating expenses		(1,889)	(985)	(4,062)	(3,588)
Operating loss		(1,565)	(700)	(2,975)	(2,661)
Finance costs		(22)	(56)	(59)	(77)
Loss before taxation	18	(1,587)	(756)	(3,034)	(2,738)
Taxation	19	-	-	-	-
Loss after tax for the period		(1,587)	(756)	(3,034)	(2,738)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		-	-	-	-
Income tax relating to remeasurement of defined benefit liability		-	-	-	-
		-	-	-	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		84	(338)	85	(262)
Equity instrument measured at fair value through other comprehensive income		61	190	(4,231)	1,261
Total other comprehensive income/(loss) for the period		145	(148)	(4,146)	999
		-	-	-	-
Total comprehensive income/(loss) for the period		(1,442)	(904)	(7,180)	(1,739)
Loss for the period attributable to:					
Owners of the Company		(1,587)	(756)	(3,034)	(2,738)
Total comprehensive loss attributable to:					
Owners of the Company		(1,442)	(904)	(7,180)	(1,739)
Loss per share :-					
- Basic (sen)	26	(0.656)	(0.312)	(1.254)	(1.132)
- 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 2020 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 30 SEPTEMBER 2021

For the period ended 30 September 2021

	Share capital RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated losses RM'000	Total Equity RM'000
Balance as at 1 January 2021	28,052	(4,058)	(796)	4,264	(7,895)	19,567
Loss for the period	-	-	-	-	(3,034)	(3,034)
Other comprehensive loss for the period	-	-	85	(4,231)	-	(4,146)
Total comprehensive loss for the period	-	-	85	(4,231)	(3,034)	(7,180)
Balance as at 30 September 2021	28,052	(4,058)	(711)	33	(10,929)	12,387

For the period ended 30 September 2020

	Ordinary Shares RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 January 2020	28,052	(4,058)	(642)	615	(4,049)	19,918
Loss for the period	-	-	-	-	(2,738)	(2,738)
Other comprehensive loss for the period	-	-	(262)	1,261	-	999
Total comprehensive loss for the period	-	-	(262)	1,261	(2,738)	(1,739)
Balance as at 30 September 2020	28,052	(4,058)	(904)	1,876	(6,787)	18,179

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 2020 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 30 SEPTEMBER 2021

	Current Year To Date 30.9.2021 RM'000	Preceeding Year Corresponding Period 30.9.2020 RM'000
Cash flow from operating activities		
Loss before taxation	(3,034)	(2,738)
Adjustment for:-		
Depreciation of property, plant & equipment	257	316
Interest expense	59	77
Amortisation of intangible assets	8	3
Depreciation of right-of-use assets	8	67
Property, plant and equipment written off	4	-
Interest income	(38)	(151)
Operating loss before working capital changes	<u>(2,736)</u>	<u>(2,426)</u>
Decrease in inventories	462	740
Decrease/(Increase) in receivables	429	(898)
(Decrease)/Increase in payables	(239)	78
Increase in provisions	7	-
Cash used in operations	<u>(2,077)</u>	<u>(2,506)</u>
Interest received	38	151
Tax refunded	-	-
Employee benefits paid	-	(47)
Interest paid	(59)	(77)
Tax paid	(82)	(6)
Net cash used in operating activities	<u>(2,180)</u>	<u>(2,485)</u>
Cash flows from investing activities		
Acquisition of property, plant & equipment	(20)	(101)
Acquisition of intangible assets	(2)	(32)
Proceeds from disposal of share investment	-	-
Net cash used in investing activities	<u>(22)</u>	<u>(133)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(24)	(71)
Repayment of term loan	(16)	(25)
Net Cash used in financing activities	<u>(40)</u>	<u>(96)</u>
Net decrease in cash and cash equivalents	(2,242)	(2,714)
Exchange differences on cash and cash equivalents	12	(83)
Cash and cash equivalents at beginning of the period	3,969	7,955
Cash and cash equivalents at the end of the period	<u>1,739</u>	<u>5,158</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	1,308	4,724
Cash and bank balances	431	434
	<u>1,739</u>	<u>5,158</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

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 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2020. The financial statements of the Group for FYE 31 December 2020 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 2020.

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 2021 :-

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139, Interest Rate Benchmark Reform - Phase 2

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 April 2021

Amendments to MFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3, Reference to the Conceptual Framework
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137, Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs Standards 2018 - 2020:
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts
Amendments to MFRS 17, Insurance Contracts
Amendments to MFRS 101, Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101, Disclosure of Accounting Policies
Amendments to MFRS 108, Definition of Accounting Estimates
Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 30 SEPTEMBER 2021

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 2020 were not subject to any qualification.

4. Seasonality or cyclical

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

On 5 October 2021, the Company sold its entire 24,090,500 units of treasury shares in the open market for a total consideration of approximately RM3.6 million.

As at the date of this report, the Company held 266,058,666 unit of issued and paid up ordinary shares.

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 30.9.2021 RM'000	As at 30.9.2020 RM'000
Capital expenditure	-	-

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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	176	-	176
Indonesia	1,505	-	1,505
	<u>1,681</u>	<u>-</u>	<u>1,681</u>
Segment Loss			
Malaysia	(146)	(1,046)	(1,192)
Indonesia	(395)	-	(395)
	<u>(541)</u>	<u>(1,046)</u>	<u>(1,587)</u>
Segment Assets as per year to date			
Malaysia	4,597	6,462	11,059
Indonesia	4,206	-	4,206
	<u>8,803</u>	<u>6,462</u>	<u>15,265</u>
Segment Liabilities as per year to date			
Malaysia	(1,611)	(383)	(1,994)
Indonesia	(884)	-	(884)
	<u>(2,495)</u>	<u>(383)</u>	<u>(2,878)</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 30 SEPTEMBER 2021

14. Review of performance

TABLE 1: FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR TO DATE
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Individual Quarter				Cumulative Quarter			
	Current Quarter	Preceding Year Corresponding Quarter	Changes Amount	Changes %	Current Year To Date	Preceding Year Corresponding Period	Changes Amount	Changes %
	30.9.2021 RM'000	30.9.2020 RM'000	RM'000		30.9.2021 RM'000	30.9.2020 RM'000	RM'000	
Revenue	1,681	2,747	(1,066)	-39%	6,808	7,752	(944)	-12%
Operating loss	(1,558)	(700)	(858)	123%	(2,968)	(2,661)	(307)	12%
Loss before taxation	(1,580)	(756)	(824)	109%	(3,027)	(2,738)	(289)	11%
Loss after tax for the period	(1,580)	(756)	(824)	109%	(3,027)	(2,738)	(289)	11%
Loss for the period attributable to: Owners of the Company	(1,580)	(756)	(824)	109%	(3,027)	(2,738)	(289)	11%

During the quarter and period ended 30 September 2021, the Group recorded an unaudited revenue of RM1.68 million, which had decreased by 39%, as compared to the revenue recorded at RM2.75 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 significant portion compared to MCLS business in Malaysia. The revenue of MCLS business in Indonesia recorded RM1.50 million for the quarter and period under review which has decreased by 35% as compared to the preceding year corresponding quarter's and period's revenue of RM2.32 million. This was mainly due to reduction in customers' orders as a result of COVID-19 pandemic, whilst slightly offset against new project signed in current quarter.

For the revenue of MCLS segment in Malaysia, RM0.18 million was recorded for the quarter and period under review as compared to preceding year corresponding quarter's and period's recorded revenue of RM0.43 million. The revenue of the MCLS segment in Malaysia had decreased due to our major client decreased their orders during the quarter and period under review as compared to the preceding year corresponding quarter and period. In the preceding corresponding quarter and period, the service orders from the additional service provided to our major client had increased.

The Group's unaudited loss before tax for the quarter and period ended 30 September 2021 recorded at RM1.58 million, as compared to the loss before tax recorded at RM0.76 million in the corresponding quarter and period of the preceding year. This was mainly due to increase in the Group's operating expenses, mainly comprised of legal fees incurred by the Company on the material litigation as disclosed in Explanatory Note 22.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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 30.9.2021 RM'000	Immediate Preceding Quarter 30.6.2021 RM'000	Changes Amount RM'000	Changes %
Revenue	1,681	2,088	(407)	-19%
Operating loss	(1,558)	(769)	(789)	103%
Loss before taxation	(1,580)	(784)	(796)	102%
Loss after tax for the period	(1,580)	(784)	(796)	102%
Loss for the period attributable to: Owners of the Company	(1,580)	(784)	(796)	102%

The Group recorded a revenue of RM1.68 million in this quarter which decreased by 19% compared to revenue of RM2.09 million in the preceding quarter which was mainly contributed by the Group's Malaysian subsidiary company arising from the significant dropped in service orders.

The Group recorded an unaudited loss before tax of RM1.58 million as compared to the unaudited loss before tax of RM0.78 million in the preceding quarter. This was mainly due to the decrease in the Group's gross profit and increase in operational expenses particular in legal fees in the current quarter.

16. Prospects

The third quarter of 2021 had a continuing adverse impact on the ongoing business with the worsening pandemic situation in both Malaysia and Indonesia.

The vaccination programme had allowed the Standard Operating Procedures (SOPs) to be relaxed further and perhaps take the economic cycle closer to normalcy.

However, we do not see much positive impact as despite the relaxing of SOPs by the authorities, the business community are still cautious and do not want to see a repeat of previous SOPs relaxation. In this regard, we do not expect the business prospects to be much better than the 4th quarter yet until the year end.

Nevertheless, the Company shall endeavour to improve its financial performance through active marketing and constantly on the lookout to identify new business prospects to enhance the Group's financial performance.

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 30 SEPTEMBER 2021

18. Loss before taxation

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.9.2021 RM'000	Preceding Year Corresponding Quarter 30.9.2020 RM'000	Current Year To Date 30.9.2021 RM'000	Preceding Year Corresponding Period 30.9.2020 RM'000
Depreciation of property, plant and equipment	86	107	257	316
Interest expense	22	56	59	77
Property, plant and equipment written off	4	-	4	-
Depreciation of right-of-use assets	3	13	8	67
Amortisation of intangible assets	2	2	8	3
Interest income	(8)	(47)	(38)	(151)

19. Taxation

	Current Quarter 30.9.2021 RM'000	Current Year To Date 30.9.2021 RM'000
Current provision	-	-

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

20. Status of corporate proposals

The Company announced the Proposed Private Placement of new ordinary shares in AIM, representing not more than 20% of the total number of issued AIM shares (excluding treasury shares) pursuant to Sections 75 and 76 of the Company Act 2016 ("Proposed Private Placement") on 22 March 2021. In addition, the Company also announced the Proposed Establishment of an ESOS of up to 30% of AIM's total number of issued shares (excluding treasury shares) at any one time throughout the duration of the scheme for eligible directors and employees of AIM and its non-dormant subsidiaries on 16 July 2021. Both proposals are currently pending Bursa Malaysia's approval.

21. Borrowing and lease liabilities

		As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Short-term - secured:			
Term loan	(a)	60	21
Lease liabilities	(b)	12	116
Revolving credit	(c)	293	-
		<u>365</u>	<u>137</u>
Long-term - secured:			
Term loan	(a)	1,488	1,543
Lease liabilities	(b)	-	61
		<u>1,488</u>	<u>1,604</u>
Total borrowing and lease liabilities - secured:			
Term loan	(a)	1,548	1,564
Lease liabilities	(b)	12	177
Revolving credit	(c)	293	-
		<u>1,853</u>	<u>1,741</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

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 a subsidiary company.
- (ii) Corporate guarantee by the Company.

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

	As at 30.9.2021		As at 30.9.2020	
	IDR'000	RM'000	IDR'000	RM'000
Lease liability				
- Short term	-	-	72,923	20
- Long term	-	-	-	-
	<u>-</u>	<u>-</u>	<u>72,923</u>	<u>20</u>

(c) The revolving credit stated was denominated in foreign currency as follows:-

	As at 30.9.2021		As at 30.9.2020	
	IDR'000	RM'000	IDR'000	RM'000
Revolving credit	<u>1,000,000</u>	<u>293</u>	<u>-</u>	<u>-</u>

The facility is secured by legal charge over the leasehold building of a subsidiary company.

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 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 filed a Notice of Appeal against the decision of the Kuala Lumpur High Court. The Court of Appeal had fixed the next case management on 24 May 2021 pending the grounds of judgment from the Kuala Lumpur High Court.

The Court of Appeal had fixed case management dates on 19 December 2019, 27 February 2020, 29 April 2020, 7 July 2020, 3 September 2020, 8 October 2020, 14 December 2020, 25 February 2021, 24 May 2021 and 25 August 2021.

The next case management date at the Court of Appeal is on 30 November 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 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 announced the details related to the Material Litigation.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

22. Material litigations (Cont'd)

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 was fixed on 6 May 2021.

On 6 May 2021, Mak Siew Wei, the Plaintiff has applied to the Court to withdraw his application for interim judgment orders during the Hearing of the Plaintiff's application of interim injunction. The Court has allowed the withdrawal of his application and ordered him to pay cost of RM20,000.00 to the Defendants (except for 5th Defendant). The Court also fixed 13 December 2021 to 17 December 2021 as trial dates and 30th August 2021 as the next Case Management date.

On 30 August 2021, the Court directed that the Parties are to exhaust all affidavits two (2) weeks before the due date for filing of the written submission on 1 November 2021 and the Hearing for both applications have been fixed on 9 November 2021.

On 22 October 2021, the Company issued a letter to Messrs BB Teh to terminated Messrs BB Teh's services.

On 26 October 2021, the Company appointed Messrs Terrence Lee & Co. and the Notice of Change of Solicitor dated 28 October 2021 was filed in Court accordingly. The Plaintiff solicitor on the same day served an application dated 25 October 2021 to discontinue the suit ("Plaintiff's Discontinuance Application") to Messrs Terrence Lee & Co.

On 29 October 2021, the Court directed the Defendants to file their respective Affidavit in Reply before 12 November 2021 with regard to the Plaintiff's Discontinuance Application.

On 12 November 2021, the Court directed parties to exhaust all Affidavits before 30 November 2021 with regard to the Plaintiff's Discontinuance Application. The Court fixed 30 November 2021 as the next case Management date.

- 3) The Plaintiff, Mak Siew Wei had filed another suit at Shah Alam High Court under Originating Summon No. BA-24NCC-63-05/2021 dated 25 May 2021 against the Company as the 6th Defendant and other defendants are the directors of the Company namely, Ang Huat Keat, Lee Kean Teong, Azizullaili Bin Haji Jalaluddin, Dato' Lim Siang Chai and Dato' Kang Chez Chiang. The Plaintiff is seeking, amongst others, the private placement proposed by TA Securities Holdings Berhad on 23 March 2021 on behalf of the Company be prohibited or alternatively, any new ordinary shares issued pursuant to the proposed private placement be cancelled.

On 16 August 2021, the Court fixed 14 September 2021 as the next case management date.

On 14 September 2021, the Court fixed 27 October 2021 as the next case management date.

On 22 October 2021, the Company issued a letter to Messrs Kevin & Co. to terminated Messrs Kevin & Co.'s services.

On 26 October 2021, the Company appointed Messrs Terrence Lee & Co. and the Notice of Change of Solicitor dated 28 October 2021 was filed in Court accordingly. The Plaintiff solicitor on the same day served an application dated 25 October 2021 to discontinue the suit ("Plaintiff's Discontinuance Application") to Messrs Terrence Lee & Co.

On 29 October 2021, the Court directed the Defendants to file their respective Affidavit in Reply before 19 November 2021 and the Plaintiff to file their Affidavit in Reply before 10 December 2021 with regard to the Plaintiff's Discontinuance Application, The Court fixed 13 December 2021 as the next case management date.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

22. Material litigations (Cont'd)

- 4) The Company ("Plaintiff") had taken legal proceedings against Mak Siew Wei (1st Defendants) and Sanston Financial Group Limited (2nd Defendant) (collectively known as "Defendants") through their Solicitors, Messrs Kevin & Co. vide a Writ of Summons bearing Civil Suit No. WA-22NCC-415-09/2021 ("Writ") and a Statement of Claim both dated 13 September ("SOC") with an application for interlocutory injunction in respect of convening the Proposed Extraordinary General Meeting which is scheduled on 8 October 2021 pursuant to the requisition notice dated 24.08.2021 issued by the 1st Defendant, at the High Court of Malaya at Kuala Lumpur.

The hearing of the Plaintiff's Notice of Application has been fixed on 15 September 2021.

On 30 September 2021, the Court fixed the decision date on 1 October 2021.

On 1 October 2021, the Court dismissed the Plaintiff's injunction application and the Company submitted an appeal with No. W-02(IM)(NCC)-1846-10/2021 against the decision of the Court to dismiss the injunction application.

On 5 October 2021, the Court of Appeal fixed the hearing on 7 October 2021. The Court of Appeal found no merits in the Plaintiff's claims and dismissed the motion with cost.

On 25 October 2021, the Company issued a letter to Messrs Kevin & Co. to terminated Messrs Kevin & Co.'s services.

On 26 October 2021, the Company appointed Messrs Terrence Lee & Co. and the Notice of Change of Solicitor dated 28 October 2021 was filed in Court accordingly.

The parties to the suit have mutually agreed to discontinue the proceedings. A Notice of Discontinuance to that effect has been filed in the Kuala Lumpur High Court on 11 November 2021 to signify the conclusion of the suit with each party to bear its own costs and without liberty to file afresh.

- 5) On 6 October 2021, the Company received an Originating Summons dated 4 October 2021 of the High Court of Kuala Lumpur bearing suit number WA-24NCC-438-10/2021 ("Suit") , Notice of Application of Injunction dated 4 October 2021 ("Application") and Affidavit in Support dated 5 October 2021. The Suit sought for amongst others an Order requiring Mak Siew Wei and Chong Loong Men and one other to implement a Mandatory General Offer in accordance with Section 281(2) of the Capital Markets and Services Act 2007 read together with Rule 4.01 of the Rules on Take Overs Mergers and Compulsory Acquisition.

The Court fixed the hearing of the Plaintiff's application on 21 October 2021. The ad interim injunction was to restrain the Defendants (either by themselves, their agents, servants and whoever) from executing all the resolutions as per the Notice of Requisition dated 24 August 2021 which were to be passed at the Extraordinary General Meeting to be held on 8 October 2021 or any adjournment thereof, until 21 October 2021.

The Plaintiffs had on 13 October 2021 circulated a Notice of Discontinuance to the respective Solicitors of the Defendants for approval.

Upon filing of the said Notice of Discontinuance, the ad interim Order granted by the Court on 6 October 2021 ceased to take effect. The removal and appointment of the respective Directors as per the Resolutions passed at the Extraordinary General Meeting held on 8 October 2021 were effected.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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 RM4.95 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 2021.

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 30.9.2021	Preceding Year Corresponding Quarter 30.9.2020	Current Year To Date 30.9.2021	Preceding Year Corresponding Period 30.9.2020
Net loss attributable to equity holders of the parent for the period (RM'000)	(1,587)	(756)	(3,034)	(2,738)
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)	(0.656)	(0.312)	(1.254)	(1.132)
- 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

This interim financial statements were authorised for issue by the Board of Directors on 25 November 2021.