AIM Advance Information Marketing Berhad
(644769-D)

ANNUAL REPORT 2016

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Lim Siang Chai
(Executive Chairman cum Managing Director)

Sim Thean Wah
(Executive Director)

Mak Siew Wei
(Executive Director)

Lee Kean Teong
(Independent Non-Executive Director)

Azizullaili Bin Haji Jalaluddin
(Independent Non-Executive Director)

Ang Huat Keat
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Lee Kean Teong (Chairman)
Ang Huat Keat
Azizullaili Bin Haji Jalaluddin

NOMINATION COMMITTEE

Azizullaili Bin Haji Jalaluddin (Chairman)
Ang Huat Keat
Lee Kean Teong

REMUNERATION COMMITTEE

Ang Huat Keat (Chairman)
Azizullaili Bin Haji Jalaluddin
Lee Kean Teong

RISK MANAGEMENT COMMITTEE

Dato' Ir. Lim Siang Chai (Chairman)
Mak Siew Wei
Azizullaili Bin Haji Jalaluddin

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS0009760)

WEBSITE

http://www2.aim-net.com.my

REGISTERED OFFICE

Suite 10.03, Level 10,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel No. : 03 – 2279 3080
Fax No.: 03 – 2279 3090

HEAD OFFICE

Suite G-01, Ground Floor, Plaza Permata,
No. 6, Jalan Kampar,
50400 Kuala Lumpur.
Tel No. : 03 – 4043 2699
Fax No. : 03 – 4043 2690

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel No.: 03 - 2783 9299
Fax No.:03 - 2783 9222

AUDITORS

Folks DFK & Co. (AF:0502)
12th Floor, Wisma Tun Sambanthan,
No. 2, Jalan Sultan Sulaiman,
50000 Kuala Lumpur.
Tel No. : 03 – 2273 2688
Fax No.: 03 – 2274 2688

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: AIM
Stock Code: 0122

INVESTOR RELATIONS

Email: contact@aim-net.com.my
Tel no.: 03-4043 2699

COMPANY'S PROFILE

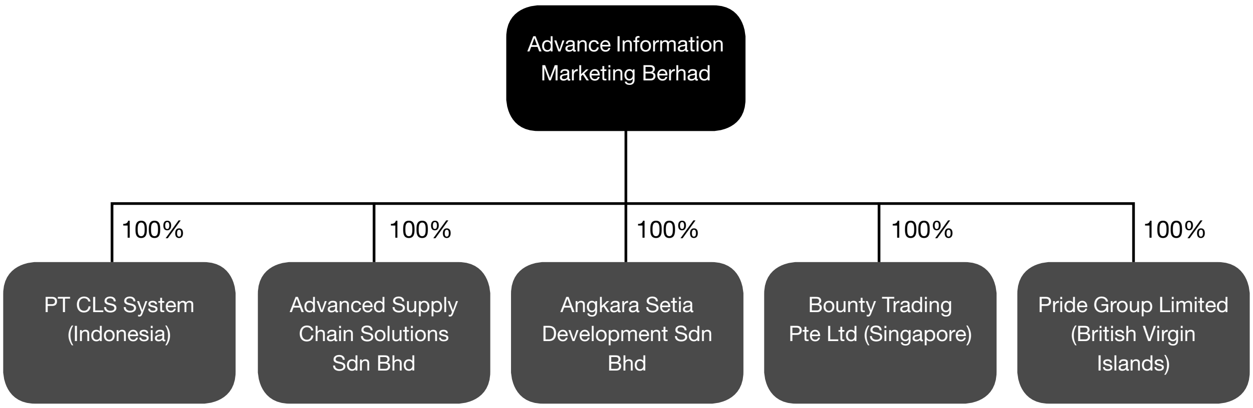
Advance Information Marketing Berhad ("AIM") Group is a regional BPO (Business Process Outsourcing) solution provider offering a broad spectrum of loyalty management services ranging from consultation, technology infrastructure and technical support to procurement and logistics for companies aiming to build and nurture a lifelong relationship with their customers.

As a total BPO solution provider, our all-round expertise is applied in diverse industries. In today's competitive business climate, our expertise and experience has transformed into important business knowledge and powerful marketing tools to our clients. Our holistic approach enables us to provide strategic direction and consultancy to our clients on how best to tailor, implement and manage their loyalty programs effectively and to meet their desired objectives. Through outsourcing, our clients can rely on our expertise and stay focused on their core businesses.

On the technology front, we are a software research and development specialist, focusing primarily on the development of enterprise solutions for customers' loyalty marketing and management. Through years of research and development efforts, we have designed and developed a sophisticated enterprise marketing management solution, AIMS™ (Advance Information Marketing System). AIMS™ integrated into our five service components namely Business Intelligence, Integrated Marketing Services, Contact Centre Management, Procurement & Fulfillment and Technology Infrastructure to equip our clients with the right marketing tools. This integrated platform provides complete information and better understanding of the customers' behaviour and their response to marketing initiatives implemented. As a result, at one single touch point with AIMS™, our clients are able to understand their customers better, hence becoming more customer-centric and will be able to implement compelling marketing strategies throughout the customer life cycle.

Aside from its core business, we are the sole distributor of health and beauty care products known as "HABA - Health Aid Beauty Aid" in Malaysia. HABA a leading health and beauty care brand from Japan which is renowned for its additive-free ingredients.

ORGANIZATION CHART



FIVE YEARS FINANCIAL HIGHLIGHTS

Year Ended 31 December (RM'000)	2016	2015	2014	2013	2012
Revenue	12,288	21,063	13,166	13,896	15,209
Profit/(Loss) Before Tax	(1,019)	803	326	(1,860)	(1,214)
Profit/(Loss) Attributable to Shareholders	(1,088)	677	204	(1,928)	(1,290)
Paid-Up Capital	26,606	26,606	26,606	26,606	24,406
Shareholders' Equity	28,775	29,473	28,551	28,292	27,661
Total Assets Employed	29,350	30,114	29,138	28,822	28,615
Earnings Per Share (sen)	(0.45)	0.28	0.08	(0.87)	(0.59)
Net Assets Per Share (RM)	0.119	0.122	0.118	0.117	0.126

DIRECTORS' PROFILE

Dato' Ir. Lim Siang Chai
62 years of age, Malaysian, Male
Executive Chairman cum Managing Director
Chairman of Risk Management Committee

Dato' Ir. Lim Siang Chai, was appointed to the Board of Directors of Advance Information Marketing Berhad ("AIM" or the "Company") on 29 May 2015 as Independent Non-Executive Chairman. Dato' Ir Lim was subsequently re-designated as Executive Chairman and Managing Director on 31 July 2015.

Dato' Ir. Lim is a Chartered Engineer (C. Eng) registered with the Engineering Council, United Kingdom and Professional Engineer (P. Eng) registered with the Board of Engineers, Malaysia. He is a member of the Institution of Engineers Malaysia (MIEM) and Institute of Engineering and Technology of United Kingdom (MIET). Dato' Ir. Lim also holds a Master in Business Administration from Deakin University, Australia. He is an Honorary Fellow of the ASEAN Federation of Engineering Organization and a member of the Malaysia Institute of Management (MIM). He had also undergone many technical and management training in Japan.

Dato' Ir. Lim had also served the Malaysia Government in various capacities as follows:

2010-2013	Deputy Minister of Finance
2006-2008	Deputy Minister of Tourism
2003-2006	Deputy Minister of Information
1999-2003	Parliamentary Secretary, Ministry of Transport
1995-2008	Member of Parliament (Petaling Jaya South)

Dato' Ir. Lim is actively involved in various NGOs and has held various key positions such as Adviser to the Federation of Malaysia Chinese Clans and Guilds Youth Association, Lim Clan Association of Malaysia, Gerakan Belia Bersatu Malaysia, Business and Commerce Association of Petaling District, Association of Hawkers and Small Traders of Petaling Jaya.

Dato' Ir. Lim is also the Executive Chairman of Jiankun International Berhad.

Sim Thean Wah
51 years of age, Malaysian, Male
Executive Director

Sim Thean Wah, was appointed as Independent Non-Executive Director on 3 January 2011. He was re-designated as Executive Director on 28 December 2015.

Mr Sim holds a Bachelor of Commerce from the University of Queensland, Australia and is a member of the Malaysian Institute of Accountants. He has over twenty-five years of experience in financial advisory practice specializing in restructuring and workouts, corporate finance, mergers and acquisition and transaction support.

Mr Sim does not hold directorship in any other public companies.

Mak Siew Wei
42 years of age, Malaysian, Male
Executive Director
Member of Risk Management Committee

Mak Siew Wei, was appointed as Independent Non-Executive Director on 27 July 2010 and he was re-designated as Executive Director on 22 September 2010.

Mr Mak pursued his education in the United States and graduated with a Bachelor Degree in Management Information System and subsequently worked for Marvic International (NY) Ltd in New York as Business Development manager for three years. He is a businessman with interest in financial services.

Mr Mak also sits on the boards of Nakamichi Corporation Berhad, Scan Associates Berhad and AT Systematization Berhad.

DIRECTORS' PROFILE (CONT'D)

Ang Huat Keat
58 years of age, Malaysian, Male
Non-Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee

Ang Huat Keat, was appointed as Non-Independent Non-Executive Director on 21 May 2015.

Mr Ang was admitted to the Malaysian Bar on 20 August 1998. He is an advocate and solicitor of the High Court of Malaya. Mr Ang does not hold directorship in any other public companies.

Azizullaili Bin Haji Jalaluddin
43 years of age, Malaysian, Male
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee, Remuneration Committee and Risk Management Committee

Azizullaili Bin Haji Jalaluddin, was appointed as Independent Non-Executive Director on 21 May 2015.

En. Azizullaili graduated with a Bachelor of Science degree from the UK. While in UK, he worked with The Gatwick Holiday Inn and The Dorchester Hotel, London. After his stint in the hotel industry, he decided to further his studies in Business Management in London.

On returning home to Malaysia, En. Azizullaili gained 15 years of management experience within the Banking, IT, Events, Oil & Gas, Printing and Insurance industries.

En. Azizullaili is also active in charitable organisations. He is an ex-officio for The Tun Suffian Foundation and an ex-officio for the Kuala Lumpur Foundation to Criminalise War, and member of the Persatuan Darul Ridzuan di Selangor dan Wilayah Persekutuan.

En. Azizullaili does not hold directorship in any other public companies.

Lee Kean Teong
59 years of age, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee and Remuneration Committee

Lee Kean Teong, Malaysian, was appointed as Independent Non-Executive Director on 2 February 2016.

Mr Lee has been with KPMG Malaysia for more than 35 years and was a partner with KPMG until his retirement on 31 December 2014. He is a qualified Chartered Accountant of Malaysian Institute of Accountants (MIA) and is a member of Malaysian Institute of Certified Public Accountants (MICPA) and a fellow member of CPA Australia.

Mr Lee has extensive experience in auditing and management consulting throughout his career. He was the engagement partners for a wide range of companies, which include public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and financial institutions.

Mr Lee also sits on the boards of Oriental Holdings Berhad, Kian Joo Can Factory Berhad and EG Industries Berhad.

Note: *None of the Directors has any family relationship with any director and/or substantial shareholders of the Company.*
None of the Directors has any conflict of interest with the Company.
None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS AND OPERATIONS REVIEW

For the year under review, the Group continued its existing core businesses of providing customer loyalty programmes and distribution of health and beauty care products. The Information Technology industry remains extremely competitive with countless players in the industry and with ever-changing technology.

Despite operating in a volatile foreign exchange environment in Indonesia, the Group's customer loyalty business has remained challenging, whereby customer loyalty business in Malaysia has shown a steady and entrenched with a strong customer base. As for the volume, the Indonesian operations continued to be the major contributor of revenue to the Group.

The health and beauty care business under the brand name of HABA has its flagship store at the counter outlets in department stores in the Klang Valley. This business segment also maintained a steady volume of sales amidst strong competition from other brands.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded total revenue of RM12.288 million. The revenue for the year under review decreased by 42% as compared to last year's revenue of RM21.063million. The Group registered a loss before taxation of RM1.019 million as compared to the previous year's profit of RM0.803 million. In order to expand its business presence, the Group has opened an additional seven (7) HABA beauty care counter outlets during the year.

MOVING FORWARD

The Group is actively exploring the development of new products and services based on its existing platforms in both local and international markets. The Board is aware that continuous cutback in corporate spending on loyalty marketing by the Group's clients and changes in customers' preference for loyalty products will continue to pose a major challenge to the Group.

The loyalty services segment in Indonesia is facing challenges and the Group expects this trend to continue in the current year. In this regard, while the Group is focusing its resources to tap into this area, it is also mindful of the risks associated with doing business in a foreign country.

For the Distribution of Health and Beauty Products ("DHBP"), the weakening of Ringgit Malaysia has extended pressure on the product margin. Despite the challenging environment, the Group is actively looking into expanding its distribution network as well as enlarging the product range.

The Group is also looking into diversification to other industries, such as tourism sector, property and construction industry.

Dato' Ir. Lim Siang Chai,
Executive Chairman cum Managing Director.

CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors acknowledge the importance of corporate social responsibility ("CSR") and strive to fulfil the expectation of its stakeholders by enhancing its social environmental and economic performance while ensuring the sustainability and operational success of the Group.

Sustainability is an integral part of our business and the Group's corporate responsibility practices focus on four areas - Environment, Workplace, Market Place and Community which aim to deliver sustainable value to society at large.

I) Environment

The Group recognizes the impact of its day-to-day business on the environment. As such, the Group is committed by implementing environmental friendly work processes while raising the environmentally awareness among its staff. The Group has been using "go green method', such as re-cycle of papers and paperless environment.

II) Workplace

The Group believes that employees are key resources that drive long term and sustainable organizational successes. As such, the Group continuously create a safe, pleasant and conducive working environment for its employee.

The Group respects the different cultures, gender and religions of our stakeholders as we understand that the diversity and differences give us broader range of competences, skills and experiences to enhance our capabilities to achieve business results, which is important for the overall business sustainability. Thus, the Group is committed to provide our staff an environment of equal opportunity to strive while promoting diversity in workforce.

To optimize the employee talents and capacities, various in-house trainings, external training programmes including online training, webinar and seminar are continuously provided to all employees to enhance their knowledges and skills while promoting a motivated working team and fostering a closer relationship with each other.

III) Market place

The Group is committed to ensure that the interests of all its important stakeholders – shareholders, analysts, bankers, customers, suppliers, authority bodies and public are well being taken care of. The Group emphasizes on good corporate governance practices, transparency and accountability to meet shareholders' expectations.

IV) Community

The Group recognizes the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society. During the year, the Group has provided some monetary needs to the education sector, the society that needs immediate helps during the disaster, which proven in social care to the community.

The Group shall continue to focus its corporate responsibility on enhancing community sustainability

STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") to enhance business prosperity and maximize shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG 2012 to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG 2012 throughout the financial year ended 2016 ("FY 2016") pursuant to Rule 15.25 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The respective roles and responsibilities of the Board and the management are clearly set out and understood by both parties to ensure accountability. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, goals and targets to be met by the Group.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The management, including the Executive Directors of the Company, are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Executive Chairman cum Managing Director briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

Clear Roles and Responsibilities

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develope corporate objectives and position descriptions including the limits to management's responsibilities, which the management is aware and is responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

- **Review and Adopt Strategic Plan of the Group**

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which to supports the Group's business plan and budget plan.

- **Implementation of Internal Compliance Controls and Justify Measure to Address Principle Risks**

  The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of internal controls are including financial condition of the business, operational, regulatory compliance as well as risk management matters.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

- **Developing and Implementing an Investor Relations Program or Shareholder Communications Policy For The Group**

  The Board recognises that shareholder and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company website is the primary medium in providing information to all shareholders and stakeholders.

- **Succession Planning**

  The Board has entrusted the Nomination Committee and Remuneration Committee with the duty to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

  The Board, together with the management, put in place informal structure and practices to ensure the key roles within the Group supported by competent and caliber second in line to reduce the impact of abrupt departure of key personnel to the minimum possible. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group. In addition, during the review of the performance and strategies presented, at times, the Board reviews on the adequacy of caliber and competent human resources that are put in place for daily management and control of operations as well as proper execution of approved strategies.

The roles and responsibilities of the Board clearly defined in the Board Charter, which is available on the Company's website at http://www2.aim-net.com.my .

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Board will normally hold meetings at least four (4) times in each financial year to consider:-

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) relevant corporate exercises;
iv) potential opportunities for the Company, if any; and
v) quarterly financial statements for announcement to authorities.

The following are matters reserved for Board deliberation and decision, which are non-exhaustive and may be varied from time to time:-

- delegation of powers to various Board Committees;
- receiving and approving reports and recommendations from various Board Committees;
- approving strategic business plans, mergers and acquisitions of a substantial value;
- major investment or divestment of current businesses;
- changes to the group structure;
- provision of indemnities or corporate guarantees; and
- appointment of a senior independent director amongst the Board members.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Executive Chairman cum Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Chairman cum Managing Director, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Managament Committee. The Board also takes into account of the Risk Management Committee inputs for the strategic planning and risk study. All the Board Committees have their own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in the terms of reference and report to the Board with the necessary recommendation.

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at http://www2.aim-net.com.my.

Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability and reviews operational practices that affect sustainability of environment, governance and social aspects of its business on a regular basis.

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and to seek clarification or further explanation from the management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company to enable them to discharge their duties and responsibilities. The Board is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice, services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to, and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanations on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate in the Risk Management Committee Meeting and Board meetings, if needed, to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, the Directors may seek for independent professional advices from the internal and external auditors, at the Company's expense. The Directors able to discharge their duties with adequate knowledge on the matters to be deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in the discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings except the Risk Management Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at http://www2.aim-net.com.my.

PRINCIPLE 2: STRENGTHEN COMPOSITION

Nomination Committee

As recommended by MCCG 2012, the Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The present members of the Nomination Committee are as follows:

Chairman - Azizullaili Bin Haji Jalaluddin (Independent Non-Executive Director)
Member - Ang Huat Keat (Non-Independent Non-Executive Director)
Member - Lee Kean Teong (Independent Non-Executive Director)

The Nomination Committee shall meet at least once a year unless otherwise determined by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board;

iii) give full consideration to succession planning for Directors and other senior executives in the course of their work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

iv) prepare a description of the role and capabilities required for a particular appointment;

v) identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;

vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and

viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Article of Association.

The summary of activities undertaken by the Nomination Committe during the FY 2016 included the followings:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board; and

ii) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association.

Remuneration Committee

In line with the best practices of the MCCG 2012, the Board has set up a Remuneration Committee which would comprises, a majority of Independent Non-Executive Directors in order to assist the Board in determining the Directors' remuneration. The present members of the Remuneration Committee are as follows:-

Chairman -Ang Huat Keat (Non-Independent Non-Executive Director)
Member - Azizullaili Bin Haji Jalaluddin (Independent Non-Executive Director)
Member - Lee Kean Teong (Independent Non-Executive Director)

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The Remuneration Committee shall meet at least once a year and at such time, the Chairman of the Remuneration Committee may request for a meeting as and when deemed necessary. The quorum of the Remuneration Committee meeting shall be two (2) members, of which at least one (1) shall be an independent director.

The Board believes the remuneration policy fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organizations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

The summary of activities undertaken by the Remuneration Committee during the FY 2016 included the following:

(a) Reviewed and recommended the payment of Directors' fees to Non-Executive Directors; and

(b) Reviewed the Terms of Reference of the Remuneration Committee.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Appointments to the Board

The Nomination Committee makes independent recommendations for appointment of members to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the character, experience, integrity, competency, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be based on the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of professional knowledge, skills, experience and diversity (including gender diversity), understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board is as follows:

(i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;

(ii) The Nomination Committee determines skills matrix;

(iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;

(iv) The Nomination Committee recommends to the Board for appointment; and

(v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director includes:

(i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;

(ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and

(iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Criteria for Board Assessment

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self assessment on an annual basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2016, the Board and the Nomination Committee is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive Directors.

Re-election of Directors and re-appointment of Directors by rotation

In accordance with the Company's Articles, all Directors who appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that each Directors shall retire from office at least once in every three years.

Boardroom and Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance although the Board has yet to establish any diversity policy. However, the Board will consider females onto the Board in due course to bring about a more diverse perspective.

Directors' Remuneration Procedures and Policies

The Board believes that AIM should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of AIM.

Details of the Directors' remuneration paid or payable to all Directors of the Company (by both the Company and the Group) and categorized into appropriate components for the FY 2016 are as follows:

i) Aggregate Directors' Remuneration

	Company		Group	
Directors	**Fees (RM)**	**Salaries & Other Emoluments (RM)**	**Fees (RM)**	**Salaries & Other Emoluments (RM)**
Executive Directors	-	419,542	-	419,542
Non-Executive Directors	194,827	24,000	194,827	24,000
Total	194,827	443,542	194,827	443,542

* Other emoluments include the meeting allowance for the Directors' attendance in Board and Board's Committee Meetings.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

ii) Analysis of Directors' Remuneration

The number of Directors whose remuneration falls into the following bands is as follows:

Range of remuneration per annum	Number of Directors: Company		Number of Directors: Group	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	-	1	-	1
RM50,001 to RM100,000	-	3	-	3
RM100,001 to RM150,000	3	-	3	-

Details of the individual Director's remuneration are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the MCCG 2012.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account of the individual Director's ability to exercise its independent judgment at all times and contribution to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

Based on the assessment carried out during the FY 2016, the Board was satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. Each of them continues to fulfill the definition of independence as set out in the Listing Requirements of Bursa Securities.

Tenure of Independent Directors and Shareholders' Approval for the Re-appointment of Independent Directors Who Have Served More Than Nine (9) years

Currently, the Board does not have a policy on the tenure for Independent Directors. The Board is of the view that a term of more than nine (9) years may not necessary impair independence and judgement of an Independent Director and therefore the Board does not deemed it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by the MCCG 2012, the tenure of an independent director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

As at the date of this statement, none of the independent directors had served the Company for more than nine (9) years as per the recommendations of MCCG 2012.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Composition of the Board

The Company managed by a well-balanced Board, which consists of members with wide range of business, technical and financial background. This brings diversity and insightful depth to the Company leadership and management.

The Board currently has six (6) members comprising three (3) Executive Directors (including the Executive Chairman cum Managing Director), two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Directors.

The members of the Board are professionals with calibre and entrepreneurs equipped with industry specific knowledge and experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives. The Board is of the opinion that the directors, with their different background and specializations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board members at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Rule 15.06 of the Listing Requirements.

Each Board member is required to achieve at least 50% attendance of total Board Meetings in any applicable financial year. Any director shall notify the Chairman and/or Company Secretaries, where applicable with appropriate leave of absence.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. The attendance record of the Directors as set out in the section below.

During the financial year under review, six (6) Board Meetings were held and the attendance record of the current Board members is reflected as follows:-

No.	Name	Total Number of Meetings attended
1.	Dato 'Ir. Lim Siang Chai	6/6
2.	Sim Thean Wah	6/6
3.	Mak Siew Wei	4/6
4.	Ang Huat Keat	6/6
5.	Azizullaili Bin Haji Jalaluddin	6/6
6.	Lee Kean Teong	6/6
7.	Tan Chin Yen (Ceased as Director on 24.05.2016)	0/4

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Save for Tan Chin Yen, all the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the FY 2016.

The Board meets on a quarterly basis, with amongst others; review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The Company Secretaries will, well in advance towards the end of the previous year, ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. The Company Secretaries will circulate the tentative dates for Board and Board Committee meetings for the year. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

Continuing Education Programs/ Directors' Training

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes/seminars/ conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training programme to enable them to effectively discharge their duties.

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Director	Seminars / Conferences / Training Programmes Attended
Dato' Ir. Lim Siang Chai	China-Malaysian Economic Forum at Beijing (May 2016) IPO Strategy Forum organized by Crowe Horwath (November 2016) Asean Economic Forum at Kuala Lumpur (December 2016)
Sim Thean Wah	Future of Auditor Reporting - The Game Changer for Boardroom (June 2016)
Ang Huat Keat	Mandtory Accreditation Programmed for Directors in Public Listed Companies (Jan 2016)
Lee Kean Teong	Leadership Excellence From the Chair (Aug 2016)
Mak Siew Wei	Corporate Strategy and Strategy Choices (Jan 2016) GST Tax Code, Latest Updates and Making Correction (Jun 2016)

During the FY 2016, the Directors have attended the necessary training programmes as required under the Rule 15.08 of the Listing Requirements, save as disclosed above, Azizullaili Bin Haji Jalaluddin was not able to attend any seminars and/or training programmes during the financial year due to overseas travelling and his busy work schedule. However, he has kept himself abreast on financial and business matters through readings and attending overseas meetings to enable him to contribute to the Board.

In addition to the above, the External Auditors, the Internal Auditors and the Company Secretaries would update the Directors on recent developments in the areas of statutory and regulatory requirements from the briefing during the Committee and/or Board meetings.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance and Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the FY 2016 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 1965. The Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting assists the Board.

The statement by the Board pursuant to Rule 15.26(a) of the Listing Requirements on its responsibilities in preparing the financial statements is set out in page 22 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

In assessing or determining the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the followings:

i) the adequacy of the experience and resources of the External Auditors;

ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statements.

Every year, the Audit Committee will meet with the External Auditors without the presence of the Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the FY 2016.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. The Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of Messrs UHY as Auditors of the Company in place of the retiring Auditors, Messrs Folks DFK & Co as the External Auditors of the Company for the financial year ending 31 December 2017.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Risk Management and Internal Control

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to assess current and emerging risks and to respond to risks affecting the Group.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm, adopted an on-going monitoring and review of the existing risk management process in the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The information on the Group's internal control is further elaborated in pages 25-27 on the Statement on Risk Management and Internal Control of this Annual Report.

PRINCLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders and it is not only established just to comply with the Listing requirements of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at http://www2.aim-net.com.my incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board views that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Executive Chairman cum Managing Director and/or Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Notice of AGM, which sets out the business transacted at the AGM, also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Poll Voting

In line with Rule 8.31A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG 2012 about strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
iv) Annual General Meetings.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

i) Overseeing the overall conduct of the Company's business and that of the Group;
ii) Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
iii) Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
iv) Adopting suitable accounting policies and apply them consistently;
v) Making judgments and estimates that are reasonable and prudent; and
vi) Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records, are kept which enable the preparation of financial statements with reasonable accuracy and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent or detect fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the FY 2016, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also considered that all applicable approved accounting standards have been complied with and further confirmed that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG 2012 and all other applicable laws, where appropriate.

AUDIT COMMITTEE'S REPORT

The Audit Committee ("the Committee") established with the primary objective of assisting the Board in the areas of corporate governance, system of internal control, risk management, and management and financial reporting practices of the Group.

COMPOSITION

Chairman - Lee Kean Teong (Independent Non-Executive Director)
Member - Ang Huat Keat (Non-Independent Non-Executive Director)
Member - Azizullaili Bin Haji Jalaluddin (Independent Non-Executive Director)

ATTENDANCE OF MEETINGS

During the FY 2016, the Audit Committee held five (5) meetings. Details of the attendance of committee members are as follows:

No.	Name	Total Number of Meetings attended
1.	Lee Kean Teong*	5/5
2.	Ang Huat Keat	5/5
3.	Azizullaili Bin Haji Jalaluddin	5/5

SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The activities of the Audit Committee during the FY 2016 include the followings:

a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for approval and release of the Group's results to Bursa Securities;

b) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the FY 2016;

c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;

d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to those recommendations;

e) Evaluated the performance of the external auditors for the FY 2016 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;

f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

h) Reviewed the effectiveness of the Group's system of internal control;

i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;

AUDIT COMMITTEE'S REPORT (CONT'D)

j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

k) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

m) Report to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTIONS

The Group has appointed an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approves the internal audit plan during the first Audit Committee meeting each year. The Audit Committee approves any subsequent changes to the internal audit plan. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the Internal Audit function during the financial year is approximately RM20,000.

During the FY 2016, the internal auditors, in discharging their responsibilities, carried out the following activities:

i) PT CLS System a subsidiary in Indonesia from the period from April 2016 to June 2016
ii) The major fields covered including the operations and entire financial recording.
iii) Checking on the rationale on suppliers and customers selection, and flow of marketing strategies.
iv) It also covered the entire of Human Resource Management and Standard Operating System.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control on pages 25 to 27 in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Advance Information Marketing Berhad is pleased to provide the following Statement on Risk Management and Internal Control of the Group, pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Securities and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has approved the Group Risk Management Policy which outlines the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a formal, structured and documented integrated risk management framework for the Group.

The Board understands the principle risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control in achieving its business objectives and operational efficiency.

Currently, the risk management processes in identifying, evaluating and managing significant risks facing the organization are embedded in the operating and business processes. These processes are undertaken by the Executive Directors and the management team members in the course of their work.

The Board uses the following key controls, processes, information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A Risk Management Committee has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;

- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;

- Delegation and separation of responsibilities between the Board and the management. The Executive Directors report to the Board on the performance of the operations while the Board scrutinises the management performance in order to ensure its effectiveness and objectivity;

- The Executive Directors meet periodically to discuss and review the Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;

- The Audit Committee reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performances;

- The Audit Committee also discusses with the External Auditors on key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management;

- Legal advices are sought to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;

- The system of internal control is also structured in such a manner that it provide reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective and corrective measures.

- The internal audit function assists the Audit Committee and the Board to conduct an independent assessment on the internal control systems and the governance practices. The Internal Auditors conduct reviews in accordance with the audit plan and scope approved by the Audit Committee; and

- The Group has engaged the Internal Auditor to conduct a high level review of the internal control framework of the Group with the view to identify the weakness, if any, and to improve the adequacy and robustness of the internal control functions of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa's Guidelines, the management is responsible to the Board for identifying risks relevant to the business of the Group, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group from achieving its objectives and performance.

The responsibilities of management in respect of risk management includes:

- Identify the risks relevant to the business of the Group and the achievement of the Group's objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the Board.

When producing this Statement, the Board has received assurance from the Executive Directors that to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses arising from significant control weaknesses that require additional disclosure in the Annual Report.

The Board has worked together with the management respect of the following:

- Determining the Group's risk appetite and tolerance, and ensuring that this is communicated appropriately;
- Understanding and ensuring the adequacy of risk management practices;
- Reviewing the current level of risks in relation to risk appetite as an integral part of monitoring and measuring performance;
- Ensuring that actions are taken in a timely manner when risks are outside tolerable range.

When assessing the adequacy of the risk management and internal control system, the Board is to ensure the following:

- The processes for establishing the Group's longer and shorter-term objectives and strategies, and whether they give appropriate consideration of risk;
- The processes for determining the Group's risk appetite, and communicating them appropriately;
- The Group's risk policies and procedures;
- The management's processes for identifying, analysing, evaluating, and treating risks including communication of risk and control information across the business;
- Management's processes for monitoring internal control and risk management provides reasonable assurance that the continue to operate as intended and are modified as business conditions or risks change; and
- Management's reporting of risk to provide the Board with sufficient visibility of risks across the organization, and also to consider whether necessary actions are being taken promptly to remedy and significant failings or weaknesses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The Board recognises that the system of risk management and internal control should be continuously improved and fine-tuned in line with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate the risks. Therefore, a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal control of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amounts of audit and non-audit fees paid/payable to Folks DFK & Co by the Company and by the Group respectively for the FY 2016 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	RM50,000	RM74,000
Non-Audit Services Rendered		
(a) Folks DFK & Co	RM5,500	RM5,500
(b) Affiliates of Folks DFK & Co	RM6,200	RM10,700

2. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There was no recurrent related party transaction of revenue or trading nature during the FY 2016.

3. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

4. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

5. UTILISATION OF PROCEEDS

There was no proceed raised by the Company from any corporate proposal during the FY 2016.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year attributable to owners of the Company	(1,088,002)	(1,512,114)

RESERVES AND PROVISIONS

There were no material transfers to or from reserve or provision accounts during the financial year ended 31 December 2016 other than those disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The Directors do not recommend the payment of any dividends in respect of the current financial year.

TREASURY SHARES

By an ordinary resolution passed at the Annual General Meeting on 24 May 2016, the shareholders of the Company renewed the Directors' authority to purchase its own shares up to ten percent (10%) of its issued and paid-up share capital.

There were no shares repurchased during the financial year. The shares previously repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016. None of the treasury shares were resold or cancelled during the financial year.

As at 31 December 2016, the Company held a total number of 24,090,500 treasury shares at a total carrying amount of RM4,057,844. Further details of the treasury shares are disclosed in Note 19 to the financial statements.

SUBSIDIARIES

The details of the subsidiaries of the Group are disclosed in Note 5 to the financial statements.

DIRECTORS

The names of the directors during the financial year and during the period from the end of the financial year to the date of this report are :-

Dato' Ir Lim Siang Chai
Mak Siew Wei
Sim Thean Wah
Ang Huat Keat
Azizullaili Bin Haji Jalaluddin
Lee Kean Teong
Tan Chin Yen (Ceased on 24 May 2016)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors who held office at the end of the financial year in the ordinary shares in the Company during the financial year were as follows :-

	Number of ordinary shares of RM0.10 each			
	As at	During the year		As at
Name	**1.1.2016**	**Acquired**	**Disposed**	**31.12.2016**
Mak Siew Wei- Direct	16,000,000	-	-	16,000,000
Ang Huat Keat- Indirect	47,378,822	-	-	47,378,822

By virtue of his interests in shares in the Company, Ang Huat Keat is also deemed to be interested in shares in the subsidiaries to the extent of interests held by the Company and for which there were no movements in his interests in the shares held during the financial year.

Other than as disclosed above, no Directors holding office at the end of the financial year held any interests, direct and indirect in the ordinary shares in the Company and its subsidiaries during the financial year.

DIRECTORS' REMUNERATION

The particulars of remuneration provided to the directors and past directors of the Company are disclosed in Note 30 to the financial statements.

No indemnity was given to nor were there any insurance effected for the directors, officers or auditors of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefits (other than those disclosed as Directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which the Director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and as disclosed in Note 34(b) to the financial statements.

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS' REMUNERATION

The details of remuneration paid or payable to the auditors of the Company are disclosed in Note 29 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT(CONT'D)

OTHER STATUTORY INFORMATION(Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances :-

(i) which would render the amount written off for bad debts and allowance made for doubtful debts in the Group and in the Company inadequate to any substantial extent;

(ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

(iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist :-

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

(d) In the opinion of the Directors :-

(i) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

On behalf of the Board of Directors,

DATO' IR LIM SIANG CHAI
Executive Chairman cum Managing Director

MAK SIEW WEI
Executive Director

This report is made pursuant to the directors' resolution passed on 26 April 2017.
Kuala Lumpur
Date : 26 April 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,350,891	1,549,890
Intangible assets	6	2,849	-
Other investments	7	7,991,950	5,841,549
Long-term loans and receivable	8	3,000,000	-
Deferred tax assets	9	30,342	19,833
		12,376,032	7,411,272
Current Assets			
Inventories	10	661,129	269,778
Trade receivables	11	3,268,259	2,964,988
Other receivables, deposits and prepayments	12	2,410,496	337,438
Tax recoverable		73,134	6,637
Placements with money market funds	14	-	1,073,509
Fixed deposits with licensed banks	15	8,493,500	10,411,400
Cash and bank balances	16	2,067,416	7,639,194
		16,973,934	22,702,944
Total Assets		29,349,966	30,114,216
EQUITY			
Equity Attributable to Owners of the Company			
Share capital	17	26,605,867	26,605,867
Share premium	18	1,446,132	1,446,132
Treasury shares	19	(4,057,844)	(4,057,844)
Exchange translation reserve	20	190,682	(19,983)
Fair value adjustment reserve	21	188,886	6,214
Retained profits	22	4,400,996	5,493,118
Total Equity		28,774,719	29,473,504
LIABILITIES			
Non-current Liabilities			
Employee benefits	23	121,368	79,332
Deferred tax liabilities	9	-	-
		121,368	79,332
Current Liabilities			
Trade payables	24	198,386	95,684
Other payables and accruals	25	255,493	411,814
Tax payable		-	53,882
		453,879	561,380
Total Liabilities		575,247	640,712
Total Equity and Liabilities		29,349,966	30,114,216

The notes on pages 41 to 90 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	26	12,287,976	21,063,323
Cost of sales and services	27	(9,140,583)	(18,490,621)
Gross profit		3,147,393	2,572,702
Other income	28	1,513,108	2,032,865
Selling and distribution expenses		(1,210,769)	(1,095,468)
Administrative expenses		(4,322,435)	(2,621,869)
Other operating expenses		(146,475)	(85,323)
(Loss)/Profit before taxation	29	(1,019,178)	802,907
Taxation	32	(68,824)	(126,000)
(Loss)/Profit for the year		(1,088,002)	676,907
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax effects :			
Remeasurement of defined benefit obligations	9, 23	(4,120)	1,696
Items that will be reclassified subsequently to profit or loss, net of tax effects :			
Exchange differences on translation of foreign operations		210,665	237,880
Gain on changes in fair value of available-for-sale financial assets	21	182,672	6,214
		393,337	244,094
Total other comprehensive income for the year		389,217	245,790
Total comprehensive (loss)/income for the year		(698,785)	922,697
(Loss)/Profit for the year attributable to owners of the Company		(1,088,002)	676,907
Total comprehensive (loss)/income attributable to owners of the Company		(698,785)	922,697
Earnings per share attributable to owners of the Company (sen)			
Basic	33.1	(0.45)	0.28
Diluted	33.2	(0.45)	0.28

The notes on pages 41 to 90 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company						
	Non-distributable					Distributable	
	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Retained profits RM	Total RM
As at 1 January 2015	26,605,867	1,446,132	(4,057,844)	(257,863)	-	4,814,515	28,550,807
Profit for the year	-	-	-	-	-	676,907	676,907
Other comprehensive income for the year	-	-	-	237,880	6,214	1,696	245,790
Total comprehensive income for the year	-	-	-	237,880	6,214	678,603	922,697
As at 31 December 2015	26,605,867	1,446,132	(4,057,844)	(19,983)	6,214	5,493,118	29,473,504
As at 1 January 2016	26,605,867	1,446,132	(4,057,844)	(19,983)	6,214	5,493,118	29,473,504
Loss for the year	-	-	-	-	-	(1,088,002)	(1,088,002)
Other comprehensive income for the year	-	-	-	210,665	182,672	(4,120)	389,217
Total comprehensive loss for the year	-	-	-	210,665	182,672	(1,092,122)	(698,785)
As at 31 December 2016	26,605,867	1,446,132	(4,057,844)	190,682	188,886	4,400,996	28,774,719

The notes on pages 41 to 90 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
Cash flows from operating activities		
(Loss)/Profit before taxation	(1,019,178)	802,907
Adjustments for :-		
Amortisation of intangible assets	2,566	-
Bad debts written off	-	2,234
Depreciation of property, plant and equipment	276,625	321,351
Defined benefit obligations	32,665	25,493
Property, plant and equipment written off	397,133	-
Gain on disposal of property, plant and equipment	(23,002)	-
Gain on disposal of quoted shares	(25,802)	-
Dividend from quoted shares	(1,195)	-
Unrealised gain on foreign exchange	(479,063)	(750,684)
Income from placements with money market funds and fixed deposits	(878,928)	(1,276,547)
Operating loss before working capital changes	(1,718,179)	(875,246)
(Increase)/Decrease in inventories	(379,049)	215,560
Increase in trade receivables and other receivables, deposits and prepayments	(2,201,346)	(1,439,016)
(Decrease)/Increase in trade and other payables and accruals	(61,591)	1,668
Cash utilised in operations	(4,360,165)	(2,097,034)
Tax paid	(192,199)	(280,345)
Employee benefits paid	(4,070)	-
Income received from placements with money market funds and fixed deposits	878,928	1,276,547
Net cash used in operating activities	(3,677,506)	(1,100,832)
Cash flows from investing activities		
Investment in available-for-sale financial assets	(2,238,429)	(5,790,335)
Investment in preference shares	(3,000,000)	-
Purchase of property, plant and equipment	(444,946)	(354,075)
Purchase of intangible assets	(5,232)	-
Proceeds from disposal of property, plant and equipment	23,002	-
Proceeds from disposal of quoted shares	296,502	-
Dividend received	1,195	-
Net cash used in investing activities	(5,367,908)	(6,144,410)
Net decrease in cash and cash equivalents	(9,045,414)	(7,245,242)
Cash and cash equivalents at beginning of year	19,124,103	25,631,808
Foreign exchange differences	482,227	737,537
Cash and cash equivalents at end of year	10,560,916	19,124,103
Cash and cash equivalents at end of year comprise :		
Placements with money market funds (Note 14)	-	1,073,509
Fixed deposits with licensed banks (Note 15)	8,493,500	10,411,400
Cash and bank balances (Note 16)	2,067,416	7,639,194
	10,560,916	19,124,103

The notes on pages 41 to 90 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	407,188	522,012
Investments in subsidiaries	5	681,283	681,283
Other investments	7	7,991,950	5,841,549
Long-term loans and receivable	8	3,000,000	-
		12,080,421	7,044,844
Current Assets			
Trade receivables	11	-	-
Other receivables, deposits and prepayments	12	2,101,720	6,711
Amount due from subsidiaries	13	8,553,205	8,040,734
Tax recoverable		6,637	6,637
Placements with money market funds	14	-	1,073,509
Fixed deposits with licensed banks	15	2,000,000	5,000,000
Cash and bank balances	16	947,512	5,972,719
		13,609,074	20,100,310
Total Assets		25,689,495	27,145,154
EQUITY			
Equity Attributable to Owners of the Company			
Share capital	17	26,605,867	26,605,867
Share premium	28	1,446,132	1,446,132
Treasury shares	19	(4,057,844)	(4,057,844)
Fair value adjustment reserve	21	188,886	6,214
Retained profits	22	1,438,278	2,950,392
Total Equity		25,621,319	26,950,761
LIABILITIES			
Current Liabilities			
Other payables and accruals	25	68,176	194,393
Total Liabilities		68,176	194,393
Total Equity and Liabilities		25,689,495	27,145,154

The notes on pages 41 to 90 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	26	440,000	-
Cost of sales and services		-	-
Gross profit		440,000	-
Other income	28	975,572	1,613,830
Administrative expenses		(2,927,686)	(1,088,545)
(Loss)/Profit before taxation	29	(1,512,114)	525,285
Taxation	32	-	-
(Loss)/Profit for the year		(1,512,114)	525,285
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss, net of tax effects :			
Gain on changes in fair value of available-for-sale financial assets	21	182,672	6,214
Total comprehensive (loss)/profit for the year		(1,329,442)	531,499

The notes on pages 41 to 90 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company					
	Non-distributable				Distributable	
	Share capital RM	Share premium RM	Treasury shares RM	Fair value adjustment reserve RM	Retained profits RM	Total RM
As at 1 January 2015	26,605,867	1,446,132	(4,057,844)	-	2,425,107	26,419,262
Profit for the year	-	-	-	-	525,285	525,285
Other comprehensive income for the year	-	-	-	6,214	-	6,214
Total comprehensive income for the year	-	-	-	6,214	525,285	531,499
As at 31 December 2015	26,605,867	1,446,132	(4,057,844)	6,214	2,950,392	26,950,761
As at 1 January 2016	26,605,867	1,446,132	(4,057,844)	6,214	2,950,392	26,950,761
Loss for the year	-	-	-	-	(1,512,114)	(1,512,114)
Other comprehensive income for the year	-	-	-	182,672	-	182,672
Total comprehensive loss for the year	-	-	-	182,672	(1,512,114)	(1,329,442)
As at 31 December 2016	26,605,867	1,446,132	(4,057,844)	188,886	1,438,278	25,621,319

The notes on pages 41 to 90 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
Cash flows from operating activities		
(Loss)/Profit before taxation	(1,512,114)	525,285
Adjustments for :-		
Allowance for impairment losses on amount due from subsidiaries	1,087,297	-
Depreciation of property, plant and equipment	114,824	155,196
Gain on disposal of property, plant and equipment	(23,002)	-
Gain on disposal of quoted shares	(25,802)	-
Dividend from quoted shares	(1,195)	-
Income from placements with money market funds and fixed deposits	(433,056)	(863,034)
Unrealised gain on foreign exchange	(479,063)	(750,684)
Operating loss before working capital changes	(1,272,111)	(933,237)
Increase in other receivables, deposits and prepayments	(2,095,009)	(38)
Increase in amount due from subsidiaries	(1,120,705)	(531,064)
(Decrease)/Increase in other payables and accruals	(126,217)	116,195
Cash utilised in operations	(4,614,042)	(1,348,144)
Income received from placements with money market funds and fixed deposits	433,056	863,034
Net cash used in operating activities	(4,180,986)	(485,110)
Cash flows from investing activities		
Investment in available-for-sale financial assets	(2,238,429)	(5,790,335)
Investment in preference shares	(3,000,000)	-
Acquisition of a subsidiary	-	(2)
Proceeds from disposal of property, plant and equipment	23,002	-
Proceeds from disposal of quoted shares	296,502	-
Dividend received	1,195	-
Purchase of property, plant and equipment	-	(249,950)
Net cash used in investing activities	(4,917,730)	(6,040,287)
Net decrease in cash and cash equivalents	(9,098,716)	(6,525,397)
Cash and cash equivalents at beginning of year	12,046,228	18,571,625
Cash and cash equivalents at end of year	2,947,512	12,046,228
Cash and cash equivalents at end of year comprise :		
Placements with money market funds (Note 14)	-	1,073,509
Fixed deposits with licensed banks (Note 15)	2,000,000	5,000,000
Cash and bank balances (Note 16)	947,512	5,972,719
	2,947,512	12,046,228

The notes on pages 41 to 90 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

1. GENERAL INFORMATION

Advance Information Marketing Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The Company is listed on the ACE Market of Bursa Malaysia Securities Berhad.

Its registered office is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur and the principal place of business is located at Suite G-01, Ground Floor, Plaza Permata, No. 6, Jalan Kampar, 50400 Kuala Lumpur.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 5.

These financial statements comprise the consolidated financial statements and the financial statements of the Company and they are presented in Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were approved and authorised for issue by the Board of directors on 26 April 2017.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of a number of amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of Amendments to MFRSs

During the financial year, the Group and the Company have applied the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2016 :-

Amendments to MFRS 10, MFRS 12 and MFRS 128 - Investment Entities : Applying the Consolidation Exception
Amendments to MFRS 101 - Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127 - Equity Method in Separate Financial Statements
Amendments to MFRSs Classified as "Annual Improvements to MFRSs 2012 - 2014 Cycle"

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

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue 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 2017
Amendments to MFRS 107 - Disclosure Initiative
Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle":
- Amendments to MFRS 12, Disclosure of Interests in Other Entities

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2018
MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)
MFRS 15, Revenue from Contracts with Customers
Clarifications to MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 - Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts
Amendments to MFRS 140 - Transfer of Investment Property
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle" :
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128, Investments in Associates and Joint Ventures
IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019
MFRS 16, Leases

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. Their main features are summarised below.

2.3.1 Effective for annual periods beginning on or after 1 January 2017

(a) Amendments to MFRS 107, Disclosure Initiative

The Amendments to MFRS 107 *Statement of Cash Flows* require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes.

(b) Amendments to MFRS 112- Recognition of Deferred Tax Assets for Unrealised Losses

The Amendments to MFRS 112 *Income Taxes* clarify that :-

(i) decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

(ii) deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

(c) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014- 2016 Cycle" - Amendments to MFRS 12, Disclosure of Interests in Other Entities

The Amendments clarify the scope of the Standard by specifying that the disclosure requirements in the Standard apply to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified as held for sale, as held for distribution or as discontinued operations in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

2.3.1 Effective for annual periods beginning on or after 1 January 2017 (Cont'd)

(c) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014- 2016 Cycle" - Amendments to MFRS 12, Disclosure of Interests in Other Entities (Cont'd)

The Amendments also clarify that an entity is not required to disclose summarised financial information when its subsidiary, joint venture or associate is classified as held for sale in accordance with MFRS 5.

The initial application of the above Amendments is not expected to have any significant impact on the financial statements of the Group and of the Company.

2.3.2 Effective for annual periods beginning on or after 1 January 2018

(a) MFRS 9, Financial Instruments (IFRS 9 issued in July 2014)

The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

The key enhancements of MFRS 9 are :

- Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.

- Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139 i.e. fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedging instruments respectively.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

2.3.2 Effective for annual periods beginning on or after 1 January 2018 (Cont'd)

(b) MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps :-

Step 1 Identify the contract(s) with a customer

Step 2 Identify the performance obligations in the contract

Step 3 Determine the transaction price

Step 4 Allocate the transaction price to the performance obligations in the contract

Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

(c) Clarifications to MFRS 15, Revenue from Contracts with Customers

The Amendments clarify how certain principles should be applied in :-

(i) identifying whether performance obligations are distinct;

(ii) determining whether an entity is a principal or an agent; and

(iii) assessing whether revenue from a licence of intellectual property is recognised over time or at a point in time.

(d) Amendments to MFRS 2- Classification and Measurement of Share-based Payment Transactions

The Amendments to MFRS 2 *Share-based Payment* provide specific guidance on how to account for the following situations :-

(i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

(ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and

(iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

2.3.2 Effective for annual periods beginning on or after 1 January 2018 (Cont'd)

(e) Amendments to MFRS 4- Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts

The Amendments to MFRS 4 *Insurance Contracts* address concerns arising from implementing the new MFRS 9 *Financial Instruments* before the new Standard on insurance contracts i.e. the forthcoming IFRS 17 which the International Accounting Standards Board ("IASB") plans to issue in 2017. These concerns include temporary volatility in reported results.

The IASB has introduced two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts.

The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying MFRS 9 for entities whose activities are predominantly connected with insurance.

(f) Amendments to MFRS 140- Transfers of Investment Property

The Amendments to MFRS 140 *Investment Property* clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

(g) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2014- 2016 Cycle"

The *Annual Improvements to MFRS Standards 2014- 2016 Cycle* include amendments to the following MFRSs :-

(i) The Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* have removed certain provisions that have served their intended purposes.

(ii) The Amendments to MFRS 128 *Investments in Associates and Joint Ventures* clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

(h) IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

The IC Interpretation addresses which exchange rate to use in reporting foreign currency transactions that involve advance consideration paid or received.

The initial application of MFRS 9 and MFRS 15 may have an impact on the financial statements of the Group and of the Company. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed. The initial application of other new MFRSs and Interpretation and amendments to MFRSs for reporting periods beginning on or after 1 January 2018 is not expected to have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Cont'd)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (Cont'd)

2.3.3 Effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases

MFRS 16 will supersede the existing 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* and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

Under the existing MFRS 117, lessees and lessors are required to classify their leases as either finance leases or operating leases and account for those two types of leases differently. It requires a lessee to recognise assets and liabilities arising from finance leases but not from operating leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in the profit or loss.

The financial effects arising from the application of this Standard are still being assessed by the management.

2.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries are all entities(including structured entities) over which the Group has control. The Group controls an entity when the Group :

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to affect those returns through its power over the entity.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins from the date the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

In preparing consolidated financial statements, intra-group balances and transactions and the resulting unrealised profits are eliminated on consolidation. Unrealised losses are eliminated on consolidation and the relevant assets are assessed for impairment. The consolidated financial statements reflect external transactions and balances only. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. The total comprehensive income of a subsidiary is attributed to the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Basis of Consolidation (Cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received by the Group is recognised directly in equity and attributed to owners of the Company. If the Group loses control of a subsidiary, the assets(including any goodwill) and liabilities of the subsidiary and non-controlling interests will be derecognised at their carrying amounts at the date when control is lost. Any investment retained in the former subsidiary is recognised at its fair value at the date when control is lost. The resulting difference between the amounts derecognised and the aggregate of the fair value of consideration received and investment retained is recognised as gain or loss in profit or loss attributable to the Group.

2.5 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of an acquiree is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, equity interests issued and contingent consideration given. Acquisition-related costs are recognised as an expense in the periods in which the costs are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, except for non-current assets (or disposal group) that are classified as held for sale which shall be measured at fair value less costs to sell.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The excess of the Group's interest in the net amounts of the identifiable assets, liabilities and contingent liabilities over the aggregate of the consideration transferred, the amount of any non-controlling interests and the acquisition-date fair value of any previously held equity interest is recognised immediately in profit or loss.

Non-controlling interests represent that portion of profit or loss and net assets of a subsidiary not attributable, directly or indirectly, to the Group. For each business combination, non-controlling interests are measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets. Non-controlling interests in the net assets of consolidated subsidiaries comprised the amount of non-controlling interests at the date of original combination and their share of changes in equity since the date of combination.

In a business combination achieved in stages, any previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

2.6 Goodwill

Goodwill arising on the acquisitions of subsidiaries is recognised as an asset and carried at cost as established at the acquisition date less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from acquisition date is allocated to each of the Group's cash-generating unit ("CGU") or groups of CGUs that are expected to benefit from the synergies of the combination in which the goodwill arose. The test for impairment of goodwill on consolidation is in accordance with the Group's accounting policy for impairment of non-financial assets. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a CGU or groups of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation and the portion of the CGU retained.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Foreign Currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates i.e. the entity's functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

(c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are recognised in other comprehensive income and are accumulated in foreign currency translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in the functional currency of the Company or the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under foreign currency translation reserve will be reclassified to profit or loss.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiairies is accounted for at cost less any accumulated impairment losses. The investments are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.11. On disposal of such investments, the difference between the net disposal proceeds and the net carrying value of the investments is recognised as a gain or loss in the Company's profit or loss.

2.9 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates used are as follows :-

Building	5%
Furniture and fittings	10%
Renovation	5%- 10%
Plant and machinery	20%
Motor vehicles	12.5%- 20%
Computer system	20%
Office equipment	12.5%- 25%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Property, plant and equipment are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets as disclosed in Note 2.11.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.10 Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets or disposal groups (other than deferred tax assets, financial assets and inventories) are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (other than inventories and deferred tax assets) are reviewed for impairment at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill recognised in a business combination and that has an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually or more frequently when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or a cash generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses recognised in respect of CGUs (or groups of CGUs) are allocated first to reduce the carrying amount of any goodwill arising from a business combination allocated to the units (or groups of units) and then to reduce the carrying amount of the other assets in the units (or groups of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised to the profit or loss.

2.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined on weighted average cost method and include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

2.13 Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :-

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Financial Assets (Cont'd)

Classsification and measurement

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are classified into the following specified categories depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial assets are either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if :-

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The net gains or losses do not include any exchange differences, dividend or interest earned on the financial asset. Exchange differences, dividend and interest earned on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured is measured at cost less any impairment losses.

(b) Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses. A gain or loss is recognised in profit or loss when the held-to-maturity investment is derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans and other receivables are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Gains and losses are recognised in profit or loss when loans and receivables are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or at fair value through profit or loss. Available-for-sale financial assets comprise quoted and unquoted equity and debt instruments that are not held for trading.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Financial Assets (Cont'd)

Classsification and measurement (Cont'd)

(d) Available-for-sale financial assets (Cont'd)

Subsequent to initial recognition, quoted equity and debt instruments are measured at fair value and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. A gain or loss from changes in fair value is recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Dividends on an equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than financial assets at fair value through profit or loss, is impaired. Financial assets are considered to be impaired when objective evidence indicates that a loss event has occurred after the initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For an quoted equity instrument, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

An amount of impairment loss in respect of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate i.e. the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss on financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

When an available-for-sale financial asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity and recognised in profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified is the difference between the acquisition cost(less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. Increase in fair value, if any, subsequent to the impairment loss, is recognised in other comprehensive income.

If the fair value of a debt instrument classified as available-for-sale, increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed with the amount of the reversal is recognised in profit or loss.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Financial Assets (Cont'd)

Derecognition of a financial asset

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.14 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed banks and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, reduced by bank overdrafts. The statements of cash flows are prepared using the indirect method.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.13(c).

2.15 Share Capital

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividends declared on or before the reporting date are recognised as liabilities. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

2.16 Treasury Shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Should such shares be re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable retained profits or both.

2.17 Financial Liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial liabilities are initially measured at fair value plus, in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Financial Liabilities (Cont'd)

Classification and measurement (Cont'd)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured is measured at cost.

(b) Other financial liabilities

All financial liabilities, other than those categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Other financial liabilities of the Group include trade and other payables.

A gain or loss on other financial liabilities is recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

Derecognition of a financial liability

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.18 Offsetting Financial Instruments

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to offset and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Hire Purchase and Finance Lease Arrangements and Operating Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership of the leased assets. All other leases are classified as operating leases.

Assets acquired under hire purchase arrangements are recognised and measured in a similar manner as finance leases.

(a) Assets acquired under hire purchase and finance lease arrangements

Assets acquired under hire purchase and finance lease arrangements are stated at the amounts equal at the inception of the arrangement to the lower of the fair values and the present values of the minimum hire purchase or lease payments.

The corresponding obligations are taken up as hire purchase or finance lease liabilities. Hire purchase or lease payments are apportioned between the outstanding liabilities and finance charges which are recognised in profit or loss over the period of the hire purchase/lease term so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

The depreciation policy of property, plant and equipment acquired under hire purchase and finance lease arrangements are consistent with the Group's depreciation policy as set out in Note 2.9 above.

(b) Operating lease

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the period of the relevant leases.

2.20 Employee Benefits

(a) Short-term employee benefits

Wages, salaries and social security contributions, paid annual and sick leave, bonuses and non-monetary benefits are recognised as an expense in profit or loss or included in the costs of assets, where applicable, in the period in which the associated services are rendered by employees of the Group.

(b) Post-employment benefits

Defined contribution plans

The Group provides post-employment benefits by way of contribution to defined contribution plans operated by the relevant authorities at the prescribed rates.

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are recognised as an expense in profit or loss in the period to which the contributions relate or included in the costs of assets, where applicable.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans and under which the pension benefits payable to employees are usually determined by reference to employee's earning and/or length of service.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.20 Employee Benefits (Cont'd)

(b) Post-employment benefits (Cont'd)

Defined benefit plans (Cont'd)

The Group operates an unfunded defined benefit final salary plan for eligible employees of a foreign subsidiary.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date together with adjustments for actuarial gains or losses and past service cost. The present value of the defined benefit obligation is determined on an annual basis by independent qualified actuaries using the Projected Unit Credit Method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised as an expense in profit or loss in the period of a plan amendment or curtailment.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for those benefits. The Group recognises termination benefits at the earlier of (i) when the Group can no longer withdraw the offer of those benefits; and(ii) when the Group recognises costs for a restructuring.

Termination benefits falling over more than twelve (12) months after the end of the reporting period are discounted to present value.

2.21 Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

2.22 Income Taxes

Tax expense is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in profit or loss except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.22 Income Taxes (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.23 Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, net of any treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, net of any treasury shares held, for the effects of all dilutive potential ordinary shares.

2.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating segment results are reviewed by the chief operating decision maker who makes decision about resources to be allocated to the segments and to assess their performance and for which discrete financial information is available.

2.25 Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and leasing transactions, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :-

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.26 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services in the ordinary course of the Group's activities. Revenue is recognised when it can be measured reliably and to the extent that it is probable that the economic benefits associated to the transactions will flow to the Group. The following specific recognition criteria must also be met before revenue is recognised :-

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership to the buyer of the goods, net of discounts and returns. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Revenue from services

Revenue from services is recognised upon rendering of services.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Group revenue is stated net of all intra-group transactions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires management to exercise their judgement in the process of applying the Group's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Judgements made in the process of applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with below.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of property, plant and equipment, investments in subsidiaries and intangible assets

The Group and the Company assess impairment of the above-captioned assets when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

(ii) Impairment losses on receivables

The Group makes an allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying amounts of trade and other receivables and the respective cumulative allowance for impairment losses are disclosed in Notes 11 and 12 respectively.

(iii) Deferred tax assets

No deferred tax assets have been recognised in respect of unabsorbed tax losses and unutilised capital allowances as the probability that taxable profits will be available against which the losses can be utilised is uncertain. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised unabsorbed tax losses and unutilised capital allowances are disclosed under Note 9 and the unrecognised deferred tax assets as at the reporting date in connection thereto amounted to approximately RM2,548,677 (2015 : RM1,811,478).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group

2016

	Building RM	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles, plant and machinery RM	Renovation RM	Total RM
Costs							
As at 1 January 2016	534,077	165,382	2,199,985	204,137	573,485	1,391,964	5,069,030
Additions	-	2,559	24,332	40,660	5,692	371,703	444,946
Disposals	-	-	(528,349)	-	(155,225)	-	(683,574)
Write-offs	-	-	(14,353)	(280)	-	(679,517)	(694,150)
Effects of changes in exchange rates	37,781	-	-	12,055	6,322	2,649	58,807
As at 31 December 2016	571,858	167,941	1,681,615	256,572	430,274	1,086,799	4,195,059
Accumulated depreciation							
As at 1 January 2016	216,792	94,061	2,184,984	125,123	318,920	579,260	3,519,140
Reclassification	(936)	-	-	-	-	936	-
Charge for the year	26,759	14,824	8,889	33,630	68,632	123,891	276,625
Disposals	-	-	(528,349)	-	(155,225)	-	(683,574)
Write-offs	-	-	(14,353)	(280)	-	(282,384)	(297,017)
Effects of changes in exchange rates	17,104	-	-	6,533	5,162	195	28,994
As at 31 December 2016	259,719	108,885	1,651,171	165,006	237,489	421,898	2,844,168
Net book value as at 31 December 2016	312,139	59,056	30,444	91,566	192,785	664,901	1,350,891

4. **PROPERTY, PLANT AND EQUIPMENT(Cont'd)**

Group (Cont'd)

2015

	Building RM	Furniture and fittings RM	Computer system RM	Office equipment RM	Motor vehicles, plant and machinery RM	Renovation RM	Total RM
Costs							
As at 1 January 2015	482,558	165,382	2,187,170	137,127	314,913	1,354,517	4,641,667
Additions	-	-	12,815	56,229	249,950	35,081	354,075
Effects of changes in exchange rates	51,519	-	-	10,781	8,622	2,366	73,288
As at 31 December 2015	534,077	165,382	2,199,985	204,137	573,485	1,391,964	5,069,030
Accumulated depreciation							
As at 1 January 2015	170,906	78,511	2,113,379	91,886	268,269	443,808	3,166,759
Charge for the year	25,894	15,550	71,605	26,971	45,879	135,452	321,351
Effects of changes in exchange rates	19,992	-	-	6,266	4,772	-	31,030
As at 31 December 2015	216,792	94,061	2,184,984	125,123	318,920	579,260	3,519,140
Net book value as at 31 December 2015	317,285	71,321	15,001	79,014	254,565	812,704	1,549,890

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company

2016

	Computer system RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Office equipment RM	Total RM
Cost						
As at 1 January 2016	2,151,506	31,847	600,000	405,175	14,288	3,202,816
Additions	-	-	-	-	-	-
Disposals	(528,349)	-	-	(155,225)	-	(683,574)
Write-offs	(6,220)	-	-	-	-	(6,220)
As at 31 December 2016	1,616,937	31,847	600,000	249,950	14,288	2,513,022
Accumulated depreciation						
As at 1 January 2016	2,148,040	29,921	305,001	184,358	13,484	2,680,804
Charge for the year	2,920	1,110	60,000	49,990	804	114,824
Disposals	(528,349)	-	-	(155,225)	-	(683,574)
Write-offs	(6,220)	-	-	-	-	(6,220)
As at 31 December 2016	1,616,391	31,031	365,001	79,123	14,288	2,105,834
Net book value as at 31 December 2016	546	816	234,999	170,827	-	407,188

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company (Cont'd)

2015

	Computer system RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Office equipment RM	Total RM
Costs						
As at 1 January 2015	2,151,506	31,847	600,000	155,225	14,288	2,952,866
Charge for the year	-	-	-	249,950	-	249,950
Disposals	-	-	-	-	-	-
As at 31 December 2015	2,151,506	31,847	600,000	405,175	14,288	3,202,816
Accumulated depreciation						
As at 1 January 2015	2,085,808	27,894	245,001	155,225	11,680	2,525,608
Additions	62,232	2,027	60,000	29,133	1,804	155,196
Disposals	-	-	-	-	-	-
As at 31 December 2015	2,148,040	29,921	305,001	184,358	13,484	2,680,804
Net book value as at 31 December 2014	3,466	1,926	294,999	220,817	804	522,012

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	4,435,118	4,435,118
Accumulated impairment losses	(3,753,835)	(3,753,835)
Net carrying amount	681,283	681,283

Details of the subsidiaries are as follows :-

Names of companies	Country of incorporation	Effective interest in equity 2016 %	2015 %	Principal activities
Advanced Supply Chain Solutions Sdn. Bhd.	Malaysia	100	100	Providing procurement services through local suppliers and mail order programmes and distribution of health and beauty care products
Bounty Trading Pte. Ltd. *	Singapore	100	100	Providing international outsourced procurement services
PT CLS System *	Indonesia	100	100	Providing integrated solutions in the management of customer loyalty services
Pride Group Limited	British Virgin Islands	100	100	Investment holding
Angkara Setia Development Sdn. Bhd.	Malaysia	100	100	Dormant

* Not audited by Folks DFK & Co.

6. INTANGIBLE ASSETS

	Group	
Computer software acquired	2016 RM	2015 RM
Cost		
At beginning of year	-	-
Additions	5,232	-
Effects of changes in exchange rates	358	-
At end of year	5,590	-
Accumulated amortisation		
At beginning of year	-	-
Amortisation for the year	2,566	-
Effects of changes in exchange rates	175	-
At end of year	2,741	-
Net carrying amount as at 31 December	2,849	-

The costs of computer software acquired, including all directly attributable costs of preparing the assets for their intended use, are amortised on the straight line basis to administrative expenses over the estimated useful life of 2 years (2015 : NIL).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

7. OTHER INVESTMENTS

	Group and Company 2016 RM	Group and Company 2015 RM
Available-for-sale financial assets		
Unit trust, at fair value	6,202,100	5,796,549
Quoted share, at fair value	1,744,850	-
	7,946,950	5,796,549
Other investment		
Golf club membership, at cost	45,000	45,000
	7,991,950	5,841,549
Market value of unit trust	6,202,100	5,796,549
Market value of quoted share	1,744,850	-
	7,946,950	5,796,549

8. LONG-TERM LOANS AND RECEIVABLE

	Group and Company 2016 RM	Group and Company 2015 RM
Unsecured Non-convertible Redeemable Preference Shares, unquoted	3,000,000	-

On 27 January 2016, the Company entered into a Subscription Agreement ("SA") with NTL International Holdings (M) Sdn Bhd ("NTL") to subscribe for a total of 100,000 new Non-convertible Redeemable Preference Shares ("RPS") at an issue price of RM30 each in NTL for a total consideration of RM3,000,000. The RPS has a coupon rate of 16% per annum and a tenure of 24 months from the date of subscription which expires on 26 January 2018.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities as at the end of the reporting period comprised the following :-

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Deferred tax assets				
Unutilised capital allowances	13,454	135,501	10,065	126,754
Unabsorbed tax losses	-	69,265	-	69,265
Other deductible temporary differences	31,838	22,163	-	-
	45,292	226,929	10,065	196,019
Offset against deferred tax liabilities	(14,950)	(207,096)	(10,065)	(196,019)
Net deferred tax assets	30,342	19,833	-	-
Deferred tax liabilities				
Excess of capital allowances over depreciation	(14,950)	(26,144)	(10,065)	(15,067)
Other taxable temporary differences	-	(180,952)	-	(180,952)
	(14,950)	(207,096)	(10,065)	(196,019)
Offset against deferred tax assets	14,950	207,096	10,065	196,019
Net deferred tax liabilities	-	-	-	-

9. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

9.1 The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows :-

Group - 2016

	As at 1.1.2016 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Effect of changes in exchange rates RM	As at 31.12.2016 RM
Deferred tax assets					
Unutilised capital allowances	135,501	(122,047)	-	-	13,454
Unabsorbed tax losses	69,265	(69,265)	-	-	-
Other deductible temporary differences	22,163	6,315	1,373	1,987	31,838
	226,929	(184,997)	1,373	1,987	45,292
Deferred tax liabilities					
Excess of capital allowances over depreciation	(26,144)	11,194	-	-	(14,950)
Other taxable temporary differences	(180,952)	180,952	-	-	-
	(207,096)	192,146	-	-	(14,950)

Group - 2015

	As at 1.1.2015 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Effect of changes in exchange rates RM	As at 31.12.2015 RM
Deferred tax assets					
Unutilised capital allowances	31,862	103,639	-	-	135,501
Unabsorbed tax losses	-	69,265	-	-	69,265
Other deductible temporary differences	12,318	8,703	(565)	1,707	22,163
	44,180	181,607	(565)	1,707	226,929
Deferred tax liabilities					
Excess of capital allowances over depreciation	(31,862)	5,718	-	-	(26,144)
Other taxable temporary differences	-	(180,952)	-	-	(180,952)
	(31,862)	(175,234)	-	-	(207,096)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

9. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

9.1 (Cont'd):-

Company - 2016

	As at 1.1.2016 RM	Recognised in profit or loss RM	As at 31.12.2016 RM
Deferred tax assets			
Unutilised capital allowances	126,754	(116,689)	10,065
Unabsorbed tax losses	69,265	(69,265)	-
	196,019	(185,954)	10,065
Deferred tax liabilities			
Excess of capital allowances over depreciation	(15,067)	5,002	(10,065)
Other taxable temporary differences	(180,952)	180,952	-
	(196,019)	185,954	(10,065)

Company- 2015

	As at 1.1.2015 RM	Recognised in profit or loss RM	As at 31.12.2015 RM
Deferred tax assets			
Unutilised capital allowances	20,089	106,665	126,754
Unabsorbed tax losses	-	69,265	69,265
	20,089	175,930	196,019
Deferred tax liabilities			
Excess of capital allowances over depreciation	(20,089)	5,022	(15,067)
Other taxable temporary differences	-	(180,952)	(180,952)
	(20,089)	(175,930)	(196,019)

9.2 The amounts of unutilised capital allowances and unabsorbed tax losses for which no deferred tax assets have been recognised are as follows :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised capital allowances	820,659	237,448	531,622	-
Unabsorbed tax losses	10,395,397	7,899,798	3,965,132	2,164,437
	11,216,056	8,137,246	4,496,754	2,164,437

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

10. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost		
Merchandise and trading goods	661,129	269,778

The amount of inventories recognised as an expense during the financial year was RM7,972,528 (2015 : RM17,640,851) and this has been included in cost of sales in the profit or loss.

11. TRADE RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	3,283,918	2,990,612	-	11,000
Allowance for impairment losses	(15,659)	(25,624)	-	(11,000)
	3,268,259	2,964,988	-	-

The Group's normal trade credit periods range from 0 to 90 days (2015 : 0 to 90 days).

11.1 Ageing analysis

The ageing analysis of trade receivables as at end of the reporting period is as follows :-

Group	Gross RM	Individually impaired RM	Net RM
2016			
Neither past due nor impaired	1,016,000	-	1,016,000
0 to 30 days past due	481,132	-	481,132
31 to 60 days past due	162,861	-	162,861
61 to 90 days past due	1,495,639	-	1,495,639
More than 90 days past due	128,286	(15,659)	112,627
	3,283,918	(15,659)	3,268,259
2015			
Neither past due nor impaired	757,131	-	757,131
0 to 30 days past due	1,312,007	-	1,312,007
31 to 60 days past due	590,057	-	590,057
61 to 90 days past due	296,178	-	296,178
More than 90 days past due	35,239	(25,624)	9,615
	2,990,612	(25,624)	2,964,988

Company

2016 - NIL

2015	Gross RM	Individually impaired RM	Net RM
More than 90 days past due	11,000	(11,000)	-

As at 31 December 2016, the Group has trade receivables amounting to RM2,252,259 (2015 : RM2,207,857) that are past due but not impaired. Trade receivables that are past due but not impaired relate to customers that have good track records with the Group and are able to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

11. TRADE RECEIVABLES (Cont'd)

11.1 Ageing analysis (Cont'd)

The Group does not hold any collateral as security for the trade receivables as at the end of the reporting period.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

11.2 The movements of allowance for impairment losses on trade receivables during the financial year are as follows :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
As at 1 January	25,624	24,214	11,000	11,000
Additional impairment losses	-	-	-	-
Written off	(11,000)	-	(11,000)	-
Effects of changes in exchange rates	1,035	1,410	-	-
As at 31 December	15,659	25,624	-	11,000

The above allowance for impairment losses is based on individual assessment.

Trade receivables that are individually determined to be impaired comprised those customers who have defaulted on their payments and are considered to have financial difficulties in repaying their debts.

11.3 The trade receivables are denominated in the following currencies :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	756,726	414,707	-	-
Indonesian Rupiah	2,511,533	2,550,281	-	-
	3,268,259	2,964,988	-	-

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	239,328	179,947	91,320	-
Refundable deposits	2,126,754	126,188	2,010,400	1,000
Prepayments	44,414	31,303	-	5,711
	2,410,496	337,438	2,101,720	6,711

The refundable deposits of the Group and of the Company as at 31 December 2016 include an amount of RM2,000,000 (2015:NIL) paid to a third party pursuant to an option agreement dated 27 April 2016 entered into between the Company and the third party whereby the Company was given an option to purchase one unit of shoplot arcade during the initial option period of six (6) months which was subsequently extended for another three (3) months. Subsequent to the financial year end, the Company terminated the option agreement and the deposit paid becomes refundable immediately to the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

The other receivables are denominated in the following currencies :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	2,282,094	146,662	2,101,720	6,711
Indonesian Rupiah	128,402	190,776	-	-
	2,410,496	337,438	2,101,720	6,711

13. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Amount due from subsidiaries	13,236,411	11,636,642
Allowance for impairment losses	(4,683,206)	(3,595,908)
Net carrying amount	8,553,205	8,040,734

The movements of allowance for impairment losses on amount due from subsidiaries during the financial year are as follows :-

	Company	
	2016 RM	2015 RM
As at 1 January	3,595,908	3,595,908
Additional impairment losses	1,087,298	-
As at 31 December	4,683,206	3,595,908

The amount due from subsidiaries is unsecured, interest-free and is repayable on demand.

The amount due from subsidiaries is denominated in the following currencies :-

	Company	
	2016 RM	2015 RM
Ringgit Malaysia	1,238,017	531,064
Indonesian Rupiah	7,197,439	6,721,933
Singapore Dollar	108,913	787,737
United States Dollar	8,836	-
	8,553,205	8,040,734

14. PLACEMENTS WITH MONEY MARKET FUNDS

The weighted average effective interest rate of the money market funds held by the Group and the Company as at the end of the previous financial year was 3.59% per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

15. FIXED DEPOSITS WITH LICENSED BANKS

15.1 The fixed deposits are denominated in the following currencies :-

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	2,000,000	5,000,000	2,000,000	5,000,000
Indonesian Rupiah	6,493,500	5,411,400	-	-
	8,493,500	10,411,400	2,000,000	5,000,000

15.2 The weighted average effective interest rates of the fixed deposits as at end of the reporting period ranged from 3.57% to 7.00% (2015 : 3.15% to 8.75%) per annum for the Group and in respect of the Company, at 3.57% (2015 : 3.15%) per annum.

16. CASH AND BANK BALANCES

The cash and bank balances are denominated in the following currencies :-

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	367,257	6,144,663	229,596	5,972,719
Indonesian Rupiah	679,826	511,551	-	-
Singapore Dollar	710,622	718,823	682,114	-
United States Dollar	273,675	263,933	-	-
Japanese Yen	35,802	-	35,802	-
Hong Kong Dollar	234	224	-	-
	2,067,416	7,639,194	947,512	5,972,719

17. SHARE CAPITAL

17.1 Authorised

	Group and Company	
	2016	**2015**
Shares of RM0.10 each :-		
Number of shares	500,000,000	500,000,000
Nominal value (RM)	50,000,000	50,000,000

17.2 Issued and fully paid ordinary shares of RM0.10 each

	Group and Company	
	2016	**2015**
Balance at beginning and at end of year :-		
Number of ordinary shares	266,058,666	266,058,666
Nominal value of ordinary shares (RM)	26,605,867	26,605,867

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

17. SHARE CAPITAL (Cont'd)

17.3 The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. SHARE PREMIUM

The share premium is not distributable by way of cash dividends.

19. TREASURY SHARES

The balance comprised the cost of acquisition of treasury shares as at end of the reporting period.

The number of treasury shares held by the Company as at 31 December 2016 was 24,090,500 (2015 : 24,090,500). The Company did not repurchase any of its own shares during the current and previous financial year.

None of the treasury shares were resold or cancelled during the current and previous financial year. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

As at 31 December 2016, the number of the Company's shares in issue after deducting treasury shares is 241,968,166 (2015 : 241,968,166) ordinary shares of RM0.10 each.

20. EXCHANGE TRANSLATION RESERVE

	Group	
	2016	**2015**
	RM	**RM**
As at 1 January	(19,983)	(257,863)
Current year translation gain	210,665	237,880
As at 31 December	190,682	(19,983)

21. FAIR VALUE ADJUSTMENT RESERVE

	Group and Company	
	2016	**2015**
	RM	**RM**
As at 1 January	6,214	-
Gain on changes in fair value of available-for-sale financial assets	182,672	6,214
As at 31 December	188,886	6,214

22. RETAINED PROFITS

Under the single-tier tax system, the entire retained profits of the Company can be distributed as dividends and which will be exempt from tax in the hands of the shareholders.

The Company has an estimated tax exempt income as at 31 December 2016 amounting to RM13,524,904 (2015 : RM13,524,904) which can be distributed as tax exempt dividend subject to the availability of distributable profits

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

23. EMPLOYEE BENEFITS

	Group 2016 RM	Group 2015 RM
Present value of unfunded defined benefit obligations	121,368	79,332

The Group recognises liabilities for employee benefits in respect of its overseas subsidiary, PT CLS System in accordance with the Indonesian Labour Law No. 13 Year 2003 dated 25 March 2003 ("Labour Law"). Under this Labour Law, the employee benefits are payable upon dismissal of employees.

The movements in the present value of employee benefits during the financial year are as follows :-

	Group 2016 RM	Group 2015 RM
As at 1 January	79,332	49,273
Recognised in profit or loss		
Current service costs	25,562	21,135
Interest on obligation	7,103	4,358
	32,665	25,493
Benefits paid	(4,070)	-
Recognised in other comprehensive income		
Remeasurement - Loss/(Gain) arising from changes in financial assumptions	5,493	(2,261)
Effects of changes in exchange rates	7,948	6,827
	13,441	4,566
As at 31 December	121,368	79,332

The amount recognised to the profit or loss has been included in administrative expenses.

The significant actuarial assumptions used to determine the present value of the defined benefit obligations are as follows :-

	Group 2016	Group 2015
Discount rate	8.50%	9.17%
Future average salary increases	9.00%	9.00%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

23. EMPLOYEE BENEFITS (Cont'd)

The sensitivity of the defined benefit obligations to changes in the significant actuarial assumptions is shown below.

	Group Increase/(Decrease) in defined benefit obligations	
	2016 RM	**2015 RM**
Discount rate increases by 1%	(15,437)	(9,935)
Discount rate decreases by 1%	18,403	11,852
Future average salary growth increases by 1%	17,893	11,754
Future average salary growth decreases by 1%	(15,315)	(10,034)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant.

24. TRADE PAYABLES

The trade payables are denominated in the following currencies :-

	Group	
	2016 RM	**2015 RM**
Ringgit Malaysia	131,635	37,830
Singapore Dollar	-	40,653
Indonesian Rupiah	66,751	17,201
	198,386	95,684

The normal trade credit periods of trade payables range from 30 to 60 days (2015 : 30 to 60 days).

25. OTHER PAYABLES AND ACCRUALS

The other payables are denominated in the following currencies :-

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Ringgit Malaysia	181,975	354,183	68,176	194,393
Singapore Dollar	13,178	12,918	-	-
Indonesian Rupiah	59,259	43,167	-	-
United States Dollar	1,081	1,546	-	-
	255,493	411,814	68,176	194,393

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

26. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales and services under customer loyalty programmes	10,769,960	19,799,683	-	-
Distribution of health and beauty care products	1,078,016	1,263,640	-	-
Dividend from preference shares (Note 8)	440,000	-	440,000	-
	12,287,976	21,063,323	440,000	-

27. COST OF SALES AND SERVICES

	Group	
	2016 RM	2015 RM
Cost of inventories sold	8,255,353	17,977,970
Other direct costs	885,230	512,651
	9,140,583	18,490,621

28. OTHER INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income from placements with money market funds	281,569	801,397	281,527	801,397
Interest income from fixed deposits with licensed banks	597,359	475,150	151,529	61,637
Realised gain on foreign exchange	13,454	5,028	13,454	112
Unrealised gain on foreign exchange	479,063	750,684	479,063	750,684
Gain on disposal of property, plant and equipment	23,002	-	23,002	-
Reversal of expenses over accrued	76,259	-	-	-
Gain on disposal of quoted shares	25,802	-	25,802	-
Dividend from quoted shares	1,195	-	1,195	-
Rental income	300	-	-	-
Others	15,105	606	-	-
	1,513,108	2,032,865	975,572	1,613,830

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

29. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
This is arrived at after charging :-				
Allowance for impairment losses on amount due from subsidiaries	-	-	1,087,297	-
Auditors' remuneration :				
- current year	110,740	97,109	50,000	43,000
- under provided in prior year	9,519	4,500	7,000	3,000
- non-audit services	5,500	5,500	5,500	5,500
Amortisation of intangible assets	2,566	-	-	-
Bad debts written off	-	2,234	-	-
Depreciation of property, plant and equipment	276,625	321,351	114,824	155,196
Defined benefit obligations	32,665	25,493	-	-
Property, plant and equipment written off	397,133	-	-	-
Rental of car park	5,840	7,490	-	-
Rental of motor vehicle	40,500	-	-	-
Rental of office equipment	3,312	3,470	-	-
Rental of premises	227,103	169,804	19,600	-
Rental of outlet	78,341	167,928	-	-

30. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Directors of the Company				
Executive :				
Salaries, allowances and bonus	390,000	448,882	390,000	388,960
Contributions to Employees Provident Fund	28,800	39,800	28,800	39,800
SOCSO and other benefits	742	1,240	742	1,240
Fees	-	20,000	-	20,000
	419,542	509,922	419,542	450,000
Non-Executive :				
Fees				
- *Existing Directors*	174,827	120,548	174,827	120,548
- *Past Director*	20,000	-	20,000	-
Allowance - Existing Directors	24,000	18,000	24,000	18,000
	638,369	648,470	638,369	588,548
Directors of subsidiaries				
Executive :				
Salaries and allowances	-	5,678	-	-
Total	638,369	654,148	638,369	588,548

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

30. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors' remuneration are included in the statement of profit or loss and other comprehensive income as follows :-				
Administrative expenses	638,369	654,148	638,369	588,548
Analysed as :				
Fees				
- directors of the Company	194,827	140,548	194,827	140,548
- directors of subsidiaries	-	-	-	-
	194,827	140,548	194,827	140,548
Other emoluments				
- directors of the Company	443,542	507,922	443,542	448,000
- directors of subsidiaries	-	5,678	-	-
	443,542	513,600	443,542	448,000
	638,369	654,148	638,369	588,548

31. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, allowances and bonus	2,330,028	1,790,428	782,042	491,284
Commission	55,573	85,895	-	-
SOCSO and other short-term benefits	130,712	112,412	12,262	7,469
Defined benefit obligations	32,665	25,493	-	-
	2,548,978	2,014,228	794,304	498,753
Defined contribution plans				
- Employees Provident Fund	181,909	140,990	65,720	41,432
	2,730,887	2,155,218	860,024	540,185
Staff costs are taken up as follows :-				
Cost of sales and services	273,277	280,165	-	-
Selling and distribution expenses	841,276	608,355	-	-
Administrative expenses *	1,616,334	1,266,698	860,024	540,185
	2,730,887	2,155,218	860,024	540,185

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

31. EMPLOYEE BENEFIT EXPENSES (CONT'D)

* This includes emoluments paid/payable to executive directors of the Company and subsidiaries as follows :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, allowances and bonus	390,000	454,560	390,000	388,960
SOCSO and other short-term benefits	742	1,240	742	1,240
	390,742	455,800	390,742	390,200
Defined contribution plans :				
- Employees Provident Fund	28,800	39,800	28,800	39,800
	419,542	495,600	419,542	430,000

32. TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current year income tax :				
- Overseas	75,973	132,373	-	-
Deferred tax income resulting from the origination and reversal of temporary differences	(7,149)	(6,373)	-	-
Tax expense	68,824	126,000	-	-

(a) The general income tax rate in Malaysia for the year under review is 24% (2015 : 25%) of taxable income. The statutory tax rate of income tax in Singapore is 17% (2015 : 17%).

The general statutory income tax rate in Indonesia is 25% (2015 : 25%). Corporations with an annual gross turnover of not more than Rp50 billion are entitled to a 50% discount of the standard tax rate which is imposed proportionally on taxable income of the part of gross turnover up to Rp4.8 billion.

(b) The reconciliation of tax expense applicable to the (loss)/profit before taxation at the applicable statutory tax rate to the tax expense at the effective tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(1,019,178)	802,907	(1,512,114)	525,285
Taxation at the tax rate of 24% (2015 : 25%)	(244,603)	200,727	(362,907)	131,321
Tax effect in respect of :-				
Difference in tax rates in foreign jurisdiction	2,406	1,790	-	-
Expenses not deductible for tax purposes	252,096	108,277	351,468	51,042
Income not subject to tax	(415,466)	(303,745)	(301,511)	(200,377)
Deferred tax assets not recognised	477,043	113,833	312,950	17,294
Tax savings from utilisation of previously unrecognised unabsorbed tax losses	(2,652)	-	-	-
Difference in tax rates	-	5,118	-	720
Tax expense	68,824	126,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

32. TAXATION (CONT'D)

(c) Subject to agreement by the respective tax authorities, the Group and the Company have the following estimated unutilised **c**apital allowances and unabsorbed tax losses which are available for set-off against future taxable income **:-**

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Unutilised capital allowances	876,718	802,038	573,561	528,144
Unabsorbed tax losses	10,395,397	8,188,402	3,965,132	2,453,041
	11,272,115	8,990,440	4,538,693	2,981,185

33. EARNINGS PER ORDINARY SHARE

33.1 Basic

The basic earnings per share is calculated based on the (loss)/profit for the year attributable to owners of the Company and is based on the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016 RM	**2015 RM**
(Loss)/Profit attributable to owners of the Company	(1,088,002)	676,907

	Group	
	2016 No.	**2015 No.**
Weighted average number of ordinary shares in issue during the financial year	241,968,166	241,968,166

	Group	
	2016	**2015**
Basic (loss)/earnings per share (sen)	(0.45)	0.28

33.2 Diluted

The diluted earnings per share for the current and previous financial year is equal to the basic earnings per share for the respective financial years as there were no outstanding dilutive potential ordinary shares at year-end.

34. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party or when both parties are under the common control of another party.

Related party relationships exist between the Company and its subsidiaries and between the Company and its major shareholder. The details of the subsidiaries are disclosed in Note 5. The major shareholder of the Company is CG Assets Pte. Ltd. which holds 19.58% equity interest in the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

34. RELATED PARTY TRANSACTIONS (Cont'd)

Other than those already disclosed elsewhere in these financial statements, the transactions carried out with related parties during the financial year and balances outstanding as at the end of financial year were as follows :-

(a) Transactions and year-end outstanding balances between the Company and subsidiaries

(i) The terms and conditions of the amounts due from subsidiaries are disclosed in Note 13. Amounts due from subsidiaries as at end of the financial year were as follows :-

	Company	
	2016	**2015**
	RM	**RM**
Advanced Supply Chain Solutions Sdn. Bhd.	1,228,138	527,416
Angkara Setia Development Sdn. Bhd.	9,879	3,648
Pride Group Limited	8,836	-
PT CLS System	7,197,439	6,721,933
Bounty Trading Pte. Ltd.	108,913	787,737
	8,553,205	8,040,734

The amounts receivable from subsidiaries are expected to be settled in cash. During the financial year, additional impairment losses of RM1,087,298 have been recognised on amount due from subsidiaries (2015 : NIL).

(b) Transactions with directors of the Company

	Group	
	2016	**2015**
	RM	**RM**
Fees paid to a professional legal firm of which a director is a member for services rendered in a professional capacity	56,120	-
Rental of office premises paid to a director of the Company	11,000	64,000

(c) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel are the directors of the Company and their remunerations are disclosed in Note 30.

35. SEGMENT ANALYSIS FROM CONTINUING OPERATIONS

(a) Operating segments from continuing operations

The Group has three reportable segments which comprised its major business segments. These business segments are involved in different activities and they are managed by segment managers who report directly to the Group's executive directors. The reportable segments are as follows :-

(i) Managed customer loyalty services
- Sales and marketing services
- Client relationship management
- Outsourced contact centre management

(ii) Distribution of health and beauty care products
- Distribution of HABA brand of health and beauty care products from Japan, whereby the Group through its subsidiary, Advanced Supply Chain Solutions Sdn. Bhd., holds the exclusive distribution rights for Malaysia.

(iii) Others
- Outsourced procurement services, investment holding and corporate level activities

No other operating segments have been aggregated to form the above reportable segments.

35. SEGMENT ANALYSIS FROM CONTINUING OPERATIONS (CONT'D)

The Group's executive directors monitor the performance of the business segments through regular discussions held with the segment managers and review of internal management reports. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies on inter-company transaction.

2016

	Managed customer loyalty services RM	Distribution of health and beauty products RM	Others RM	Consolidated RM
Revenue				
Total revenue	10,769,960	1,078,016	440,000	12,287,976
Inter-segment revenue	-	-	-	-
External revenue	10,769,960	1,078,016	440,000	12,287,976
Results				
Segment results	16,165	(1,087,792)	(826,479)	(1,898,106)
Income from placements with money market funds and fixed deposits	445,826	-	433,102	878,928
Profit/(Loss) before taxation	461,991	(1,087,792)	(393,377)	(1,019,178)
Taxation	(68,824)	-	-	(68,824)
Profit/(Loss) for the year	393,167	(1,087,792)	(393,377)	(1,088,002)
Segment assets	11,411,454	1,176,164	16,762,348	29,349,966
Segment liabilities	414,953	74,359	85,935	575,247
Other information				
Additions of :				
- property, plant and equipment	64,434	380,512	-	444,946
- intangible assets	5,232	-	-	5,232
Depreciation of property, plant and equipment	117,830	43,971	114,824	276,625
Amortisation of intangible assets	2,566	-	-	2,566
Non-cash items other than depreciation and amortisation :				
- Defined benefit obligations	32,665	-	-	32,665
- Property, plant and equipment written off	297,435	99,698	-	397,133
- Unrealised gain on foreign exchange	-	-	(479,063)	(479,063)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

35. SEGMENT ANALYSIS FROM CONTINUING OPERATIONS (CONT'D)

(a) Operating segments from continuing operations (Cont'd)

2015

	Managed customer loyalty services RM	Distribution of health and beauty products RM	Others RM	Consolidated RM
Revenue				
Total revenue	19,799,683	1,263,640	-	21,063,323
Inter-segment revenue	-	-	-	-
External revenue	19,799,683	1,263,640	-	21,063,323
Results				
Segment results	579,080	(683,856)	(368,864)	(473,640)
Income from placements with money market funds and fixed deposits	413,473	-	863,074	1,276,547
Profit/(Loss) before taxation	992,553	(683,856)	494,210	802,907
Taxation	(126,000)	-	-	(126,000)
Profit/(Loss) for the year	866,553	(683,856)	494,210	676,907
Segment assets	10,134,207	572,892	19,407,117	30,114,216
Segment liabilities	303,302	87,900	249,510	640,712
Other information				
Additions to property, plant and equipment	104,125	-	249,950	354,075
Depreciation of property, plant and equipment	129,982	36,173	155,196	321,351
Non-cash items other than depreciation and amortisation :				
- *Bad debts written off*	1,233	1,001	-	2,234
- *Defined benefit obligations*	25,493	-	-	25,493
- *Unrealised gain on foreign exchange*	-	-	(750,684)	(750,684)

(b) Geographical segments from continuing operations

In determining geographical segments of the Group, "Revenue" is based on the geographical location of customers and "Non-current assets" are based on the geographical location of the assets. The non-current assets do not include items of financial instruments and deferred tax assets.

	2016 Revenue RM	2016 Non-current assets RM	2015 Revenue RM	2015 Non-current assets RM
Malaysia	3,085,377	900,517	2,288,463	1,100,344
Indonesia	9,202,599	453,223	18,774,860	449,546
	12,287,976	1,353,740	21,063,323	1,549,890

35. SEGMENT ANALYSIS FROM CONTINUING OPERATIONS (CONT'D)

(c) Major customers from continuing operations

Revenue from transactions with major customers who individually accounted for 10 percent or more of Group's revenue are summarised below :-

	Revenue 2016 RM	Revenue 2015 RM	Segment
Customer A	2,334,046	3,744,960	Managed customer loyalty services
Customer B	1,243,666	11,641,395	Managed customer loyalty services
Customer C	1,074,123	-	Managed customer loyalty services
	4,651,835	15,386,355	

36. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include placements with money market funds, fixed deposits with licensed banks, cash and bank balances and trade and other receivables.

Financial liabilities of the Group include trade and other payables.

In respect of the Company, financial assets also include amount due from subsidiaries.

(a) Categories of financial instruments

The Group's and the Company's financial instruments are categorised as follows :-

2016

Financial assets per statement of financial position

	Note	Carrying amount RM	Loans and receivables RM	Available for-sale financial assets RM
Group				
Other investments	7	7,946,950	-	7,946,950
Long-term loans and receivable	8	3,000,000	3,000,000	-
Trade receivables	11	3,268,259	3,268,259	-
Other receivables and refundable deposits ^	12	2,307,871	2,307,871	-
Fixed deposits with licensed banks	15	8,493,500	8,493,500	-
Cash and bank balances	16	2,067,416	2,067,416	-
		27,083,996	19,137,046	7,946,950

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

2016 (Cont'd)

Financial assets per statement of financial position (Cont'd)

	Note	Carrying amount RM	Loans and receivables RM	Available for-sale financial assets RM
Company				
Other investments	7	7,946,950	-	7,946,950
Long-term loans and receivable	8	3,000,000	3,000,000	-
Other receivables and refundable deposits	12	2,101,720	2,101,720	-
Amount due from subsidiaries	13	8,553,205	8,553,205	-
Fixed deposits with licensed banks	15	2,000,000	2,000,000	-
Cash and bank balances	16	947,512	947,512	-
		24,549,387	16,602,437	7,946,950

^ *Exclude Goods and Services Tax recoverable*

Financial liabilities as per statement of financial position

	Note	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group			
Trade payables	24	198,386	198,386
Other payables and accruals	25	255,493	255,493
		453,879	453,879
Company			
Other payables and accruals	25	68,176	68,176

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

2015

Financial assets per statement of financial position

	Note	Carrying amount RM	Loans and receivables RM	Available for-sale financial assets RM
Group				
Other investments	7	5,796,549	-	5,796,549
Trade receivables	11	2,964,988	2,964,988	-
Other receivables and refundable deposits ^	12	151,186	151,186	-
Placements with money market funds	14	1,073,509	1,073,509	-
Fixed deposits with licensed banks	15	10,411,400	10,411,400	-
Cash and bank balances	16	7,639,194	7,639,194	-
		28,036,826	22,240,277	5,796,549
Company				
Other investments	7	5,796,549	-	5,796,549
Other receivables and refundable deposits	12	1,000	1,000	-
Amount due from subsidiaries	13	8,040,734	8,040,734	-
Placements with money market funds	14	1,073,509	1,073,509	-
Fixed deposits with licensed banks	15	5,000,000	5,000,000	-
Cash and bank balances	16	5,972,719	5,972,719	-
		25,884,511	20,087,962	5,796,549

^ *Exclude Goods and Services Tax recoverable*

Financial liabilities as per statement of financial position

	Note	Carrying amount RM	Other financial liabilities measured at amortised cost RM
Group			
Trade payables	24	95,684	95,684
Other payables and accruals ^	25	431,255	431,255
		526,939	526,939
Company			
Other payables and accruals	25	194,393	194,393

^ *Exclude Goods and Services Tax payable*

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's financial instruments are subject to a variety of financial risks including credit risk, liquidity and cash flow risks and market risk.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to financial risk policies and mitigated by insurance coverage where appropriate.

(i) Credit risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade receivables, placements with money market funds, fixed deposits and cash and bank balances. The Company's exposure to credit risk arises principally from amount due from subsidiaries, placements with money market funds, fixed deposits and cash and bank balances.

Credit risk is addressed by the application of credit approvals, limits and monitoring procedures.

The credit risk on liquid funds is limited because the counterparties are licensed banks and financial institutions.

The Group's maximum exposure to credit risk as at 31 December 2016 is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the exposure to the amounts due by three (3) (2015 : one (1)) major customers representing approximately 83% (2015 : 65%) of the total trade receivables. The amounts due and repayment from these customers are closely monitored by the management to ensure that the credit limits and terms agreed with the customers are complied with.

Information on the impairment of trade receivables is disclosed in Note 11.

(ii) Liquidity risk and cash flow risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

The Group monitors its cash flows actively and maintains sufficient levels of cash and cash equivalents to meet its obligations as and when they fall due.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk and cash flow risks (Cont'd)

Maturity analysis

	Maturity Profile			
	Less than 1 year RM	**More than 1 year and less than 5 years RM**	**More than 5 years RM**	**Total RM**
Group				
2016				
Trade payables	198,386	-	-	198,386
Other payables and accruals	255,493	-	-	255,493
2015				
Trade payables	95,684	-	-	95,684
Other payables and accruals ^	431,255	-	-	431,255
Company				
2016				
Other payables and accruals	68,176	-	-	68,176
2015				
Other payables and accruals	194,393	-	-	194,393

^ *Exclude Goods and Services Tax payable*

(iii) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group's main market risk exposure are currency and interest rate fluctuations and which are discussed under the respective risk headings.

(iv) Currency risk

The Group undertakes certain transactions in foreign currencies where the amounts outstanding are exposed to foreign currency risk. The Group monitors its foreign exchange exposure closely.

The Group does not speculate in foreign currency derivatives.

The carrying amounts of the Group's and the Company's monetary assets and monetary liabilities that are denominated in foreign currencies as at the end of the reporting period are as follows :-

Group	**SGD RM**	**JPY RM**	**USD RM**	**HKD RM**	**Total RM**
2016					
Cash and bank balances	682,113	35,802	93,582	234	811,731
2015					
Cash and bank balances	-	-	89,726	224	89,950

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Currency risk (Cont'd)

Company	USD RM	IDR RM	SGD RM	Total RM
2016				
Amount due from subsidiaries	8,836	7,197,439	108,913	7,315,188
2015				
Amount due from subsidiaries	-	6,721,933	787,737	7,509,670

Currency risk sensitivity analysis

A 10 percent strengthening or weakening of foreign currencies against the various functional currencies at the end of the reporting period of entities within the Group would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2016 RM	**2015 RM**
SGD against RM (Functional currency : RM)	68,211	-
JPY against RM (Functional currency : RM)	3,580	-
USD against RM (Functional currency : RM)	9,358	8,973
HKD against RM (Functional currency : RM)	23	22

	Company	
	2016 RM	**2015 RM**
USD against RM (Functional currency : RM)	884	-
IDR against RM (Functional currency : RM)	719,744	672,193
SGD against RM (Functional currency : RM)	10,891	78,774

(v) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on placements with money market funds and fixed deposits with licensed banks. The effective interest rates of the money market funds and fixed deposits are disclosed in Notes 14 and 15 respectively.

The Group's fixed deposits with licensed banks are subject to interest based on fixed rates while the money market funds are subject to interest based on floating rates.

Interest rate risk sensitivity analysis

As the fixed rate financial assets are not accounted for at fair value through profit or loss, a change in interest rates at the end of the reporting period would not affect profit or loss.

The Group does not have any floating rate financial asset as at the end of the current financial year. In respect of the floating rate financial assets as at the end of the previous financial year, a change in interest rate by 50 basis points thereon at the end of the reporting period would have increased or decreased the Group's profit or loss for that year by RM5,368.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(vi) Other price risk

The Group is exposed to price risk arising from its investments in unit trust funds and quoted shares. The investment in unit trust funds is managed by a licensed asset management company and the quoted shares are listed on the Main Market of Bursa Malaysia Securities Berhad. These investments are classified as available-for-sale financial assets.

The Group does not engage in speculative trading in respect of its investments in unit trust funds and quoted shares.

(c) Fair value of financial instruments

(i) The fair value of the investments in unit trust funds is determined by reference to market price at the end of the reporting period. The fair value of investments in quoted shares is determined by reference to their market bid price at the end of the reporting period.

(ii) The carrying amount of cash and cash equivalents, receivables and payables approximate their fair values either due to their short-term nature or that they are priced to market interest rates**.**

The table below analyses financial instruments at the end of the reporting period which are measured at fair value by the various levels within a fair value hierarchy :-

	Fair value measurement using			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2016				
Financial assets				
Available-for-sale financial assets	7,946,950	-	-	7,946,950
2015				
Financial assets				
Available-for-sale financial assets	5,796,549	-	-	5,796,549

37. SIGNIFICANT EVENT

On 16 and 19 September 2011, PT CLS System ("PTCLS"), a wholly-owned subsidiary of the Company incorporated in the Republic of Indonesia, made two payments for a total sum of Rp200,000,000 (equivalent to approximately RM58,000) as earnest deposit ("the Earnest Deposit") to two individuals (hereinafter referred to as "the Appellants") to acquire a shophouse in Jakarta, Indonesia ("the Proposed Acquisition") from the Appellants. However, the Proposed Acquisition could not be concluded because the title of ownership interest of the premises is not registered in the names of the Appellants. PTCLS had subsequently requested the Appellants to refund the Earnest Deposit but the Appellants refused. PTCLS then sought legal recourse to recover the Earnest Deposit and on 28 November 2013, the District Court of South Jakarta gave a judgement in favour of PTCLS ordering the Appellants to refund the Earnest Deposit to PTCLS.

Following an appeal made by the Appeallants on 10 December 2013, the High Court of Jakarta had made a judgement in favour of PTCLS on 2 September 2014 which among others, reaffirming the judgement of the District Court of South Jakarta.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONT'D)

37. SIGNIFICANT EVENT (CONT'D)

On 13 January 2015, PTCLS received a Summons of Cassation from the Bailiff of the District Court of South Jakarta with regard to a Memorandum of Cassation dated 23 December 2014 filed by the Appellants to the Indonesian Supreme Court seeking the following :-

(a) damages for :

- material loss of Rp7,000,000,000 (equivalent to approximately RM2.0 million); and
- immaterial loss of Rp10,000,000,000 (equivalent to approximately RM2.9 million);

(b) declaring valid and valuable sequestration placed on the assets of PTCLS located at Citilofts Sudirman Suite 2228-2230, Jl. K.H. Mas Mansyur Street No. 121 Jakarta Pusat 10220; and

(c) payment to the Appellants the sum of Rp1,000,000 (equivalent to approximately RM280) per day of every late payment from the reading of the verdict until a legally binding decision.

On 27 January 2015, PTCLS submitted a Counter Memorandum of Cassation and on 24 November 2016, PTCLS was informed by its legal counsel that the Supreme Court has pronounced the judgement in favour of PTCLS.

38. CONTINGENT LIABILITIES

(a) On 20 January 2017, the Company received a Writ and Statement of Claims ("the Claim") dated 16 January 2017 from Customer Loyalty Solutions Sdn Bhd (in liquidation) ("the Plaintiff") claiming that the transfers 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.

The Plaintiff was a subsidiary of the Company which was disposed on 7 July 2011.

The Company has filed its Statement of Defence against the Claim. The outcome of the legal case cannot be reliably ascertained as at the date of this report pending the Court hearing.

The Directors considered that, based on the advice of the Company's legal counsel, the Company has a good chance of defending the said Claim. The case has been fixed for full trial in September 2017.

(b) On 28 March 2016, a former director of the Company ("the Claimant") filed a Statement of Case with the Industrial Court of Kuala Lumpur on the ground of wrongful dismissal as an executive director of the Company. The Claimant is claiming for her position as an executive director be reinstated or, if in the event that the reinstatement is not possible or inappropriate, a compensation to be awarded to her on the account of the wrongful dismissal.

The Company has filed its Statement in Reply with the Industrial Court. The outcome of the legal case cannot be reliably ascertained as at the date of this report pending the Court hearing.

The Directors considered that, based on the advice of the Company's legal counsel, the Company has a good arguable case against the Claimant. The Court has fixed 11 May 2017 as the next case management.

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Directors monitor the Group's debt-to-equity ratio and strive to maintain a ratio of below 0.5. As at the end of the reporting period, the Group has excess cash and cash equivalents over its debts.

The Group has complied with the requirement of Guidance Note issued by Bursa Malaysia Securities Berhad whereby the Group is required to maintain a consolidated shareholders' equity equal to or not less than 25% of its issued and paid-up capital (excluding treasury shares).

No significant changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the years ended 31 December 2016 and 31 December 2015.

40. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

Realised and Unrealised Profits

The breakdown of retained profits of the Group and of the Company as at 31 December 2016, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010, is as follows :-

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained profits of Advance Information Marketing Berhad and its subsidiaries :				
- Realised	(1,493,914)	424,389	959,215	2,199,708
- Unrealised	509,405	770,517	479,063	750,684
	(984,509)	1,194,906	1,438,278	2,950,392
Less : Consolidation adjustments	5,385,505	4,298,212	-	-
Retained profits as per financial statements	4,400,996	5,493,118	1,438,278	2,950,392

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

STATEMENT BY DIRECTORS

We, DATO' IR. LIM SIANG CHAI and MAK SIEW WEI, being two of the Directors of ADVANCE INFORMATION MARKETING BERHAD, state that in the opinion of the Directors, the financial statements set out on pages 33 to 90 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of their results and cash flows for the year ended on that date.

The information set out in Note 40 to the financial statements on page 91 have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Board of Directors,

DATO' IR. LIM SIANG CHAI
Executive Chairman cum managing Director

MAK SIEW WEI
Executive Director

Kuala Lumpur

Date : 26 April 2017

STATUTORY DECLARATION

I, MAK SIEW WEI, the Director primarily responsible for the financial management of ADVANCE INFORMATION MARKETING BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 33 to 90 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed MAK SIEW WEI at Kuala)
Lumpur in Wilayah Persekutuan on)
26 April 2017)
)
)
)

MAK SIEW WEI

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Advance Information Marketing Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Emphasis of Matter

As disclosed in Note 38(a) to the financial statements, on 20 January 2017, the Company received a Writ and Statement of Claims dated 16 January 2017 from Customer Loyalty Solutions Sdn Bhd (in liquidation) ("the Plaintiff") claiming that the transfers of RM6,524,652 from the Plaintiff to the Company are void or voidable and that the Company together with the other two defendants are jointly and severally liable to pay the Plaintiff the sum of RM6,524,652. Our opinion is not modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises information contained in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD(CONT'D)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :-

- Identifying and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCE INFORMATION MARKETING BERHAD(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
AF : 0502
Chartered Accountants

LEONG KOK TONG
2973/11/17(J)
Chartered Accountant

Kuala Lumpur

Date : 26 April 2017

LIST OF PROPERTIES

Summary of Landed Properties
The summary of the information on properties owned by our Group is as follows:-

Postal Address	Description of Property/ Existing Use	Status/ Registered Owner	Audited Net Book Value as at 31 December 2016 (RM)	Approximate age of Building (Years) / Date of Acquisition	Tenure/ Expiry Date of Lease	Approximate Land Area/ Approximate Total Built-up Area (Sq metre)
Unit San Fransisco/28, Level 22, Jalan K.H Mas Mansyur, No. 121 Jakarta Pusat	Office Unit	Owned/ PTCLS System	RM147,238	8 years/ 12th July 2007	Freehold	Built-up area 73.46 sq metre
Unit Paris/30, Level 22, Jalan K.H Mas Mansyur, No. 121 Jakarta Pusat	Office Unit	Owned/ PTCLS System	RM145,816	8 years/ 12th July 2007	Freehold	Built-up area 74.22 sq metre

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017

SHARE CAPITAL

Total Number of Issued Shares	:	266,058,666 (including 24,090,500 treasury shares)
Issued Share Capital	:	RM26,605,866.60
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	283	35.55	12,679	0.005
100 - 1,000	95	11.93	29,686	0.012
1,001 - 10,000	156	19.60	862,074	0.356
10,001 - 100,000	200	25.13	7,441,060	3.075
100,001 - Less than 5% of Issued Shares	59	7.41	156,639,689	64.735
5% and above of Issued Shares	3	0.38	76,982,978	31.815
Total	**796**	**100.00**	**241,968,166**	**100.000**

Remark :
\# *Excluding 24,090,500 ordinary shares bought back by the Company and retained as treasury shares.*

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders)

No.	Name of Shareholder	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	CG Assets Pte Ltd	47,378,822	19.58	-	-
2	Ang Huat Keat	-	-	47,378,822*	19.58*
3	Mak Siew Wei	16,000,000	6.61	-	-
4	Ngai Yoon Fatt	-	-	47,378,822*	19.58*
5	Choi Yun Fatt	4,000,000	1.65	11,537,600	4.77@

Remark:-
* *Deemed interest through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act, 2016*
@ *Deemed interest through his shareholdings in Destinasi Sehati Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

DIRECTORS' INTERESTS IN SHARES
(As per Register of Directors' Shareholdings)

No.	Name of Director	No. of Shares held Direct	%	No. of Shares held Indirect	%
1	Dato' Ir Lim Siang Chai	-	-	-	-
2	Mak Siew Wei	16,000,000	6.61	-	-
3	Ang Huat Keat	-	-	47,378,822*	19.58*
4	Sim Thean Wah	-	-	-	-
5	Azizullaili Bin Haji Jalaluddin	-	-	-	-
6	Lee Kean Teong	-	-	-	-

Remark:-
* **Deemed interest through his shareholdings in CG Assets Pte Ltd pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017 (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS
(According to the Record of Depository as at 31 March 2017)

No.	Name of Shareholders	No. of Shares	%
1	CG Assets Pte Ltd	47,378,822	19.580
2	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Mak Siew Wei*	16,000,000	6.612
3	UOB Kay Hian Nominees (Asing) Sdn. Bhd. *Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)*	13,604,156	5.622
4	Too Siew Woon	12,010,800	4.963
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Cheng Mun Leong (CHE0525C)*	12,000,000	4.959
6	Cheong Bee Lee	12,000,000	4.959
7	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An For Credit Suisse Securities (Europe) Limited*	12,000,000	4.959
8	Destinasi Sehati Sdn. Bhd.	11,537,600	4.768
9	Affin Hwang Nominees (Asing) Sdn. Bhd. *Exempt An For Sanston Financial Group Limited (Account Client)*	10,998,550	4.545
10	Low Keng Yee	8,834,050	3.650
11	Tan Chin Yen	8,491,300	3.509
12	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Kong Kok Keong (6000418)*	6,808,800	2.813
13	Lee Yee Thian	5,194,600	2.146
14	UOBM Nominees (Asing) Sdn. Bhd. *Exempt An For Sanston Financial Group Limited*	5,114,800	2.113
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Cheng Wai Fun (CHE0562C)*	5,000,066	2.066
16	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An For Nomura PB Nominees Ltd*	4,623,610	1.910
17	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Li Li (6000361)*	4,549,100	1.880
18	Cheong Bee Yuet	4,462,000	1.844
19	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An For BSI SA (BSI BK SG-NR)*	4,000,000	1.653
20	Joseph Yeo	4,000,000	1.653
21	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt An For KGI Asia Ltd*	2,865,200	1.184
22	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Liew Lee Chin (CEB)*	2,383,999	0.985
23	Chung Shan Hui	2,320,000	0.958
24	Tan Lay Peng	2,051,600	0.847
25	Citigroup Nominees (Asing) Sdn. Bhd. *UBS AG For Maybank Kim Eng Securities Pte Ltd*	1,728,800	0.714
26	Tan Lei Eng	1,300,000	0.537
27	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Wong Inn Lai*	1,041,306	0.430
28	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Foong Cheng Keat (CEB)*	960,033	0.396
29	Chong Shao Voon	933,333	0.385
30	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Wang Kian Hoo @ Ong Kin Yan*	800,000	0.330

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13^{th}) Annual General Meeting of the Company will be held at Crystal 1, Level 1, Crystal Crown Hotel, Kuala Lumpur, No. 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Friday, 9 June 2017 at 10.00 a.m. to transact the following business:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon. **(refer to Note A)**

2. To approve the payment of Directors' fees and other benefits payable of up to RM200,000.00 to the directors of the Company for the financial year ending 31 December 2017. **(Resolution 1)**

3. To re-elect the following Directors retiring pursuant to the Article 83 of the Company's Articles of Association:-

   i) Sim Thean Wah **(Resolution 2)**
   ii) Ang Huat Keat **(Resolution 3)**

4. To appoint Auditors and to authorise the Directors to fix their remuneration.

   Notice pursuant to Section 271 (4) of the Companies Act, 2016, a copy of which is set out and marked as "Annexure A", has been received by the Company to propose the following Ordinary Resolution:

   "THAT Messrs UHY be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs FOLKS DFK & CO and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration." **(Resolution 4)**

As Special Business
To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolutions:-

5. **Authority to Allot Shares Pursuant to Section 75 of the Companies Act, 2016** **(Resolution 5)**

   THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental / regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 75 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

6. **Proposed Renewal of Share Buy-Back Authority for the Purchase of its own Ordinary Shares** **(Resolution 6)**

THAT subject to the compliance with Section 127 of the Companies Act 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular/Statement to Shareholders dated 28 April 2017.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Ace Market Listing Requirements of Bursa Securities and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Ace Market Listing Requirements of Bursa Securities and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

7. To transact any other business for which due notice shall have been given pursuant to the Companies Act, 2016.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (f) (LS0009760)
Company Secretaries

Kuala Lumpur
28 April 2017

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes:-

A. *This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 and the Company's Articles of Association provide that the Audited Financial Statements are to be laid in the general meeting. Hence, it is not put forward for voting.*

(i) *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him. A proxy may but need not be a member of the Company.*

(ii) *A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(iii) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

(iv) *Where a member or authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

(v) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

(vi) *The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.*

(vii) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 June 2017. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.*

Explanatory Notes to Ordinary Resolution of the Special Business:-

Ordinary Resolution 5
Authority to Allot Shares Pursuant to Section 75 of the Companies Act, 2016

The proposed Ordinary Resolution 5, if passed, will renew the authority to empower the Director of the Company to issue and allot shares of the Company up to and not exceeding in total 10% of the issued share capital of the Company from time to time and for such purposes as they consider would be in the best interest of the Company ("Renewed Mandate"). The Renewed Mandate will unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 24 May 2016 and such general mandate will lapse at the conclusion of the Thirteenth Annual General Meeting of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions.

Ordinary Resolution 6
Proposed Renewal of Share Buy-Back Authority for the Purchase of its own Ordinary Shares

This proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to purchase its own shares up to ten percent (10%) of its issued and paid-up share capital. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Article 83 of the Company's Articles of Association, the following Directors are standing for re-election at the Thirteenth Annual General Meeting of the Company:-

i) Sim Thean Wah
ii) Ang Huat Keat

Details of the abovenamed Directors are set out on pages 5 & 6 of this Annual Report while their shareholdings in the Company are set out on page 97 & 98 of this Annual Report.

ANNEXURE A

NOTICE FROM SHAREHOLDER

CG ASSETS PTE. LTD
(Incorporated in Singapore)
(Registration Number: 200412427D)

Date : 10 APR 2017

The Board of Directors
ADVANCE INFORMATION MARKETING BERHAD
(Company No. 644769-D)
Suite G01, Ground Floor,
Plaza Permata, No. 6, Jalan Kampar,
50400 Kuala Lumpur.

Dear Sirs,

RE: APPOINTMENT OF AUDITORS

We, CG Assets Pte Ltd being a shareholder of Advance Information Marketing Berhad, hereby give notice pursuant to Section271(4) of the Companies Act, 2016, of our intention to nominate **Messrs UHY** for appointment as Auditors of the Company in replace of the retiring Auditors, **Messrs FOLKS DFK & CO** and to propose the following resolution to be considered at the forthcoming Annual General Meeting to be convened at a date to be determined by the Board of Directors.

"THAT Messrs UHY be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs FOLKS DFK & CO and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

Thank you.

Yours faithfully
for CG Assets Pte Ltd

Ang Huat Keat
Authorized Signatory

Registered Office at : No. 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095

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FORM OF PROXY

CDS Account No.				-				-								
No. of Shares Held																

ADVANCE INFORMATION MARKETING BERHAD (644769-D)
(Incorporated in Malaysia)

I/We ……….
(FULL NAME IN BLOCK LETTERS)

(NRIC No/Passport No/Company RegistrationNo.:………………………………………………………………………)

of ……….
(FULL ADDRESS)

being a member/members of ADVANCE INFORMATION MARKETING BERHAD, hereby appoint………………………

………………………………………………………….NRIC No/Passport No……………………………………………
(FULL NAME IN BLOCK LETTERS)

of ……….
(FULL ADDRESS)

or failing him…………………………………………….NRIC No/Passport No:…………………………………………
(FULL NAME IN BLOCK LETTERS)

of ……….
(FULL ADDRESS).

/or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Crystal 1, Level 1, Crystal Crown Hotel, Kuala Lumpur, No. 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Friday, 9 June 2017 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
Resolution 1	To approve the payment of Directors' fees and other benefits payable for the financial year ending 31 December 2017.		
Resolution 2	To re-elect Sim Thean Wah as Director..		
Resolution 3	To re-elect Ang Huat Keat as Director.		
Resolution 4	To appoint Auditors and to authorise the Directors to fix their remuneration.		
Resolution 5	**As Special Business :** Authority to allot shares pursuant to Section 75 of the Companies Act, 2016		
Resolution 6	Proposed Renewal of Share Buy-Back Authority for the Purchase of its own Ordinary Shares		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Annual General Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

*Strike out whichever is not applicable

Dated this ……….. day of ………………………….. 2017

……………………………….
Signature of Member/Common Seal

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ……………………………
Percentage : ……………………………%

Second Proxy
No. of Shares: ……………………………
Percentage : ……………………………%

Notes:-

(i) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him/her. A proxy may but need not be a member of the Company.

(ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) Where a member or authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vi) The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting.

(vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 2 June 2017. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

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Affix Stamp

The Share Registrar Customer Service Centre

ADVANCE INFORMATION MARKETING BERHAD (644769-D)

Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

Flod this flap for sealing

Advance Information Marketing Berhad (644769-D)
Suite G-01, Ground Floor, Plaza Permata,
No. 6, Jalan Kampar, 50400 Kuala Lumpur.
Tel : 03 - 4043 2699
Fax : 03 - 4043 2690
Website : www.aim-net.com.my
Email : Contact@aim-net.com.my