azman, wong, salleh & co. (AF: 0012)
akauntan bertauliah
chartered accountants

14, jalan tun sambanthan 3,
p.o. box 12019,
50764 kuala lumpur.
tel: 03-2274 8900
fax: 03-2272 1108

17th March 2006

The Board of Directors
Advance Information Marketing Berhad
52, 1st Floor
Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor

Dear Sirs/Madam,

1. INTRODUCTION

This report has been prepared by Azman, Wong, Salleh & Co., an approved company auditor, for inclusion in the Prospectus of Advance Information Marketing Berhad (formerly known as Advance Information Marketing Sdn. Bhd.) (hereinafter referred to as "AIM" or "the Company") to be dated 28th March 2006 in connection with the proposed public issue of 35,000,000 new ordinary shares of RM0.10 each at an indicative issue price of RM0.42 each in AIM and the listing of and quotation for the entire issued and paid-up share capital of AIM on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

2. GENERAL INFORMATION

2.1 Background

The Company was incorporated in Malaysia on 8th March 2004 under the Companies Act, 1965 as a private limited company, under the name of Advance Information Marketing Sdn. Bhd. On 23rd March 2005, the Company changed its status from a private limited company to a public limited company.

AIM commenced its business operations in July 2004. The Company is principally engaged in the development and provision of loyalty and database management software applications and information technology infrastructure. The Company is currently involved in the promotion of its Enterprise Marketing Management application, namely Advance Information Marketing System ("AIMS") within the Multimedia Super Corridor ("MSC"). Pursuant to its MSC status awarded on 2nd June 2004, the Company has been exempted from income tax for 5 years from 30th September 2004 to 29th September 2009 amongst other incentives available. In December 2005, a subsidiary of AIM has received the *Small Medium Enterprise Emerging Business* award from the SMI Association of Malaysia.

2.2 Restructuring And Flotation Scheme

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of AIM on the MESDAQ Market of the Bursa Malaysia Securities Berhad, AIM has undertaken a restructuring exercise which involves/will involve the following:-

Acquisitions

On 29th September 2004, AIM acquired computer hardware costing RM360,000 and software development work-in-progress costing RM854,158 from CG Assets Pte. Ltd. ("CGAS"), a company incorporated in Singapore. The total consideration of RM1,214,158 has been wholly satisfied by the issuance of 1,214,158 ordinary shares of RM1.00 each in the Company on 10th January 2005. CGAS has been the holding company of AIM since 10th January 2005 until the date of this report;

2. GENERAL INFORMATION

2.2 Restructuring And Flotation Scheme (Cont'd)

Acquisitions (cont'd)

On 29th December 2004, AIM entered into a Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of Customer Loyalty Solutions Sdn. Bhd. ("CLS") comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM491,629 based on the Net Tangible Assets ("NTA") of CLS and CLS's share of NTA of Elite Relationship Marketing Sdn. Bhd. ("ERM") as at 30th September 2004. ERM became a subsidiary of CLS in October 2004. The consideration has been wholly satisfied by the issuance of 491,629 new ordinary shares of RM1.00 each in the Company on 31st December 2004;

On 29th December 2004, AIM entered into a Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of Advanced Supply Chain Solutions Sdn. Bhd. ("ASCS") comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM88,422 based on the NTA of ASCS as at 30th September 2004. The consideration has been wholly satisfied by the issuance of 88,422 new ordinary shares of RM1.00 each in the Company on 31st December 2004; and

On 29th December 2004, AIM entered into a Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of Bounty Trading Pte. Ltd. ("BT") comprising 100 ordinary shares of SGD1.00 each for a purchase consideration of RM3,065,414 (SGD1,362,406) based on the NTA of BT as at 30th September 2004. The consideration has been wholly satisfied by the issuance of 3,065,414 new ordinary shares of RM1.00 each in the Company on 10th January 2005.

The above shall collectively be referred to as "***the Acquisitions***".

Issuance and conversion of Redeemable Convertible Preference Shares

On 3rd February 2005, AIM entered into a Subscription Agreement with OSK Technology Ventures Sdn. Bhd. ("OSKTV") allowing OSKTV to subscribe for 50,000,000 new Redeemable Convertible Preference Shares ("RCPS") class B of RM0.01 each in AIM for a consideration of RM5,000,000. The said RCPS were issued on 16th March 2005 and had been converted into 772,754 ordinary shares of RM1.00 each in AIM on 20th February 2006 by OSKTV in accordance with the terms of the agreement.

On 10th March 2005, AIM entered into a Subscription Agreement with Desiran Mawar Sdn. Bhd. ("DMSB") allowing DMSB to subscribe for 22,000,000 new RCPS class A of RM0.01 each in AIM for a consideration of RM2,200,000 subject to the terms of the agreement. The said RCPS were issued on 16th March 2005. On 18th February 2006, AIM entered into a Supplemental Agreement with DMSB whereby DMSB is entitled to a refund of the consideration paid in excess of the fair value of the said RCPS as at that date. The excess estimated at RM688,000 had been refunded to DMSB on 10th March 2006 in accordance with the terms of the Supplemental Agreement. The said RCPS had been converted into 234,724 ordinary shares of RM1.00 each in AIM on 20th February 2006 by DMSB in accordance with the terms of the agreements.

The conversion of RCPS A and RCPS B shall collectively be referred to as "***the Conversion of RCPS***".

Bonus issue

On 21st February 2006, AIM implemented a bonus issue of 6,131,899 new ordinary shares of RM1.00 each to the existing shareholders of AIM after ***the Conversion of RCPS*** on the basis of approximately 1.05 new ordinary share of RM1.00 each for every 1 existing ordinary share of RM1.00 held in AIM via the capitalisation of RM5,504,522 from the share premium account of the Company arising from ***the Conversion of RCPS*** and the remaining RM627,377 from the retained profits of AIM.

This shall hereinafter be referred to as "***the Bonus Issue***".

2. GENERAL INFORMATION

2.2 Restructuring And Flotation Scheme (Cont'd)

Subdivision of shares

Upon completion of ***the Bonus Issue***, the Company then subdivided every 1 AIM share of RM1.00 each into 10 new AIM shares of RM0.10 each on 22nd February 2006.

Public issue

In conjunction with the proposed listing, AIM proposes to undertake a public issue of 35,000,000 new AIM shares of RM0.10 each at an indicative issue price of RM0.42 per share in the following manner:-

(a) 1,000,000 AIM shares representing 0.645% of the enlarged share capital of 155,000,000 AIM shares have been reserved for the eligible directors and employees of the AIM Group and persons who have contributed to the success of the AIM Group; and

(b) 34,000,000 AIM shares representing 21.935% of the enlarged share capital of 155,000,000 AIM shares, of which 33,000,000 shares will be made available for application under private placement and 1,000,000 for application by the general public.

Upon completion of the above, hereinafter referred to as "***the Proposed Public Issue***", the issued and paid-up share capital of AIM will increase from RM12,000,000 comprising 120,000,000 ordinary shares of RM0.10 each to RM15,500,000 comprising 155,000,000 ordinary shares of RM0.10 each. DMSB and the subscribers of the public issue shall then hold approximately 3.097% and 22.58% respectively of the 155,000,000 AIM shares in issue.

Employee Share Option Scheme ("ESOS")

The Company proposes to establish an employee share option scheme to reward eligible employees of the Group. This scheme shall be referred to as "***the Proposed ESOS***" hereinafter. Under this scheme, AIM shall issue up to 5% of the Company's issued and paid-up share capital at any time during its existence pursuant to the options to be granted to those eligible employees. Based on the enlarged share capital of RM15,500,000 comprising 155,000,000 AIM shares of RM0.10 each upon completion of ***the Proposed Public Issue,*** AIM shall issue up to 7,750,000 new AIM shares of RM0.10 each pursuant to this scheme.

Listing on the MESDAQ Market

Upon completion of the abovementioned schemes, AIM will seek an admission to the official list of the MESDAQ Market and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM15,500,000 comprising 155,000,000 AIM shares of RM0.10 each and for the new 7,750,000 AIM shares that may be issued upon the exercise of the options to be granted pursuant to ***the Proposed ESOS***.

The Schemes *had been approved by the Securities Commission on 20th December 2005 and 14th March 2006. As at the date of this report, the admission to the official list of the MESDAQ Market including* ***the Proposed ESOS*** *is pending the approval from the Bursa Malaysia Securities Berhad.*

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

2. GENERAL INFORMATION

2.3 Share Capital

The authorised share capital of AIM at the date of this report is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each. Details of the authorised share capital of AIM since incorporation are as follows:-

Date of creation	No. of ordinary shares created	Par value RM	Total authorised ordinary share capital RM
8th March 2004	100,000	1.00	100,000
27th December 2004	9,900,000	1.00	10,000,000
16th March 2005	39,000,000	1.00	49,000,000
22nd February 2006	1,000,000	1.00	50,000,000
	50,000,000		
22nd February 2006	500,000,000	0.10	50,000,000

Date of creation/cancellation	No. of preference shares created/ (cancelled)	Par value RM	Total authorised preference share capital RM
16th March 2005	100,000,000	0.01	1,000,000
22nd February 2006	(100,000,000)	0.01	-
	-		

The issued and fully paid-up share capital of AIM at the date of this report is RM12,000,000 comprising 120,000,000 ordinary shares of RM0.10 each. Details of the issued and paid-up ordinary share capital of AIM since incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Total issued and paid-up share capital RM
8th March 2004	1,000	1.00	Subscribers' shares	1,000
31st December 2004	491,629	1.00	Acquisition of CLS	492,629
31st December 2004	88,422	1.00	Acquisition of ASCS	581,051
10th January 2005	3,065,414	1.00	Acquisition of BT	3,646,465
10th January 2005	1,214,158	1.00	Acquisition of hardware and software development work-in-progress	4,860,623
20th February 2006	234,724	1.00	Conversion of RCPS A	5,095,347
20th February 2006	772,754	1.00	Conversion of RCPS B	5,868,101

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

2. GENERAL INFORMATION

2.3 Share Capital (Cont'd)

Details of the issued and paid-up ordinary share capital of AIM since incorporation are as follows (cont'd) :-

21st February 2006	6,131,899	1.00	Bonus issue of approximately 1.05 shares for every 1 share held	12,000,000
	12,000,000			
22nd February 2006	120,000,000	0.10	Subdivision of shares	12,000,000

Details of the issued and paid-up preference share capital of AIM since incorporation are as follows :-

Date of allotment/conversion	No. of RCPS issued/ (converted)	Par value RM	Consideration	Total issued and paid-up share capital RM
16th March 2005	22,000,000	0.01	Cash	220,000
16th March 2005	50,000,000	0.01	Cash	720,000
20th February 2006	(22,000,000)	0.01	Conversion of RCPS A	500,000
20th February 2006	(50,000,000)	0.01	Conversion of RCPS B	-
	-			

3. SUBSIDIARIES

Details of the subsidiaries at the date of this report are as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
Direct				
Customer Loyalty Solutions Sdn. Bhd. ("CLS")	1st April 2003 Malaysia	RM1,600,000	100%	Providing integrated solutions in the management of customer loyalty services
Advanced Supply Chain Solutions Sdn. Bhd. ("ASCS")	2nd July 2003 Malaysia	RM100,000	100%	Providing procurement services through local suppliers and mail order programmes
Bounty Trading Pte. Ltd. ("BT")	27th August 2002 Singapore	SGD1,000	100%	General trading and providing merchandise procurement services
Indirect				
Elite Relationship Marketing Sdn. Bhd. ("ERM")	14th July 2004 Malaysia	RM100,000	51%	Has not commenced business operations

4. FINANCIAL STATEMENTS AND AUDITORS

4.1 Financial Information

Proforma/Audited Consolidated Results, Balance Sheets and Cashflow Statement

The proforma information set out in this report is presented on the basis that the AIM Group had been in existence throughout the relevant financial periods before ***the Acquisitions*** had been completed.

The proforma consolidated results and balance sheets of the AIM Group for the past 3 financial periods since the date of incorporation of AIM and its subsidiaries up to 31st December 2004 are presented in Section 5 and 7. These are presented for illustrative purposes only after elimination of all transactions and balances between the companies in the Proforma Group and have been prepared based on the audited financial statements of AIM and its subsidiaries for the relevant financial periods.

The audited consolidated results and balance sheet of the AIM Group for the financial period ended 30th September 2005 are presented in Section 5 and 7. The basis of consolidation is disclosed under significant accounting policies in Section 9 of this report.

The consolidated cashflow statement of the AIM Group for the financial period ended 30th September 2005 is presented in Section 10 and has been prepared based on the audited consolidated results and balance sheet of the AIM Group for the financial period ended 30th September 2005.

Audited Results and Balance Sheets

The audited financial statements of AIM and its subsidiaries for all the financial periods since incorporation up to 30th September 2005 have been prepared under the historical cost convention modified to include other bases of valuation where applicable. These other bases of valuation are disclosed under significant accounting policies in Section 9 of this report.

The financial statements of AIM, CLS, ASCS and ERM for all the financial periods are in compliance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Companies Act, 1965 of Malaysia.

The financial statements of BT for all the relevant financial periods are in compliance with the applicable Singapore Financial Reporting Standards ("FRS") or Singapore Statements of Accounting Standards ("SAS"), and the provisions of the Companies Act of Singapore. The transition from SAS to FRS during the financial periods under review has not resulted in significant changes in the accounting policies adopted.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

4. FINANCIAL STATEMENTS AND AUDITORS

4.2 Reports Of The Auditors

The financial statements of AIM and its subsidiaires for all the financial periods since incorporation have been reported upon without any qualification as follows:-

Name of company	*Financial period*	*Remarks*
AIM	8th March 2004 to 31st December 2004	Audited by us
	1st January 2005 to 30th September 2005	Audited by us
CLS	1st April 2003 to 31st December 2003	Audited by other Chartered Accountants firm in Malaysia
	1st January 2004 to 31st December 2004	Audited by us
	1st January 2005 to 30th September 2005	Audited by us
ASCS	2nd July 2003 to 31st December 2003	Audited by other Chartered Accountants firm in Malaysia
	1st January 2004 to 31st December 2004	Audited by us
	1st January 2005 to 30th September 2005	Audited by us
ERM	14th July 2004 to 31st December 2004	Audited by us
	1st January 2005 to 30th September 2005	Audited by us
BT	27th August 2002 to 31st December 2003	Audited by a Certified Public Accountants firm in Singapore
	1st January 2004 to 31st December 2004	Audited by a Certified Public Accountants firm in Singapore
	1st January 2005 to 30th September 2005	Audited by a Certified Public Accountants firm in Singapore

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.1 We set out below the proforma and audited consolidated results of AIM Group for the past 4 financial periods based on the assumption that the AIM Group had been in existence throughout the financial periods under review. The proforma consolidated results are presented for illustrative purposes only after such necessary adjustments.

AIM Group

	< -----	Proforma	----- >	Audited
	Financial period from 27.8.2002 to 31.12.2002 RM'000	Financial period from 1.1.2003 to 31.12.2003 RM'000	Financial period from 1.1.2004 to 31.12.2004 RM'000	Financial period from 1.1.2005 to 30.9.2005 RM'000
Revenue	2,646	5,322	18,274	26,109
Profit before depreciation, amortisation, interest and taxation	2,585	610	5,570	7,089
Depreciation of property, plant and equipment	-	(3)	(189)	(444)
Amortisation of research and development expenditure	-	-	(52)	(172)
Interest expense	-	-	-	(70)
Profit before taxation	2,585	607	5,329	6,403
Taxation	(569)	(178)	(788)	(841)
Profit after taxation	2,016	429	4,541	5,562
Minority interest	-	-	13	16
Profit after taxation and minority interest	2,016	429	4,554	5,578
No. of ordinary shares of RM0.10 each assumed in issue	7,663,540	23,213,940	48,606,230	48,606,230
Enlarged no. of ordinary shares of RM0.10 each	120,000,000	120,000,000	120,000,000	120,000,000
Basic earnings per share ^^				
- Gross (sen)	33.73	2.61	10.99	13.21
- Net (sen)	26.31	1.85	9.37	11.48
Fully diluted earnings per share ^^				
- Gross (sen)	2.15	0.51	4.45	5.35
- Net (sen)	1.68	0.36	3.80	4.65

^^ *Not annualised*

5. SUMMARISED RESULTS

5.1 AIM Group (Cont'd)

Notes:

(a) There were no extraordinary items in all the financial periods under review.

(b) In 2002, the Group's results represent the results of the international procurement operations based in Singapore which commenced in October 2002. The significant achievement in profit before taxation was attributed to the high profit margin of approximately 73% generated from novelty gifts sold by the procurement operations and royalty fee on the sale of *Azon* products amounting to SGD157,933 (RM333,420).

(c) In 2003, the Group's results include the results of the managed customer loyalty services operations and the local procurement operations which commenced in the second half of the year. Notwithstanding a revenue growth of 73.8% contributed by the international procurement operations, profit before taxation has declined significantly due to increased staff costs and overheads incurred in the rapid expansion. In addition, substantial initial costs were incurred in preparing the operational facilities and in business development for the newly commenced business. The substantial decline was also due to the high margin sale of novelty gifts in 2002 which did not recur in 2003.

(d) In 2004, the Group's revenue was derived from the managed customer loyalty services, and licensing and data management services which commenced in the second half of the year. The managed customer loyalty services comprised services in business intelligence, marketing support, contact centre, procurement and fufilment. This segment achieved profit before taxation of approximately RM3.8 million representing 71% of the Group's results in 2004 **(Section 8.1)**. The achievement in profit before taxation was largely attributed to the improved gross profit margin of 37.1% *[2003: 21.6%]* and increased efficiency in cost management. The higher margin services rendered were contributed by increased business activities from new clients and the provision of a widen range of services to existing clients. The newly commenced licensing and data management segment contributed approximately 29% of the Group's profit before taxation in 2004.

(e) The managed customer loyalty services segment and the licensing and data management segment continued to be the growth engines of the Group in 2005. External revenue derived from services rendered by licensing and data management segment increased substantially from approximately RM0.34 million to RM2.73 million **(Section 8.1)**. As a result, total revenue of this highly profitable segment increased by approximately 99% in addition to revenue growth of approximately RM5.4 million achieved by the managed customer loyalty services segment. In spite of the growth in revenue, gross profit and profit before taxation, the profit before taxation margin on the overall has fallen from 29.2% in 2004 to 24.5% in the first 9 months of 2005. This is attributed to the declining gross profit margin of both segments, the managed customer loyalty services from 37.1% in 2004 to 29.5% in the current period and the licensing and data management from 90.5% in 2004 to 85.3% in this first 9 months.

(f) The effective tax rate is lower than the applicable statutory tax rate(s) as explained in the notes to the summarised results of individual company of the Group respectively.

(g) The number of ordinary shares of RM0.10 each assumed in issue as at 31st December 2004 represents the share capital of the Group on completion of ***the Acquisitions*** set out in Section 2.2. The enlarged number of ordinary shares of RM0.10 each represents the enlarged share capital of the Group on completion of the schemes subsequent to ***the Acquisitions*** but prior to the ***Proposed Public Issue*** as stated in Section 2.2.

(h) The basic gross/net earnings per share are computed based on the profit after minority interest before/after taxation and the number of ordinary shares assumed in issue in the respective periods. The fully diluted gross/net earnings per share are computed based on the profit after minority interest before/after taxation and the enlarged number of ordinary shares assuming that the enlarged share capital had been in effect throughout the periods under review.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.2 We set out below the audited results of AIM for the financial periods since incorporation as follows:-

AIM

	Financial period from 8.3.2004 to 31.12.2004 RM	Financial period from 1.1.2005 to 30.9.2005 RM
Revenue	1,889,254	3,765,000
Profit before depreciation, amortisation, interest and taxation	1,681,936	3,134,028
Depreciation of property, plant and equipment	(83,402)	(240,954)
Amortisation of research and development expenditure	(51,611)	(171,786)
Interest expense	-	(2,058)
Profit before taxation	1,546,923	2,719,230
Taxation	-	(24,000)
Profit after taxation	1,546,923	2,695,230
No. of ordinary shares of RM1.00 each	581,051	4,860,623
Weighted average no. of ordinary shares of RM1.00 each	2,940	4,719,538
Earnings per share		
- Gross (RM)	526.16	0.576
- Net (RM)	526.16	0.571

Notes:

(a) AIM was incorporated on 8th March 2004 and has commenced business operations in July 2004.

(b) There were no extraordinary items in the financial periods under review.

(c) Revenue represents infrastructure set-up, software licensing and system maintenance fees. The revenue growth achieved in the first 9 months of 2005 resulted from new contracts secured during the period including one with a related party (**Note 9.20(b)** in Section 9) which contributed an aggregate of RM2.6 million in revenue with gross profit margin of approximately 85.2%.

(d) The profit before depreciation, amortisation, interest and taxation is arrived at after deducting the following:-

	2004 RM	2005 RM
Staff costs of research and development ("R&D") personnel	44,496	70,448
Fees on R&D management and maintenance services provided by a related party (**Note 9.20(c)** in Section 9)	-	63,067
Travelling expenses	35,033	31,005
Staff costs of administrative personnel and management fees	79,000	452,689
Other operating overheads (net of other operating income)	48,789	13,763
	207,318	630,972

5. SUMMARISED RESULTS

5.2 AIM (Cont'd)

Notes (cont'd):

(e) In the period 2004, the R&D personnel had been involved in preparing the infrastructure and existing system for commencement of services rendered while in the first 9 months of 2005, they had been involved mainly in software licensing and system maintenance. In line with the increasing business activities in 2005, AIM has supplemented its operational resources with the engagement of services of a related party (**Note 9.20(c)** in Section 9) for R&D as well as for administration. Travelling expenses were incurred mainly for business development of the system support services which AIM offers in customer loyalty management.

(f) AIM was awarded the MSC status under the Promotion of Investments Act 1986 (PIA 1986) on 2nd June 2004 whereby its statutory income has been exempted from tax for 5 years from 30th September 2004 to 29th September 2009. In the first 9 months of 2005, AIM has provided for tax on its non-statutory income, ie. interest income earned on short term deposits.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 We set out below the audited results of the subsidiaries of AIM for the financial periods since incorporation as follows:-

CLS

	Financial period from 1.4.2003 to 31.12.2003 RM	Financial year from 1.1.2004 to 31.12.2004 RM	Financial period from 1.1.2005 to 30.9.2005 RM
Revenue	623,575	10,960,706	14,999,592
Profit before depreciation, amortisation, interest and taxation	20,702	681,166	1,347,612
Depreciation of property, plant and equipment	-	(93,583)	(177,994)
Amortisation of research and development expenditure	-	-	-
Interest expense	-	(1,127)	(68,433)
Profit before taxation	20,702	586,456	1,101,185
Taxation	(4,784)	(154,406)	(306,493)
Profit after taxation	15,918	432,050	794,692
No. of ordinary shares of RM1.00 each	2	100,000	1,600,000
Weighted average no. of ordinary shares of RM1.00 each	2	84,658	1,264,835
Earnings per share			
- Gross (RM)	10,351	6.93	0.871
- Net (RM)	7,959	5.10	0.628

Notes:

(a) CLS was incorporated on 1st April 2003 and has commenced business operations in July 2003.

(b) There were no extraordinary items in all the financial periods under review.

(c) Revenue of the company is analysed as follows:-

Customer loyalty services	2003	2004	2005
Integrated (RM'000)	569	2,432	4,081
	91.3%	22.2%	27.2%
Others (RM'000)	54	8,529	10,919
	8.7%	77.8%	72.8%

Under ***Integrated services***, fees are charged at a rate agreed with respective clients based on the number of points which have been earned and awarded to their end customers, ie. the members of the respective loyalty programmes. ***Other services*** include fulfilment services to procure and deliver merchandise at the request of the end customers, management fees, handling charges and other related charges in accordance with the terms agreed with each client.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 CLS (Cont'd)

Notes (cont'd):

(d) The revenue growth achieved in 2004 resulted from many new contracts secured during the period including one with a related party (**Note 9.20(b)** in Section 9) and another with a financial institution. These 2 contracts contributed an aggregate of RM5.3 million in revenue (representing 62.4% of total revenue from ***other services***) with gross profit margin of approximately 28.8%. Notwithstanding the increased staff force and operational facilities under the company's rapid expansion, operating overheads to revenue on an overall basis has decreased with increasing efficiency in cost management after much initial set-up costs had been incurred in 2003.

(e) The revenue growth achieved in the first 9 months of 2005 resulted from the commencement of new loyalty programmes by existing clients. These programmes contributed an aggregate of RM3.4 million in revenue with gross profit margin of approximately 23.9%.

(f) The profit before depreciation, amortisation, interest and taxation is analysed as follows:-

	2003 RM'000	2004 RM'000	2005 RM'000
Integrated services	221	560	936
Other services	22	2,139	2,503
Gross profit	243	2,699	3,439
Operating overheads	(222)	(2,018)	(2,091)
Profit before depreciation, amortisation, interest and taxation ("EBITDA")	21	681	1,348
Gross profit margin	38.9%	24.6%	22.9%
EBITDA margin	3.3%	6.2%	9.0%

Notwithstanding the increased business activities in 2005, operating overheads to revenue ratio has improved from 18.4% in 2004 to 13.9% in the first 9 months of 2005 and has thus resulted the increasing trend in EBITDA margin. The declining trend in gross profit margin is largely attributed to the increasing cost of merchandise and transportation charges incurred in rendering the fulfilment services. On an annualised basis, EBIDTA for the period 2005 approximates RM1,796,816 representing a substantial increase of 163.8%.

(g) In 2003, the first RM100,000 of chargeable income was subject to the reduced corporate tax rate of 20% while the balance was taxable at 28%. In 2004 and 2005, the first RM500,000 of chargeable income was subject to the reduced corporate tax rate of 20% while the balance was taxable at 28%. The effective tax rate for all the periods was higher than the applicable statutory tax rate(s) due to certain expenses being disallowed for tax purposes.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 We set out below the audited results of the subsidiaries of AIM for the financial periods since incorporation as follows (cont'd):-

ASCS

	Financial period from 2.7.2003 to 31.12.2003 RM	Financial year from 1.1.2004 to 31.12.2004 RM	Financial period from 1.1.2005 to 30.9.2005 RM
Revenue	98,382	2,056,953	12,986,416
Profit before depreciation, amortisation, interest and taxation	8,074	56,929	1,231,438
Depreciation of property, plant and equipment	-	(4,824)	(18,468)
Amortisation of research and development expenditure	-	-	-
Interest expense	-	-	-
Profit before taxation	8,074	52,105	1,212,970
Taxation	(1,652)	(13,000)	(303,260)
Profit after taxation	6,422	39,105	909,710
No. of ordinary shares of RM1.00 each	2	100,000	700,000
Weighted average no. of ordinary shares of RM1.00 each	2	46,576	317,582
Earnings per share			
- Gross (RM)	4,037	1.12	3.82
- Net (RM)	3,211	0.84	2.86

Notes:

(a) ASCS was incorporated on 2nd July 2003 and has commenced business operations in September 2003.

(b) There were no extraordinary items in all the financial periods under review.

(c) Revenue of the company is analysed as follows:-

	2003	2004	2005
Sale of merchandise via mail order (RM'000)	66	97	3
Sale of merchandise directly to operators of loyalty programmes (RM'000)	-	1,717	11,134
	66	1,814	11,137
	66.9%	88.2%	85.8%
Fees and related charges on procurement and other support services (RM'000)	-	243	1,848
	-	11.8%	14.2%
One-off project (RM'000)	32	-	-
	33.1%	-	-

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 ASCS (Cont'd)

Notes (cont'd):

(d) As part of the Group's strategy to provide end-to-end customer loyalty management solutions under the operations of CLS, the activities of ASCS have expanded substantially in line with the increased local procurement, logistic and related fulfilment services required by CLS as well as CLS's clients and their end customers.

(e) The profit before depreciation, amortisation, interest and taxation is analysed as follows:-

	2003 RM'000	2004 RM'000	2005 RM'000
Sale of merchandise	25	431	2,060
Procurement and other support services	-	13	60
One-off project	32	-	-
Gross profit	57	444	2,120
Other operating income	-	-	175
Operating overheads	(49)	(387)	(1,064)
Profit before depreciation, amortisation, interest and taxation ("EBITDA")	8	57	1,231
Gross profit margin	58.0%	21.6%	16.3%
EBITDA margin	8.2%	2.8%	9.5%

Notwithstanding the increased business activities in 2005, operating overheads to revenue ratio has improved from 18.8% in 2004 to 8.2% in the first 9 months of 2005 and has thus resulted the increase in EBITDA margin. This improvement is due to overheads such as rental, staff costs and general office expenses which had been largely maintained and did not vary substantially with increased business activities. The decline in gross profit margin is largely attributed to the cost of merchandise and handling charges (custom duty, etc.) incurred in rendering the procurement services which had been increasing throughout the first 9 months of 2005, added with system maintenance fees which was not incurred in 2004.

(f) In 2003, the first RM100,000 of chargeable income was subject to the reduced corporate tax rate of 20% while the balance was taxable at 28%. The effective tax rate for the period 2003 approximates the applicable statutory tax rate of 20%. In 2004 and 2005, the first RM500,000 of chargeable income was subject to the reduced corporate tax rate of 20% while the balance remained taxable at 28%. The effective tax rate for both the periods 2004 and 2005 was higher than the applicable statutory tax rate(s) due to certain expenses being disallowed for tax purposes.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 We set out below the audited results of the subsidiaries of AIM for the financial periods since incorporation as follows (cont'd):-

BT

	Financial period from 27.8.2002 to 31.12.2003 RM	Financial year from 1.1.2004 to 31.12.2004 RM	Financial period from 1.1.2005 to 30.9.2005 RM
Revenue	7,245,934	6,241,450	2,754,056
Profit before depreciation, amortisation, interest and taxation	3,259,533	3,178,853	1,256,680
Depreciation of property, plant and equipment	(2,861)	(5,964)	(4,565)
Amortisation of research and development expenditure	-	-	-
Interest expense	-	-	-
Profit before taxation	3,256,672	3,172,889	1,252,115
Taxation	(740,711)	(620,511)	(210,749)
Profit after taxation	2,515,961	2,552,378	1,041,366
No. of ordinary shares of SGD1.00 each	2	1,000	1,000
Weighted average no. of ordinary shares of SGD1.00 each	2	140	1,000
Earnings per share			
- Gross (RM)	1,628,336	22,663	1,252
- Net (RM)	1,257,981	18,231	1,041

Notes:

(a) BT was incorporated on 27th August 2002 and has commenced business operations in October 2002.

(b) There were no extraordinary items in all the financial periods under review.

(c) Revenue of the company is analysed as follows:-

	2003	2004	2005
Sale of merchandise directly to operators of loyalty programmes (SGD'000)	2,137	1,639	594
	62.9%	59.7%	49.4%
Royalty fee on sale of Azon products (SGD'000)	609	1,106	608
	17.9%	40.3%	50.6%
Sale of novelty gifts (SGD'000)	652	-	-
	19.2%		

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

5. SUMMARISED RESULTS

5.3 BT (Cont'd)

Notes (cont'd):

(d) The profit before depreciation, amortisation, interest and taxation is analysed as follows:-

	2003 SGD'000	2004 SGD'000	2005 SGD'000
Sale of merchandise directly to operators of loyalty programmes **	292	437	18
Royalty fee	609	1,106	608
Sale of novelty gifts	475	-	-
Gross profit	1,376	1,543	626
Other operating income	368	101	43
Operating overheads	(248)	(246)	(120)
Profit before depreciation, amortisation, interest and taxation ("EBITDA")	1,496	1,398	549
Gross profit margin			
Sale of merchandise only **	13.7%	26.7%	3.0%
EBITDA margin	44.0%	50.9%	45.7%

(e) In 2003, the significant achievement in EBITDA resulted from the sale of novelty gifts and an operation set-up project which have not recurred. These high margin one-off projects generated gross profit of approximately SGD475,000 and management fee of SGD300,000 respectively. On an annualised basis, the profit before taxation for the period 2003 approximates SGD1.12 million.

(f) Since ACSC has expanded its activities to include local procurement services in the last quarter of 2004, the volume of international procurement undertaken by BT has reduced substantially. Thus, BT's ability to negotiate for better prices from the international suppliers has been restricted by the size of orders placed. This in turn has led to the rising cost of merchandise purchased throughout the first 9 months of 2005.

(g) Apart from the rising cost of merchandise in the first 9 months of 2005, the declining gross profit margin as reflected is attributed mainly to the increasing freight charges in line with escalating oil prices. As for the fall in the annualised royalty fee (SGD810,653), it is seasonal as the sale of *Azon* products has been higher in the last quarter of the year than the first 3 quarters on average. On an annualised basis, the profit before taxation for the period 2005 approximates SGD728,684 representing a substantial decline of 47.8% from SGD1,395,474 achieved in 2004.

(i) The effective tax rate of 23.4% for the period 2003 was slightly higher than the statutory tax rate in Singapore of 22% mainly due to certain expenses being disallowed for tax purposes. In the periods 2004 and 2005, the effective tax rate of 19.6% and 16.8% respectively was lower than the statutory tax rate of 20% due to the statutory stepped income exemption and double tax relief of taxable income available to BT. The effective tax rates are calculated based on BT's results reported in SGD.

(j) The results of BT are translated to Ringgit Malaysia in accordance with the policy adopted by the Group (**Note 9.3(n)** in Section 9).

5. SUMMARISED RESULTS

5.4 We set out below the audited results of a subsidiary of CLS for the financial periods since incorporation as follows:-

ERM

	Financial period from 14.7.2004 to 31.12.2004 RM	Financial period from 1.1.2005 to 30.9.2005 RM
Revenue	-	-
Loss before depreciation, amortisation, interest and taxation	(28,159)	(33,133)
Depreciation of property, plant and equipment	(1,512)	(1,627)
Amortisation of research and development expenditure	-	-
Interest expense	-	-
Loss before taxation	(29,671)	(34,760)
Taxation	-	-
Loss after taxation	(29,671)	(34,760)
No. of ordinary shares of RM1.00 each	100,000	100,000
Weighted average no. of ordinary shares of RM1.00 each	42,691	100,000
Loss per share		
- Gross (RM)	(0.695)	(0.348)
- Net (RM)	(0.695)	(0.348)

Notes:

(a) ERM was incorporated on 14th July 2004 and has not commenced business operations.

(b) There were no extraordinary items in the financial period under review.

(c) Included in expenses incurred in the periods 2004 and 2005 are rental and upkeep of office premise totalling RM19,635 and RM19,292 respectively.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

6. DIVIDENDS

AIM, CLS, ERM and ASCS have not declared any dividend since incorporation.

BT has not declared any dividend since incorporation until 31st December 2003. In the financial year 2004, BT declared and paid an interim tax-exempt dividend of 8,250% amounting to SGD825,000 (RM1,829,768) out of its retained profits as at 31st December 2003. BT has not declared any dividend since then.

7. SUMMARISED BALANCE SHEETS

7.1 We set out below the proforma and audited consolidated balance sheets of AIM Group at the end of the past 4 financial periods based on the assumption that the AIM Group had been in existence throughout the financial periods under review. The proforma consolidated balance sheets are presented for illustrative purposes only after such necessary adjustments.

AIM Group

	< -----	Proforma	----- >	Audited
	As at 31.12.2002 RM'000	As at 31.12.2003 RM'000	As at 31.12.2004 RM'000	As at 30.9.2005 RM'000
Property, plant and equipment	-	14	4,513	5,311
Research and development expenditure	-	-	936	1,165
Current assets	2,053	3,977	8,584	24,113
Current liabilities	(538)	(1,517)	(5,042)	(8,616)
Net current assets	1,515	2,460	3,542	15,497
	1,515	2,474	8,991	21,973
Financed by:				
Share capital	766	2,321	4,861	5,581
Share premium	-	-	-	6,480
Retained profits	1,250	124	1,947	7,222
Exchange fluctuation reserve	(501)	26	17	(19)
	749	150	1,964	7,203
Shareholders' equity	1,515	2,471	6,825	19,264
Minority interest	-	-	32	16
Non-Current liabilities	-	3	2,134	2,693
	1,515	2,474	8,991	21,973
No. of ordinary shares of RM0.10 each assumed in issue	7,663,540	23,213,940	48,606,230	48,606,230
Net tangible assets per ordinary share of RM0.10 each (RM)	0.198	0.106	0.121	0.372

Notes:

(a) The net tangible assets is arrived at after deducting research and development expenditure.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

7. SUMMARISED BALANCE SHEETS

7.2 We set out below the audited balance sheets of AIM at the end of the financial periods since incorporation as follows:-

AIM

	As at 31.12.2004 RM	As at 30.9.2005 RM
Property, plant and equipment	955,088	1,640,688
Investment in subsidiaries	580,051	5,745,465
Research and development expenditure	936,048	1,164,805
Amount due from a subsidiary	2,920,000	-
Current assets	279,490	10,464,733
Current liabilities	(1,511,279)	(1,443,272)
Net current (liabilities)/assets	(1,231,789)	9,021,461
	4,159,398	17,572,419
Financed by:		
Share capital	581,051	5,580,623
Share premium	-	6,480,000
Retained profits	1,546,923	4,242,153
Shareholders' equity	2,127,974	16,302,776
Non-Current liabilities	2,031,424	1,269,643
	4,159,398	17,572,419
No. of ordinary shares of RM1.00 each	581,051	4,860,623
Net tangible assets per ordinary share of RM1.00 each (RM)	2.05	3.11

Notes:

(a) Included in current assets as at 30th September 2005 are proceeds received from the issuance of RCPS A and B totalling RM7,200,000 of which RM688,000 is refundable subject to the terms of the Supplemental Agreement mentioned in Section 2.2 of this report, and amount due from subsidiaries of RM1.87 million.

(b) The RM1.87 million owing by subsidiaries comprises licensing fees of RM840,772 receivable from CLS, system maintenance fees which AIM billed CLS in advance amounting to RM300,000 and payments made on behalf by AIM totalling RM732,417 which are unsecured, interest-free and not subject to fixed terms of repayment.

(c) Included in current liabilities as at 30th September 2005 are system maintenance fees totalling RM345,000 which had been billed in advance for services rendered to CLS and ASCS for the period from 1st October 2005 to 31st December 2005.

(c) The net tangible assets is arrived at after deducting research and development expenditure.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

7. SUMMARISED BALANCE SHEETS

7.3 We set out below the audited balance sheets of the subsidiaries of AIM at the end of the financial periods since incorporation as follows:-

CLS

	As at 31.12.2003 RM	As at 31.12.2004 RM	As at 30.9.2005 RM
Property, plant and equipment	-	3,412,941	3,527,795
Investment in a subsidiary	-	55,000	55,000
Current assets	346,906	3,982,757	8,063,302
Current liabilities	(330,986)	(3,881,411)	(7,381,121)
Net current assets	15,920	101,346	682,181
	15,920	3,569,287	4,264,976
Financed by:			
Share capital	2	100,000	1,600,000
Retained profits	15,918	447,968	1,242,660
Shareholders' equity	15,920	547,968	2,842,660
Non-Current liabilities	-	3,021,319	1,422,316
	15,920	3,569,287	4,264,976
No. of ordinary shares of RM1.00 each	2	100,000	1,600,000
Net tangible assets per ordinary share of RM1.00 each (RM)	7,960	5.48	1.78

Notes:

(a) Included in current assets as at 30th September 2005 are trade receivables of RM5.37 million of which RM3.72 million has exceeded CLS's normal credit term of 30 days. The remaining RM2.68 million comprises largely cash, bank balances and short term deposits totalling RM1.63 million, trade balances of RM488,496 owing by related parties and system maintenance fees of RM300,000 which were billed in advance for services rendered by AIM subsequent to the balance sheet date.

(b) Included in current liabilities as at 30th September 2005 are trade payables of RM3.22 million and trade balances of RM1.92 million owing to ASCS.

The trade payables are made up of:

- accrued purchases *(for merchandise received)* amounting to RM323,112 which has not been invoiced by suppliers;
- accrual for costs attributable to the managed customer loyalty services amounting to RM2.31 million which has not been invoiced by suppliers;
- amount payable of RM550,818 due within the credit terms of 30 to 60 days; and
- amount payable of RM28,204 which has exceeded the respective credit term granted to CLS.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

7. SUMMARISED BALANCE SHEETS

7.3 We set out below the audited balance sheets of the subsidiaries of AIM at the end of the financial periods since incorporation as follows (cont'd):-

ASCS

	As at 31.12.2003 RM	As at 31.12.2004 RM	As at 30.9.2005 RM
Property, plant and equipment	-	89,678	137,315
Current assets	94,197	2,153,069	6,090,796
Current liabilities	(87,773)	(2,097,220)	(4,572,874)
Net current assets	6,424	55,849	1,517,922
	6,424	145,527	1,655,237
Financed by:			
Share capital	2	100,000	700,000
Retained profits	6,422	45,527	955,237
Shareholders' equity	6,424	145,527	1,655,237
No. of ordinary shares of RM1.00 each	2	100,000	700,000
Net tangible assets per ordinary share of RM1.00 each (RM)	3,212	1.46	2.36

Notes:

(a) Included in current assets as at 30th September 2005 are inventories with carrying value of RM1.62 million, trade balances of RM1.92 million owing by CLS and trade balances of RM1.88 million owing by a related party in Malaysia.

(b) Included in current liabilities as at 30th September 2005 are trade payables of RM2.58 million and trade balances of RM0.75 million owing to BT.

The trade payables are made up of:

- accrued purchases *(for merchandise received)* amounting to RM756,440 which has not been invoiced by suppliers;
- amount payable of RM1.79 million due within the credit terms of 30 to 60 days; and
- amount payable of RM37,160 which has exceeded the respective credit term granted to ASCS.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

7. SUMMARISED BALANCE SHEETS

7.3 We set out below the audited balance sheets of the subsidiaries of AIM at the end of the financial periods since incorporation as follows (cont'd):-

BT

	As at 31.12.2003 RM	As at 31.12.2004 RM	As at 30.9.2005 RM
Property, plant and equipment	13,791	9,785	4,808
Current assets	3,559,169	4,030,330	4,403,294
Current liabilities	(1,121,644)	(652,483)	(143,529)
Net current assets	2,437,525	3,377,847	4,259,765
	2,451,316	3,387,632	4,264,573
Financed by:			
Share capital	4	2,346	2,305
Retained profits	2,515,961	3,238,571	4,279,937
Exchange fluctuation reserve	(67,683)	144,851	(18,631)
	2,448,278	3,383,422	4,261,306
Shareholders' equity	2,448,282	3,385,768	4,263,611
Non-Current liabilities	3,034	1,864	962
	2,451,316	3,387,632	4,264,573
No. of ordinary shares of SGD1.00 each	2	1,000	1,000
Net tangible assets per ordinary share of SGD1.00 each (RM)	1,224,141	3,386	4,264

Notes:

(a) Included in current assets as at 30th September 2005 are:
- cash, bank balances and short term deposits totalling RM1.63 million
- non-trade balances of RM0.93 million owing by a related party in Singapore
- trade receivables of RM761,640 of which RM148,504 has exceeded BT's normal credit term of 30 days.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

7. SUMMARISED BALANCE SHEETS

7.4 We set out below the audited balance sheets of a subsidiary of CLS at the end of the financial periods since incorporation as follows:-

ERM

	As at 31.12.2004 RM	As at 30.9.2005 RM
Property, plant and equipment	45,344	-
Current assets	44,355	37,186
Current liabilities	(19,370)	(1,617)
Net current assets	24,985	35,569
	70,329	35,569
Financed by:		
Share capital	100,000	100,000
Accumulated losses	(29,671)	(64,431)
Shareholders' equity	70,329	35,569
No. of ordinary shares of RM1.00 each	100,000	100,000
Net tangible assets per ordinary share of RM1.00 each (RM)	0.703	0.356

Notes:

(a) In the first 9 months of 2005, the Company had acquired additional plant and equipment and had subsequently disposed all of its property, plant and equipment to CLS at their respective net book value totalling RM78,850. ERM had also made payments on behalf of CLS amounting to RM28,275 which remained outstanding as at 30th September 2005.

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8. SEGMENTAL ANALYSIS

We set out below the proforma and audited segmental information of AIM Group for the past 4 financial periods based on the assumption that the AIM Group had been in existence throughout the financial periods under review. The proforma segmental information is presented for illustrative purposes only.

8.1 Business Segments

	< -----	Proforma	----- >	Audited
	Financial period from 27.8.2002 to 31.12.2002 RM'000	Financial period from 1.1.2003 to 31.12.2003 RM'000	Financial period from 1.1.2004 to 31.12.2004 RM'000	Financial period from 1.1.2005 to 30.9.2005 RM'000
Analysed By Activity:				
Segment Revenue				
Licensing and Data Management	-	-	1,889	3,765
Managed Customer Loyalty Services	2,646	5,224	17,833	23,221
Mail Order and Channel Sales	-	62	97	256
Others	-	36	-	-
Total revenue	2,646	5,322	19,819	27,242
Inter-segment revenue	-	-	(1,545)	(1,133)
Consolidated revenue	2,646	5,322	18,274	26,109
Segment Results - Gross Profit				
Licensing and Data Management	-	-	1,710	3,210
Managed Customer Loyalty Services	2,034	1,126	6,614	6,856
Mail Order and Channel Sales	-	36	37	112
Others	-	21	-	-
Consolidated gross profit	2,034	1,183	8,361	10,178
Segment Results - Profit/(Loss) Before Taxation				
Licensing and Data Management	-	-	1,547	2,719
Managed Customer Loyalty Services	2,585	599	3,800	3,650
Mail Order and Channel Sales	-	8	(18)	34
Others	-	#	-	-
Consolidated profit before taxation	2,585	607	5,329	6,403

 # denotes less than RM1,000

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

8. SEGMENTAL ANALYSIS (CONT'D)

8.1 Business Segments (Cont'd)

	< -----	Proforma	----- >	Audited
	Financial period from 27.8.2002 to 31.12.2002 RM'000	Financial period from 1.1.2003 to 31.12.2003 RM'000	Financial period from 1.1.2004 to 31.12.2004 RM'000	Financial period from 1.1.2005 to 30.9.2005 RM'000
Analysed By Company/Division:				
Segment Revenue				
AIM	-	-	1,889	3,765
CLS	-	624	10,961	15,000
ASCS	-	98	2,057	12,986
BT	2,646	4,600	6,241	2,724
Total revenue	2,646	5,322	21,148	34,475
Inter-segment revenue	-	-	(2,874)	(8,366)
Consolidated revenue	2,646	5,322	18,274	26,109
Segment Results - Gross Profit				
AIM	-	-	1,710	3,210
CLS	-	242	2,698	3,439
ASCS	-	57	444	2,119
BT	2,034	884	3,509	1,410
Consolidated gross profit	2,034	1,183	8,361	10,178
Segment Results - Profit/(Loss) Before Taxation				
AIM	-	-	1,547	2,719
CLS	-	21	586	1,101
ERM	-	-	(29)	(35)
ASCS	-	8	52	1,213
BT	2,585	578	3,173	1,405
Consolidated profit before taxation	2,585	607	5,329	6,403

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

8. SEGMENTAL ANALYSIS (CONT'D)

8.2 Geographical Segments

	< -----	Proforma	----- >	Audited
	Financial period from 27.8.2002 to 31.12.2002 RM'000	Financial period from 1.1.2003 to 31.12.2003 RM'000	Financial period from 1.1.2004 to 31.12.2004 RM'000	Financial period from 1.1.2005 to 30.9.2005 RM'000
Segment Revenue				
Malaysia	2,461	3,661	17,495	26,952
Singapore	185	1,661	542	210
Brunei	-	-	32	77
Indonesia	-	-	485	-
Total revenue	2,646	5,322	18,554	27,239
Inter-segment revenue	-	-	(280)	(1,130)
Consolidated revenue	2,646	5,322	18,274	26,109
Segment Results - Gross Profit				
Malaysia	1,561	686	7,765	10,028
Singapore	473	497	305	110
Brunei	-	-	18	40
Indonesia	-	-	273	-
Consolidated gross profit	2,034	1,183	8,361	10,178
Segment Results - Profit Before Taxation				
Malaysia	2,129	362	4,791	6,272
Singapore	456	245	276	96
Brunei	-	-	16	35
Indonesia	-	-	246	-
Consolidated profit before taxation	2,585	607	5,329	6,403

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The proforma statement of assets and liabilities of AIM Group set out below is prepared based on the audited consolidated balance sheet of AIM Group as at 30th September 2005. The proforma statement is presented for illustrative purposes only on the basis that ***the Schemes*** set out in Section 2.2 of this report had been completed and the options to be granted under ***the Proposed ESOS*** had been fully exercised on that date. The proforma statement should be read in conjunction with the notes thereto.

	Note	*Audited*	*Proforma I*	*Proforma II*
		As at 30.9.2005	*After the Conversion of RCPS*	*After Proforma I and the Bonus Issue*
		RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT	9.4	5,310,606	5,310,606	5,310,606
RESEARCH AND DEVELOPMENT EXPENDITURE	9.5	1,164,805	1,164,805	1,164,805
CURRENT ASSETS				
Inventories	9.6	1,742,794	1,742,794	1,742,794
Trade receivables	9.7	6,211,845	6,211,845	6,211,845
Other receivables, deposits and prepayments	9.8	1,126,846	1,126,846	1,126,846
Amount due from related parties	9.9	3,326,837	3,326,837	3,326,837
Short term deposits	9.10	8,523,250	8,523,250	8,523,250
Cash and bank balances	9.11	3,181,550	2,493,550	2,493,550
		24,113,122	23,425,122	23,425,122
LESS: CURRENT LIABILITIES				
Trade payables	9.12	5,819,714	5,819,714	5,819,714
Other payables and accruals	9.13	567,515	567,515	567,515
Hire purchase payable	9.14	28,839	28,839	28,839
Term loan	9.15	67,773	67,773	67,773
Amount due to related parties	9.9	1,820,163	1,820,163	1,820,163
Tax payable		311,527	311,527	311,527
		8,615,531	8,615,531	8,615,531
NET CURRENT ASSETS		15,497,591	14,809,591	14,809,591
		21,973,002	**21,285,002**	**21,285,002**
FINANCED BY:				
SHARE CAPITAL	9.16	5,580,623	5,868,101	12,000,000
SHARE PREMIUM	9.17	6,480,000	5,504,522	-
RESERVES	9.18	7,203,452	7,203,452	6,576,075
SHAREHOLDERS' EQUITY		**19,264,075**	**18,576,075**	**18,576,075**
MINORITY INTEREST		16,006	16,006	16,006
NON-CURRENT LIABILITIES				
Hire purchase payable	9.14	67,173	67,173	67,173
Term loan	9.15	1,295,984	1,295,984	1,295,984
Amount due to a related party	9.9	1,250,003	1,250,003	1,250,003
Deferred tax	9.19	79,761	79,761	79,761
		21,973,002	**21,285,002**	**21,285,002**
No. of ordinary shares of RM1.00 each		4,860,623	5,868,101	12,000,000
Net Tangible Assets ("NTA") per ordinary share (RM)		3.724	2.967	1.451

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

The proforma statement of assets and liabilities of AIM Group set out below is prepared based on the audited consolidated balance sheet of AIM Group as at 30th September 2005. The proforma statement is presented for illustrative purposes only on the basis that ***the Schemes*** set out in Section 2.2 of this report had been completed and the options to be granted under ***the Proposed ESOS*** had been fully exercised on that date. The proforma statement should be read in conjunction with the notes thereto.

	Note	*Proforma III* After Proforma II and the Subdivision of Shares RM	*Proforma IV* After Proforma III, the Proposed Public Issue and Utilisation of Proceeds RM	*Proforma V* After Proforma IV and the Assumed Full Exercise of the ESOS Options RM
PROPERTY, PLANT AND EQUIPMENT	9.4	5,310,606	8,310,606	8,310,606
RESEARCH AND DEVELOPMENT EXPENDITURE	9.5	1,164,805	5,964,805	5,964,805
CURRENT ASSETS				
Inventories	9.6	1,742,794	1,742,794	1,742,794
Trade receivables	9.7	6,211,845	6,211,845	6,211,845
Other receivables, deposits and prepayments	9.8	1,126,846	609,674	609,674
Amount due from related parties	9.9	3,326,837	3,326,837	3,326,837
Short term deposits	9.10	8,523,250	8,523,250	8,523,250
Cash and bank balances	9.11	2,493,550	8,210,722	11,465,722
		23,425,122	28,625,122	31,880,122
LESS: CURRENT LIABILITIES				
Trade payables	9.12	5,819,714	5,819,714	5,819,714
Other payables and accruals	9.13	567,515	567,515	567,515
Hire purchase payable	9.14	28,839	28,839	28,839
Term loan	9.15	67,773	67,773	67,773
Amount due to related parties	9.9	1,820,163	1,820,163	1,820,163
Tax payable		311,527	311,527	311,527
		8,615,531	8,615,531	8,615,531
NET CURRENT ASSETS		14,809,591	20,009,591	23,264,591
		21,285,002	**34,285,002**	**37,540,002**
FINANCED BY:				
SHARE CAPITAL	9.16	12,000,000	15,500,000	16,275,000
SHARE PREMIUM	9.17	-	9,500,000	11,980,000
RESERVES	9.18	6,576,075	6,576,075	6,576,075
SHAREHOLDERS' EQUITY		**18,576,075**	**31,576,075**	**34,831,075**
MINORITY INTEREST		16,006	16,006	16,006
NON-CURRENT LIABILITIES				
Hire purchase payable	9.14	67,173	67,173	67,173
Term loan	9.15	1,295,984	1,295,984	1,295,984
Amount due to a related party	9.9	1,250,003	1,250,003	1,250,003
Deferred tax	9.19	79,761	79,761	79,761
		21,285,002	**34,285,002**	**37,540,002**
No. of ordinary shares of RM0.10 each		120,000,000	155,000,000	162,750,000
Net Tangible Assets ("NTA") per ordinary share (RM)		0.145	0.165	0.177

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES

9.1 Basis Of Preparation

The proforma statement of assets and liabilities of AIM Group has been prepared on bases and accounting policies consistent with those adopted in the preparation of the audited financial statements of AIM Group for the financial period ended 30th September 2005.

9.2 Financial Risk Management Policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, credit, liquidity and cash flow risks. The Group has formulated the policies with the principal objective in minimising the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group. The policies in respect of the major areas of treasury activity are as follows:-

(a) Foreign Currency Risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currencies. Currently, the Group does not enter into foreign exchange contracts to hedge its foreign exchange risk as the amount of foreign currency transactions are not significant. However, the Group reviews its foreign currency exposure periodically to ensure that its net exposure is managed at an acceptable level. The Group does not have material foreign currency assets or liabilities other than non-trade balances due from a related party of RM963,119 at the balance sheet date **(Note 9.9)**.

(b) Interest Rate Risk

The Group's exposure arises from its borrowings and deposits. Currently, the Group is managing the exposure through the use of fixed and floating rate debt **(Note 9.14, 9.15 and 9.22)** as well as the placement of deposits at maturity of not more than 30 days **(Note 9.10)**.

(c) Credit Risk

The Group's exposure to credit risk arises mainly from its receivables. The Group manages its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group's major concentration of credit risk is in respect of trade balances due from a third party and a related party totalling RM4,520,719. The third party has been a major customer of CLS since September 2004 and has contributed approximately 14.6% of CLS's operating revenue for the 9 months ended 30th September 2005. The exposure arising from the trade balances of RM2,346,696 owing by a related party is reduced by trade balances of RM762,731 owing to the same related party and trade deposits of RM2,250,003 received from the same related party as at the balance sheet date **(Note 9.9)**.

(d) Liquidity and Cashflow Risks

The Group's exposure to liquidity and cashflow risks arises mainly from general funding and business activities. It practises prudent liquidity risk management by maintaining sufficient cash balances to support its daily operations.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.3 Significant Accounting Policies

(a) Basis of Consolidation

The audited consolidated financial statements of AIM Group include the audited financial statements of AIM and its subsidiaries made up to 30th September 2005.

Subsidiaries are those enterprise in which AIM Group has power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from their activities. Investment in subsidiaries is stated in AIM's financial statements at cost. Allowance is made in the event of any permanent diminution in value.

The results of subsidiaries acquired or disposed are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' identifiable net assets are determined and these values are reflected in the Group's financial statements. All intragroup transactions and balances are eliminated on consolidation.

(b) Goodwill and Negative Goodwill

The excess of the cost of acquisition over the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill arising on consolidation in the consolidated balance sheet. The carrying value of goodwill is reviewed at each balance sheet date and is written down for impairment where necessary.

Negative goodwill represents the excess of the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition over the cost of acquisition and is taken to the consolidated income statement immediately on consolidation after set-off against goodwill in the consolidated balance sheet.

(c) Financial Instruments

Financial instruments are recognised in the balance sheet when AIM and its subsidiaries have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when AIM and its subsidiaries have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

Forward foreign exchange contracts, where applicable, are accounted for as off balance sheet financial instruments.

(d) Property, Plant and Equipment

Freehold land is stated at cost less impairment loss, if any, and is not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciated and impairment loss, if any.

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.3 Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment (Cont'd)

Depreciation is calculated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Warehouse	3%
Furniture and fittings	10%
Renovation	10-20%
Office equipment	10-20%
Plant and machinery	20%
Computer hardware and software	20-33⅓%

(e) Assets Acquired Under Hire Purchase Financing

Assets acquired under hire purchase financing are included in property, plant and equipment and are depreciated over their useful lives. Outstanding obligations, after deducting attributable finance expenses, are included as liabilities in the financial statements. Finance expenses are charged to the income statement on a reducing balance basis over the period of financing.

(f) Research and Development Costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised when it is probable that the asset under development will generate future economic benefits considering its commercial and technological feasibility, and when the expenditure can be measured reliably. Other development expenditures are recognised as expenses when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment loss, if any and is amortised on a straight line basis over 5 years commencing from the use of the asset. Impairment loss will be recognised in accordance with the policy on Impairment of Assets.

(g) Preliminary Expenses

Preliminary expenses are written off in the income statement when incurred.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value after making adequate allowance for deteriorated, damaged, obsolete and slow-moving items. Cost includes the actual cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is determined on the following bases:-

Advanced Supply Chain Solutions Sdn. Bhd.	- "first-in, first-out" basis
Bounty Trading Pte. Ltd.	- weighted average basis

(i) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.3 Significant Accounting Policies (Cont'd)

(j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(k) Impairment of Assets

The carrying amounts of assets, other than those to which MASB 23 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited directly to the revalution surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement. There has been no impairment loss recognised in the income statement of AIM and its subsidiaries since incorporation up to 30th September 2005.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, when it is probable that an outflow of resources will be required to settle the obligation,and when a reliable estimate of the amount can be made.

(m) Equity Instruments

Ordinary shares and preference shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(n) Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. All exchange differences are taken to the income statement.

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.3 Significant Accounting Policies (Cont'd)

(n) Foreign Currencies (Cont'd)

For the purpose of consolidation, the financial statements of the subsidiary incorporated in Singapore are translated into Ringgit Malaysia as follows:-

Share capital	-	at historical rates (ruling at transaction dates)
Reserves	-	at historical rates (average rates)
Assets and liabilities	-	at closing rate
Income statement	-	at average rate prevailing during the financial period

The closing rate (expressed in one unit of foreign currency to Ringgit Malaysia equivalent) used in the translation of foreign currency balances as at 30th September 2005 is as follows:-

Singapore Dollar	-	RM2.2465

Foreign currency monetary assets and liabilities hedged by forward contracts are recorded at the contracted forward rates.

All translation gains or losses are taken up and reflected in the exchange fluctuation reserve account under shareholders' equity in the consolidated balance sheet.

(o) Taxation

Taxation for the financial period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.3 Significant Accounting Policies (Cont'd)

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Employees Benefits

Short term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of AIM and its subsidiaries.

Employee leave entitlement

Unconsumed annual leave of maximum 5 days are allowed to be carried forward by employees in AIM and its subsidiaries in Malaysia.

Defined contribution plans

AIM and its subsidiaires make contributions to the Employees Provident Fund ("EPF"), the national contribution plan in Malaysia and the Central Provident Fund ("CPF"), a defined contribution plan managed by the Government of Singapore. The contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, AIM and its subsidiaries have no further liabilities in respect of the defined contribution plans.

(r) Revenue Recognition

Operating revenue

Sales is recognised upon delivery of goods and customers' acceptance. Sales represents the invoiced value of goods sold net of returns and trade discounts when applicable.

Revenue from services is recognised upon rendering of services and customers' acceptance, and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

Royalty fee is recognised when the fee is effectively chargeable.

Other operating income

Commission income is recognised on accrual basis when the terms and conditions attaching to the claim are satisfied.

Management fee is recognised when services are rendered.

Interest on short term deposits is taken up on accrual basis.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.4 Property, Plant And Equipment

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
Freehold land **(Note 9.15 and 9.22)**	1,950,000	-	1,950,000
Warehouse **(Note 9.15 and 9.22)**	500,000	17,500	482,500
Furniture and fittings	216,380	21,965	194,415
Renovation	491,209	89,546	401,663
Office equipment	99,923	18,215	81,708
Plant and machinery	183,311	40,022	143,289
Computer hardware and software	2,500,128	443,097	2,057,031
Audited as at 30.9.2005 / As per Proforma I, II and III	5,940,951	630,345	5,310,606
Proposed acquisition of hardware and software equipment	3,000,000	-	3,000,000
As per Proforma IV and V	8,940,951	630,345	8,310,606
Assets acquired under hire purchase financing			
Plant and machinery	90,161	18,032	72,129
Computer hardware and software	58,920	12,766	46,154
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	149,081	30,798	118,283

9.5 Research And Development Expenditure ("R&D")

	Cost RM	Accumulated Amortisation RM	Carrying Value RM
Staff costs of R&D personnel	344,842	41,258	303,584
Software development work-in-progress acquired	854,158	170,832	683,326
Fees on management and maintenance services rendered by a related party **(Note 9.20)**	189,202	11,307	177,895
Audited as at 30.9.2005 / As per Proforma I, II and III	1,388,202	223,397	1,164,805
Estimated staff costs of R&D personnel	3,800,000	-	3,800,000
Estimated fees on integration and maintenance of hardware/software for new applications (to be undertaken by third parties)	1,000,000	-	1,000,000
As per Proforma IV and V	6,188,202	223,397	5,964,805

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.6 Inventories

	Cost RM	Allowance for Obsolete and Slow-moving Inventories RM	Carrying Value RM
Merchandise goods			
Procurement operation in Malaysia	1,699,584	82,888	1,616,696
Procurement operation and trading in Singapore	211,971	85,873	126,098
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	1,911,555	168,761	1,742,794

9.7 Trade Receivables

	Amount RM
Trade receivables	6,211,845
Less: Allowance for doubtful debts	-
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	6,211,845

<u>*Analysis of foreign currency exposure*</u>

Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	761,640

The Group's normal credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

As at 31st January 2006, approximately 87.2% of trade receivables at the balance sheet date has been recovered.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.8 Other Receivables, Deposits And Prepayments

	Amount RM
Tax recoverable	186,112
Other receivables	124,090
Deposits	
Trade deposits (non-refundable)	115,329
Sundry deposits (refundable)	118,590
Performance bond	17,972
Prepayments	
Listing expenses	517,172
Hire purchase and term loan instalments	19,346
Rental of warehouse and office premise, insurance, etc.	28,235
Audited as at 30.9.2005 / As per Proforma I, II and III	1,126,846
Prepayment of listing expenses to be set-off against share premium **(Note 9.17)**	(517,172)
As per Proforma IV and V	609,674

<u>*Analysis of foreign currency exposure*</u>

Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	179,039

As at 31st January 2006, listing expenses paid by AIM totalled RM579,846.

Pursuant to the tenancy agreement as disclosed in **Section 13**, total rental and utilities deposits of RM52,555.50 have been paid as at the date of this report.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.9 Amount Due From/(To) Related Parties

Amount due from:

Nature of Balances	*Related Party* *	*Currency*	Amount RM
Current			
Trade	Electronic Commerce Technology Sdn Bhd. ("ECT")	Ringgit Malaysia	2,346,696
	MThree Asia Pte. Ltd. ("MThree")	Ringgit Malaysia	13,382
Non-trade	MThree Asia Pte. Ltd.	Ringgit Malaysia	3,640
	MThree Asia Pte. Ltd.	Singapore Dollar	963,119
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V			3,326,837

The credit terms granted to the related parties range from 60 to 90 days.

The trade balance of RM2.35 million comprises fees and related charges receivable in respect of end-to-end customer loyalty management solutions services rendered by CLS and ASCS.

The non-trade amounts represent payments made on behalf of MThree which are unsecured, interest-free and have no fixed terms of repayment.

As at 31st January 2006, 94.04% of total trade balances and all the non-trade balances as at the balance sheet date have been recovered.

* *The nature of the related party relationships are disclosed in Note 9.20 of this Section.*

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.9 Amount Due From/(To) Related Parties

Amount due to:

Nature of Balances	*Related Party* *	*Currency*	Amount RM
Current			
Trade	ECT	Ringgit Malaysia	1,762,731
	MThree	Singapore Dollar	9,798
	MoreRewards (Singapore) Pte. Ltd.	Singapore Dollar	1,375
Non-trade	ECT	Ringgit Malaysia	46,259
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V			1,820,163

Nature of Balances	*Related Party* *	*Currency*	Amount RM
Non-Current			
Trade	ECT	Ringgit Malaysia	1,250,003
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V			1,250,003

The credit terms granted to AIM and its subsidiaries range from 30 to 90 days.

The trade balances due to ECT totalling RM3.01 million comprises:

- non-refundable deposits of RM2.25 million received from ECT in respect of services to be rendered by AIM over 27 months subsequent to the balance sheet date; and
- fees and related charges receivable in respect of end-to-end customer loyalty management solutions services rendered by CLS and ASCS.

The non-trade amount represents payments made on behalf by ECT which are unsecured, interest-free and have no fixed terms of repayment.

As at 31st January 2006, 19.42% of total current trade balances and all of the non-trade balance as at the balance sheet date have been settled.

*** *The nature of the related party relationships are disclosed in Note 9.20 of this Section.***

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.10 Short Term Deposits

Placed with licensed banks

Currency	*Type*	*Maturity*	*Interest rate*	Amount RM
Ringgit Malaysia	Repo	4 days	2.3% per annum	2,200,000
	Repo	7 days	2.3% per annum	5,000,000
	Fixed deposits	26 days	3.0% per annum	200,000
Singapore Dollar	Fixed deposits	28 days	1.5% per annum	1,123,250
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V (Section 10)				8,523,250

9.11 Cash And Bank Balances

	Amount RM
Audited as at 30.9.2005 (Section 10)	3,181,550
Refund of proceeds from the issue of RCPS A arising from revaluation of the issue price **(Section 2.2)**	(688,000)
As per Proforma I, II and III	2,493,550
Proceeds from ***the Proposed Public Issue***	14,700,000
Proposed acquisition of hardware and software equipment **(Note 9.4)**	(3,000,000)
Estimated R&D expenditure **(Note 9.5)**	(4,800,000)
Estimated listing expenses to be paid **(Note 9.17)**	(1,182,828)
As per Proforma IV	8,210,722
Proceeds from the proposed issue of shares assuming the options under ***the Proposed ESOS*** are fully exercised	3,255,000
As per Proforma V	11,465,722

Analysis of foreign currency exposure

Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	503,751

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9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.12 Trade Payables

	Amount RM
Trade payables	2,426,202
Accrued purchases	1,079,552
Accrual for costs attributable to the managed customer loyalty services	2,313,960
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	5,819,714

Analysis of foreign currency exposure

Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	22,694

The normal credit terms granted to AIM and its subsidiaries range from 30 to 60 days.

As at 31st January 2006, approximately 99.85% of the trade payables of RM2.43 million at the balance sheet date has been settled.

The accrued purchases are in respect of merchandise received but have not been invoiced by suppliers as at the balance sheet date.

The costs accrued in respect of the managed customer loyalty services have been estimated based on the average gross profit margin achieved. The RM2.31 million accrued costs include RM151,267 which has been brought forward since 31st December 2004.

9.13 Other Payables And Accruals

	Amount RM
Software license fee payable	21,600
Accrual for staff costs and related expenses	215,834
Other payables and accruals	330,081
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	567,515

Analysis of foreign currency exposure

Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	17,918

The licence fee of RM14,400 has been paid in December 2005 while the accrued staff costs and related expenses have been fully settled in January 2006.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.14 Hire Purchase Payable

	Amount RM
Balance outstanding:	
Due within 1 year	36,528
Due between 1 to 2 years	59,214
Due between 2 to 5 years	18,050
	113,792
Less: Future finance charges	(17,780)
Principal outstanding	96,012
Analysed as:	
Current	
Repayable within 1 year	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	28,839
Non-Current	
Repayable between 1 to 2 years	49,977
Repayable between 2 to 5 years	17,196
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	67,173
Analysis of foreign currency exposure	
Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	-

The interest rates applicable to the hire purchase payable at the balance sheet date range from 5% to 7% per annum.

In January 2006, AIM has drawndown a hire purchase facility to finance the acquisition of computer hardware and software equipment costing RM251,455 at an interest rate of 5% per annum. The facility is repayable by 36 monthly instalments of RM8,033 commencing 23rd February 2006.

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9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.15 Term Loan

	Amount RM
Principal outstanding	1,363,757
Analysed as:	
Current	
Repayable within 1 year	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	67,773
Non-Current	
Repayable between 1 to 2 years	143,551
Repayable between 2 to 5 years	252,175
Repayable after 5 years	900,258
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	1,295,984
Analysis of foreign currency exposure	
Singapore Dollar	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	-

In January 2005, CLS has drawndown a term loan facility of RM1.4 million which is secured against the following:

(i) the freehold land and warehouse of CLS (**Note 9.4**); and

(ii) joint and several guarantee in the name of Mr Nyang Koon Seng, a director of AIM and Mohd Razali Bin Mohd Zain, a director of CLS at the time of drawdown.

The term loan is repayable by 180 monthly instalments of RM12,389 commencing 1st February 2005. Interest is charged at the Base Lending Rate (BLR) for the first 2 years and thereafter at a rate of 0.75% per annum above BLR, subject to variation as stipulated in the loan offer letter dated 17th October 2004.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.16 Share Capital

The movement on the issued and fully paid-up share capital account shall be as follows:

	No. of RCPS	No. of ordinary shares	Par value RM	Amount RM
RCPS B	50,000,000		0.01	500,000
RCPS A	22,000,000		0.01	220,000
Ordinary shares		4,860,623	1.00	4,860,623
Audited as at 30.9.2005	72,000,000	4,860,623		5,580,623
Conversion of RCPS B	(50,000,000)		0.01	(500,000)
Conversion of RCPS A	(22,000,000)		0.01	(220,000)
Share issue on conversion of:				
RCPS B		772,754	1.00	772,754
RCPS A		234,724	1.00	234,724
As per Proforma I	-	5,868,101		5,868,101
Bonus Issue via:				
Capitalisation of share premium		5,504,522	1.00	5,504,522
Capitalisation of retained profits		627,377	1.00	627,377
As per Proforma II	-	12,000,000		12,000,000
Subdivision of shares		120,000,000	0.10	12,000,000
As per Proforma III		120,000,000		12,000,000
Proposed Public Issue		35,000,000	0.10	3,500,000
As per Proforma IV		155,000,000		15,500,000
Proposed share issue assuming the options under ***the Proposed ESOS*** are fully exercised		7,750,000	0.10	775,000
As per Proforma V		162,750,000		16,275,000

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.17 Share Premium

The movement on the share premium account shall be as follows:

	No. of RCPS	No. of ordinary shares	Par value RM	Amount RM
RCPS B issued at RM0.10 each	50,000,000		0.01	4,500,000
RCPS A issued at RM0.10 each	22,000,000		0.01	1,980,000
Audited as at 30.9.2005	72,000,000	-		6,480,000
Refund of proceeds arising from revaluation of RCPS A issue price **(Section 2.2)**				(688,000)
Conversion of RCPS B	(50,000,000)		0.01	500,000
Conversion of RCPS A	(22,000,000)		0.01	220,000
Share issue on conversion of:				
RCPS B **(Note 9.16)**				(772,754)
RCPS A **(Note 9.16)**				(234,724)
As per Proforma I	-	-		5,504,522
Amount capitalised for ***Bonus Issue*** **(Note 9.16)**				(5,504,522)
As per Proforma II and III	-	-		-
Proposed Public Issue at RM0.42 each		35,000,000	0.10	11,200,000
Prepayment of listing expenses **(Note 9.8)**				(517,172)
Estimated listing expenses to be paid **(Note 9.11)**				(1,182,828)
As per Proforma IV		35,000,000		9,500,000
Proposed share issue at RM0.42 each assuming the options under ***the Proposed ESOS*** are fully exercised		7,750,000	0.10	2,480,000
As per Proforma V		42,750,000		11,980,000

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.18 Reserves

The details on the reserves are set out below:

	Retained Profits RM	Exchange Fluctuation Reserve RM	Total RM
Audited as at 30.9.2005 / As per Proforma I	7,222,083	(18,631)	7,203,452
Amount capitalised for ***Bonus Issue***	(627,377)	-	(627,377)
As per Proforma II, III, IV and V	6,594,706	(18,631)	6,576,075

9.19 Deferred Tax

	Amount RM
Deferred tax liabilities are arising from:	
Accelerated capital allowances in respect of property, plant and equipment	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	79,761
Deferred tax liabilities have not been recognised for temporary differences arising from:	
Property, plant and equipment	1,326,458
Research and development expenditure capitalised	1,164,805

AIM, a MSC status company under the Promotion of Investments Act 1986, has been exempted from tax on its statutory income for the period from 30th September 2004 to 29th September 2009 **(Section 5.2)**. As such, the deferred tax liabilities arising from temporary differences between the carrying values and tax bases of AIM's assets and liabilities are not recognised during the exemption period.

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Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.20 Related Party Relationships And Significant Transactions

Related Party	*Place of Incorporation*	*Relationships*
(a) ***CG Assets Pte. Ltd. ("CGAS")***	*Singapore*	*Holding company with 70% direct interest in AIM since 10th January 2005 until the date of this report.*
(b) ***Electronic Commerce Technology Sdn. Bhd. ("ECT")***	*Singapore*	*Certain directors and shareholders of AIM have substantial indirect interest in ECT. The shareholder with 30% direct interest in AIM is a director of AIM and ECT.*
(c) ***MThree Asia Pte. Ltd. ("MThree")***	*Singapore*	*Certain directors of AIM have substantial indirect interest in MThree and are also directors of MThree.*
(d) ***MoreRewards (Singapore) Pte. Ltd. ("MoreRew")***	*Singapore*	*Certain directors of AIM have substantial indirect interest in MoreRew.*
(e) ***RealRewards Sdn. Bhd. ("RealRew")***	*Brunei*	*The shareholder with 30% direct interest in AIM has 25% direct interest in RealRew. The shareholder is a director of AIM and RealRew. Certain directors of AIM also have substantial direct/indirect interest in the company.*
(f) ***P.T. Customer Loyalty Solutions ("PTCLS")***	*Indonesia*	*Certain directors of AIM have substantial indirect interest in PTCLS.*
(g) ***Customer Loyalty Solutions (Shanghai) Co. Ltd. ("CLSSh")***	*Peoples' Republic of China*	*Certain directors of AIM have substantial indirect interest in CLSSh.*

Significant transactions during the 9 months ended 30th September 2005 are as follows:-

Nature of Transaction	*Related Party*	Amount RM
Revenue		
Infrastructure set-up, software licensing and system maintenance fees	ECT	2,625,000
Sale of merchandise	ECT	5,912,588
	MoreRew	45,989
	RealRew	76,510
Procurement and fulfilment services fees including handling and related charges	ECT	1,747,009
		10,407,096
Cost of Sales		
Information technology set-up and maintenance services	MThree	22,880
R&D management fees	MThree	63,067
		85,947

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.20 Related Party Relationships And Significant Transactions (Cont'd)

Significant transactions during the 9 months ended 30th September 2005 are as follows (cont'd):-

Nature of Transaction	*Related Party*	Amount RM
Administrative Expenses		
Management fees	MThree	372,326
	MoreRew	16,800
Rental of office premise	MThree	74,028
		463,154
R&D Expenditure		
Management and maintenance fees **(Note 9.5)**	MThree	189,202

The directors of AIM are of the view that transactions that have been / will be entered into with the above related parties in the normal course of business are under terms and conditions no less favourable to AIM and its subsidiaries than those arranged with independent third parties.

9.21 Commitment

	Amount RM
Authorised and contracted for	
Purchase of property, plant and equipment	
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	-
Authorised but not contracted for	
Purchase of property, plant and equipment	1,762,000
Research and development expenditure	-
Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	1,762,000

As at 31st January 2006, total capital expenditure authorised but not contracted has been estimated at approximately RM1.50 million as the costs of equipment acquired by AIM and its subsidiaries since the balance sheet date amounted to approximately RM262,000.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

9. NOTES TO PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

9.22 Undrawn Credit Facility

In December 2004, CLS has been granted an overdraft facility of RM300,000 which is secured against the following:

(i) the freehold land and warehouse of CLS **(Note 9.4)**; and

(ii) joint and several guarantee in the name of Mr Nyang Koon Seng, a director of AIM and Mohd Razali Bin Mohd Zain, a director of CLS at the time of drawdown.

The overdraft is repayable on demand and is renewable subject to annual review. Interest is charged at 1.00% per annum above BLR subject to variation as stipulated in the overdraft facility offer letter dated 17th October 2004, and is calculated on a daily basis.

The overdraft facility has remained undrawn since the balance sheet date until 31st January 2006. As such, the available credit of RM300,000 has been subject to a commitment fee of 1% on a monthly basis.

9.23 Financial Instruments

Current

The carrying amounts of financial assets and financial liabilities of the Group at the balance sheet date approximate their fair values due to the short term maturity of these instruments.

Non-Current

	Audited as at 30.9.2005 / As per Proforma I, II, III, IV and V	
	Carrying Amount RM	Fair Value RM
Hire purchase payable	67,173	67,837
Term loan	1,295,984	1,302,601
Amount due to a related party	1,250,003	1,250,003

The fair value of hire purchase and term loan payable is estimated by discounting the future contractual cash flows at the effective interest rates available to AIM and its subsidiaries.

It is not practical to estimate the fair value of the amount due to a related party of RM1.25 million in the absence of fixed terms of settlement. However, the directors of AIM do not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be settled by way of rendering of services **(Note 9.9)**.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

10. CASHFLOW STATEMENT

The consolidated cashflow statement of AIM Group set out below is prepared based on the audited consolidated results and balance sheet of the AIM Group for the financial period ended 30th September 2005.

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	6,403
Adjustments:	
Depreciation of property, plant and equipment	444
Property, plant and equipment written off	7
Amortisation of research and development expenditure	172
Allowance for obsolete and slow-moving inventories	24
Interest expense and other finance charges	71
Interest income on short term deposits	(86)
Realised/unrealised gain on foreign exchange (net)	(101)
Negative goodwill arising on acquisition of a subsidiary company	(189)
Operating profit before working capital changes	6,745
Increase in inventories	(809)
Increase in trade receivables	(1,014)
Decrease in other receivables, deposits and prepayments	625
Increase in trade payables	2,856
Decrease in other payables and accruals	(150)
Increase in amount due from/to related parties (net)	(2,001)
Cash generated from operations	6,252
Interest expense and other finance charges paid on overdraft	(5)
Income tax and withholding tax paid	(942)
Net cash generated from operating activities	5,305
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(1,249)
Research and development expenditure	(401)
Acquisition of a subsidiary company	202
Interest received on short term deposits	86
Net cash used in investing activities	(1,362)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of redeemable convertible preference shares	7,200
Prepayment of listing expenses	(363)
Repayment of advances from a director	(502)
Drawdown of term loan	1,400
Interest expense paid on term loan	(59)
Principal repayment of term loan	(70)
Interest expense paid on hire purchase financing	(7)
Principal repayment of hire purchase financing	(22)
Net cash generated from financing activities	7,577
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	11,520
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	185
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11,705
Cash and cash equivalents comprise:	
Short term deposits **(Note 9.10)**	8,523
Cash and bank balances **(Note 9.11)**	3,182
	11,705

11. PUBLIC ISSUE PROCEEDS

The gross proceeds of RM14,700,000 to be received from ***the Proposed Public Issue*** will be utilised in the following manner:-

	RM
Research and development expenditure	4,800,000
Purchase of equipment	3,000,000
Expansion of core and related businesses	3,900,000
Working capital	1,300,000
Estimated listing expenses	1,700,000
	14,700,000

12. NET TANGIBLE ASSETS COVER

Based on the Proforma Statement of Assets and Liabilities of AIM Group as at 30th September 2005, the Net Tangible Assets ("NTA") Cover are as follows:-

	RM
NTA	
NTA of AIM Group after ***the Proposed Public Issue***	25,611,270
Proceeds from the proposed issue of shares assuming ***the Proposed ESOS*** options are fully exercised	3,255,000
	28,866,270
NTA Cover	
NTA per ordinary share on completion of ***the Proposed Public Issue***	0.165
NTA per ordinary share on completion of ***the Proposed Public Issue*** and the assumed full exercise of ***the Proposed ESOS*** options	0.177

13. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 30th January 2006, CLS acquired the remaining 45% equity interest in ERM from Shaik Akmal bin Shaik Allaudin at a purchase consideration of RM45,000. Subsequently, CLS disposed 49% equity interest in ERM to Intisatria Sdn. Bhd. for RM49,000 on 31st January 2006.

On 21st February 2006, AIM entered into a tenancy agreement with Everfine Arch Sdn. Bhd. for the rental of office premises at a monthly rental of RM17,518.50 for 3 years. The first rental payment shall be due after a rental-free renovation period of 30 days commencing not later than 30th June 2006. This agreement may be extended for further 2 years at a monthly rental equivalent to 15% higher than RM17,518.50.

Advance Information Marketing Berhad (644769-D)
(Formerly known as Advance Information Marketing Sdn. Bhd.)
Accountants' Report

14. AUDITED FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements have been prepared for AIM and its subsidiaries in respect of any period subsequent to 30th September 2005.

Yours faithfully,

AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants

SIVADASAN A/L NARAYANAN NAIR
1420/12/07(J)
Partner of the Firm

Kuala Lumpur,
Date: 17th March 2006