

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

**FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 2007**

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year Corresponding Period 31.12.2006 RM'000
Revenue		14,531	11,597	50,780	43,161
Cost of sales		(9,070)	(6,681)	(30,333)	(24,502)
Gross profit		<u>5,461</u>	<u>4,916</u>	<u>20,447</u>	<u>18,659</u>
Operating expenses		(3,515)	(2,872)	(12,244)	(9,154)
Other operating income		791	420	1,167	809
Profit from operations		<u>2,737</u>	<u>2,464</u>	<u>9,370</u>	<u>10,314</u>
Finance cost		(34)	(33)	(123)	(121)
Profit before tax		<u>2,703</u>	<u>2,431</u>	<u>9,247</u>	<u>10,193</u>
Taxation	15	(210)	115	(1,024)	(1,166)
Profit after tax		<u>2,493</u>	<u>2,546</u>	<u>8,223</u>	<u>9,027</u>
Attributable to:					
Equity holders of the parent		2,395	2,511	8,026	8,991
Minority interest		98	35	197	36
Net profit for the period		<u>2,493</u>	<u>2,546</u>	<u>8,223</u>	<u>9,027</u>
Weighted average number of ordinary shares in issue					
- Basic profit per share (sen)	22	1.55	1.62	5.18	6.67
- Diluted profit per share (sen)	22	-	-	-	-
Actual number of ordinary shares of RM1.00 each in issue ('000)					
- Basic profit per share (sen)	22	1.55	1.62	5.18	5.80
- Diluted profit per share (sen)	22	-	-	-	-

The Condensed Income Statements should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

The annexed notes are an integral part of this statement

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007**

(The figures have not been audited)

	Note	As At End Of Current Quarter 31.12.2007 RM'000	Audited Financial Year Ended 31.12.2006 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		9,862	6,541
Intangible assets - development expenditure		1,447	1,314
Deferred tax asset		31	31
Other Investment		845	-
		<u>12,185</u>	<u>7,886</u>
<b>Current Assets</b>			
Inventories		3,143	2,673
Trade receivables		10,940	10,016
Other receivables, deposits and prepayment		3,954	1,598
Short term deposits		14,482	23,565
Cash and bank balances		7,903	2,833
		<u>40,363</u>	<u>40,685</u>
<b>TOTAL ASSETS</b>		<u><u>52,548</u></u>	<u><u>48,571</u></u>
<b>EQUITY</b>			
Share capital		15,500	15,500
Share premium		9,500	9,500
Retained profit		18,748	15,310
Exchange fluctuation reserve		80	78
<b>Equity attributable to the shareholders of the Company</b>		<u>43,828</u>	<u>40,388</u>
Minority interest		70	53
<b>TOTAL EQUITY</b>		<u><u>43,898</u></u>	<u><u>40,441</u></u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Long term borrowings	19	1,157	1,214
Hire purchase payables	19	97	232
Deferred tax liability		93	93
		<u>1,347</u>	<u>1,539</u>
<b>Current Liabilities</b>			
Trade payables		5,255	4,409
Other payables and accruals		1,767	1,610
Hire purchase payables	19	135	139
Short term borrowings	19	63	54
Tax payable		142	379
		<u>7,303</u>	<u>6,591</u>
<b>TOTAL LIABILITIES</b>		<u><u>8,650</u></u>	<u><u>8,130</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>52,548</u></u>	<u><u>48,571</u></u>
Net Assets per share (RM)		0.28	0.26

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007  
(The figures have not been audited)**

Note	Share Capital	(Non Distributable)	(Distributable)	Retained Profits RM'000	Total Shareholders' funds RM'000	Minority Interest RM'000	Total Equity RM'000
	Ordinary Shares RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000				
As at 1 January 2007	15,500	9,500	78	15,310	40,388	53	40,441
Foreign exchange effect not recognised in income statement :							
-currency translation difference	-	-	2	-	2	-	2
Net profit for the year	-	-	-	8,026	8,026	197	8,223
Dividend paid	-	-	-	(4,588)	(4,588)	(180)	(4,768)
Balance as at 31 December 2007	<u>15,500</u>	<u>9,500</u>	<u>80</u>	<u>18,748</u>	<u>43,828</u>	<u>70</u>	<u>43,898</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

(The figures have not been audited)

	Current Year To Date 31.12.2007 RM'000	Audited Financial Year Ended 31.12.2006 RM'000
<b>Cash flow from operating activities</b>		
Profit before taxation	9,247	10,193
Adjustment for non-cash items	1,044	789
Operating profit before working capital changes	<u>10,291</u>	<u>10,982</u>
Net change in current asset & current liabilities	15	(4,729)
Cash generated from operations	<u>10,306</u>	<u>6,253</u>
Tax paid	(1,316)	(1,192)
Interest paid on overdraft	-	(4)
Net cash generated from operating activities	<u>8,990</u>	<u>5,057</u>
<b>Net cash used in investing activities</b>	(7,928)	(1,829)
<b>Net cash (used in)/ generated from financing activities</b>	(5,078)	10,311
<b>Net change in cash and cash equivalents</b>	<u>(4,016)</u>	<u>13,539</u>
<b>Effects of exchange rate changes</b>	3	24
<b>Cash and cash equivalents at the beginning of the period</b>	26,398	12,835
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,385</u></u>	<u><u>26,398</u></u>
<b>Analysed into:</b>		
<b>Short term deposit with licensed financial institutions</b>	14,482	23,565
<b>Cash and bank balances</b>	7,903	2,833
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,385</u></u>	<u><u>26,398</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.

## **1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard ("FRS") FRS 134, Interim Financial Reporting and Appendix 9B of Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the Mesdaq Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2006. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2006.

The accounting policies and methods of computation adopted in these interim financial statements of the Company and its subsidiaries ("The Group") are consistent with those adopted for the annual financial statements for the FYE 31 December 2006 except for the adoption of the following new and revised FRS issued by MASB that are effective for the Group's annual reporting date, 31 December 2007:

FRS 117 Lease  
FRS 124 Related Party Disclosures

The adoption of FRS mentioned above does not have significant impact on the Group.

## **2. Auditors' Report on preceding annual financial statements**

The auditors' reports on the financial statements of the Company and its subsidiaries for the FYE 31 December 2006 were not subjected to any qualification.

## **3. Seasonality or cyclicity**

The Group's operations have not been affected materially by any seasonal/cyclical factors.

## **4. Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

## **5. Changes in Estimates**

There were no material changes in the estimates used for the preparation of this interim financial statements.

## **6. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review.

## **7. Valuation of property, plant and equipment**

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will effect in the current financial quarter under review.

## **8. Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 31 December 2007 up to the date of this report which, is likely to substantially affect the results of the operations of the Company.

## 9. Change in the composition of the group

On 31 August 2007, the Company entered into an Share Subscription Agreement to subscribe 25% equity interest in Customer Loyalty Solutions (Shanghai) Co. Ltd. ("CLSS"), a private limited company incorporated in China under the laws of the People's Republic of China for a total cash consideration of USD410,300. As at the date of this announcement, we have completed the share registration with the relevant authorities in China.

## 10. Contingent liabilities and contingent assets

As at 31 December 2007, there were no contingent liabilities and assets.

## 11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the fourth quarter ended 31 December 2007 are generated from the following segments:

SEGMENT REVENUE	Licensing & Data Management RM'000	Managed Customer Loyalty Services RM'000	Mail Order & Channel Sales RM'000	Inter- Segment Revenue RM'000	Consolidated RM'000
Malaysia	2,819	12,311	292	(1,334)	14,088
Singapore & others	-	443	-	-	443
	<u>2,819</u>	<u>12,754</u>	<u>292</u>	<u>(1,334)</u>	<u>14,531</u>

SEGMENT PROFIT/ (LOSS)	Licensing & Data Management RM'000	Managed Customer Loyalty Services RM'000	Mail Order & Channel Sales RM'000		Consolidated RM'000
Malaysia	1,720	1,002	(22)	-	2,700
Singapore & Others	-	3	-	-	3
	<u>1,720</u>	<u>1,005</u>	<u>(22)</u>	<u>-</u>	<u>2,703</u>

## 12. Review of performance

### Current Quarter

The Group recorded a Q4 FY 2007 profit before tax of RM2.7 million compared to Q4 FY 2006 of RM2.4 million. The higher quarter profit before tax was mainly due to a 25.3% increase in Q4 FY 2007 revenue from RM11.6 million in Q4 FY 2006 to RM14.5 million in Q4 FY 2007 and RM 0.4 million gain on disposal of a warehouse, offset by an increase in operating expenses of RM 0.6 million. The increase in operating expense was mainly due to our continued investment in people for our overseas business and our new market initiatives in stored value cards and prepaid cards. Our quarter operating expenses/sales ratio remain at approximately 24%.

### Full Financial Year

The Group recorded a profit before tax of RM9.2 million for FY 2007 compared RM10.2 million in FY 2006. While our revenue increased by 17.6% from RM 43.2 million in FY 2006 to RM 50.8 million in FY 2007, our gross profit margin declined from 43.2% in FY 2006 to 40.3% in FY 2007. The lower gross profit margin was due to lesser fee based service income and more merchandise sales arising from redemptions by members. Active redemptions by members show our success in creating loyalty value in the programs that we do for our customers. Our operating expenses increased from RM 9.2 million in FY 2006 to RM 12.2 million in FY 2007 as we continue to invest in people for our overseas business and new market initiatives in store value cards and prepaid cards. In terms of our opex/sales ratio in FY 2007 was 24.1% compared to 21.2% in FY 2006. This increase is in line with our planned increase in our business activities and it is necessary to support the revenue growth of 17.6% this year.

**13. Prospects for 2008**

Barring unforeseen circumstances, the Group is expected to continue to operate profitably in the ensuing year.

**14. Profit forecast**

The Group did not disclose any profit forecast and profit guarantee for this financial period.

**15. Taxation**

	Current Quarter 31.12.2007 RM'000	Current Year To Date 31.12.2007 RM'000
Current provision	(303)	(1,117)
Overprovision for previous year	93	93
	<u>(210)</u>	<u>(1,024)</u>

The effective tax rate of the Company is lower than the statutory rate applicable mainly due to the Multimedia Super Corridor status granted by Multimedia Development Corporation. The pioneer status entitles the company for five years exemption from Malaysian Income tax (only on income derived from MSC related activities).

**16. Unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties for the current quarter and financial year to date.

**17. Purchase or disposal of quoted securities**

(a) There were no purchase or disposal of quoted securities for the current quarter under review.

(b) There were no investments in quoted securities as at the end of the reporting period.

**18. a) Status of corporate proposal announced**

There were no corporate proposals announced but not completed as at the date not earlier than 7 days from the date of announcement.

**b) Utilisation of proceeds**

The Company raised RM14.7 million during its Initial Public Offering exercise in April 2006 and the details of the utilisation of proceeds up to 31 December 2007 are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Amount RM'000	Explanations*
Expansion of the core and related business of the Group	3,900	3,900	-	N/A
Purchase of software and hardware equipment	3,000	700	2,300	N/A
R & D expenditure	4,800	1,474	2,957	N/A
Working capital	1,300	1,300	-	N/A
Estimated listing expenses	1,700	1,700	-	N/A
Total	<u>14,700</u>	<u>9,074</u>	<u>5,257</u>	

\*The utilisation of proceeds is within the timeframe of 5 years as stated in the company's prospectus dated 28 March 2006



**19. Group borrowings**

Total Group borrowings as at 31 December 2007 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	198	-	198
Long term borrowings			
- Local currency (RM)	1,254	-	1,254
Total	<u>1,452</u>	<u>-</u>	<u>1,452</u>

**20. Off balance sheet financial instruments**

There were no off Balance Sheet financial instruments entered into by the Group as at the date not earlier than 7 days from the date of announcement.

**21. Material litigation**

The Group is not engaged in any material litigation either as a plaintiff or defendant and the directors do not have any knowledge of any proceeding pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

**22. Basis of calculation of earnings per share**

The basic earnings per share for the quarter and cumulative year to date are computed as follows:

	Current Quarter 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006	Current Year To Date 31.12.2007	Preceding Year Corresponding Period 31.12.2006
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>2,395</u>	<u>2,511</u>	<u>8,026</u>	<u>8,991</u>
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>134,764</u>
- Basic earnings per share (sen)	1.55	1.62	5.18	6.67
Actual number of ordinary shares of RM0.10 each in issue ('000)	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>	<u>155,000</u>
- Basic earnings per share (sen)	1.55	1.62	5.18	5.80

**Diluted**

The fully diluted earnings per share have not been presented as there is no diluted effect for the shares of the Company.