

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2008

ADVANCE INFORMATION MARKETING BERHAD

(Company No. 644769-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS**FOR THE SECOND QUARTER ENDED 30 JUNE 2008****(The figures have not been audited)**

| | Note | Individual Quarter | | Cumulative Quarter | |
|--|------|--|--|---|---|
| | | Current Quarter 30.6.2008 RM000 | Preceding Year Corresponding Quarter 30.6.2007 RM000 | Current Year To Date 30.6.2008 RM000 | Preceding Year Corresponding Period 30.6.2007 RM000 |
| Revenue | | 11,898 | 12,096 | 25,377 | 23,122 |
| Cost of sales | | (7,175) | (7,196) | (15,142) | (13,385) |
| Gross profit | | <u>4,723</u> | <u>4,900</u> | <u>10,235</u> | <u>9,737</u> |
| Operating expenses | | (3,100) | (3,137) | (6,444) | (5,848) |
| Other operating income | | 135 | 152 | 293 | 332 |
| Profit from operations | | <u>1,758</u> | <u>1,915</u> | <u>4,084</u> | <u>4,221</u> |
| Finance cost | | (3) | (34) | (26) | (62) |
| Profit before tax | | <u>1,755</u> | <u>1,881</u> | <u>4,058</u> | <u>4,159</u> |
| Taxation | 15 | (274) | (253) | (529) | (491) |
| Profit after tax | | <u>1,481</u> | <u>1,628</u> | <u>3,529</u> | <u>3,668</u> |
| Attributable to: | | | | | |
| Equity holders of the parent | | 1,472 | 1,594 | 3,519 | 3,596 |
| Minority interest | | 9 | 34 | 10 | 72 |
| Net profit for the period | | <u>1,481</u> | <u>1,628</u> | <u>3,529</u> | <u>3,668</u> |
| Weighted average number of ordinary shares in issue | | | | | |
| - Basic earnings per share (sen) | 23 | 0.95 | 1.03 | 2.27 | 2.32 |
| - Diluted earnings per share (sen) | 23 | 0.95 | 1.03 | 2.27 | 2.32 |

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 30 JUNE 2008

(The figures have not been audited)

| | Note | As At End Of Current Quarter 30.6.2008 RM'000 | Audited Financial Year Ended 31.12.2007 RM'000 |
|---|------|---|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 9,377 | 9,985 |
| Investment in Associate company | | 1,366 | - |
| Other Investment | | 45 | 45 |
| Intangible assets - development expenditure | | 1,796 | 1,447 |
| Deferred tax assets | | 51 | 55 |
| | | <u>12,635</u> | <u>11,532</u> |
| Current Assets | | | |
| Inventories | | 3,537 | 3,007 |
| Trade receivables | | 12,749 | 12,061 |
| Other receivables, deposits and prepayment | | 1,419 | 4,955 |
| Short term deposits | | 24,375 | 15,309 |
| Cash and bank balances | | 247 | 6,103 |
| | | <u>42,327</u> | <u>41,435</u> |
| TOTAL ASSETS | | <u>54,962</u> | <u>52,967</u> |
| EQUITY | | | |
| Share capital | | 15,597 | 15,500 |
| Share premium | | 9,646 | 9,500 |
| Retained profit | | 20,750 | 17,231 |
| Exchange fluctuation reserve | | 58 | 60 |
| Equity attributable to the shareholders of the Company | | <u>46,051</u> | <u>42,291</u> |
| Minority interest | | 78 | 68 |
| TOTAL EQUITY | | <u>46,129</u> | <u>42,359</u> |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Hire purchase payables | 19 | 24 | 98 |
| Deferred tax liabilities | | 86 | 86 |
| | | <u>110</u> | <u>184</u> |
| Current Liabilities | | | |
| Trade payables | | 6,974 | 5,615 |
| Other payables and accruals | | 1,472 | 3,291 |
| Hire purchase payables | 19 | 134 | 134 |
| Short term borrowings | 19 | - | 1,211 |
| Tax payable | | 143 | 173 |
| | | <u>8,723</u> | <u>10,424</u> |
| TOTAL LIABILITIES | | <u>8,833</u> | <u>10,608</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>54,962</u> | <u>52,967</u> |
| Net Assets per share (RM) | | 0.30 | 0.27 |

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 SECOND QUARTER ENDED 30 JUNE 2008**

(The figures have not been audited)

| Note | Share Capital | | (Non Distributable) | | (Distributable) | | 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 | Retained Profits RM'000 | | | | | |
| As at 1 January 2008 | 15,500 | 9,500 | 60 | 17,231 | 42,291 | 68 | 42,359 | | |
| Exchange Fluctuation Reserve | - | - | (2) | - | (2) | - | (2) | | |
| ESOS | 97 | 146 | | | 243 | | 243 | | |
| Net profit for the year | - | - | - | 3,519 | 3,519 | 10 | 3,529 | | |
| Balance as at 30 June 2008 | <u>15,597</u> | <u>9,646</u> | <u>58</u> | <u>20,750</u> | <u>46,051</u> | <u>78</u> | <u>46,129</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 2007 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 SECOND QUARTER ENDED 30 JUNE 2008
(The figures have not been audited)**

| | Current Year To Date 30.6.2008 RM'000 | Audited Financial Year Ended 31.12.2007 RM'000 |
|---|--|--|
| Cash flow from operating activities | | |
| Profit before taxation | 4,058 | 9,379 |
| Adjustment for non-cash items | 737 | 959 |
| Operating profit before working capital changes | 4,795 | 10,338 |
| Net change in current asset & current liabilities | (347) | (1,763) |
| Cash generated from operations | 4,448 | 8,575 |
| Tax paid | (389) | (1,353) |
| Withholding tax paid | - | (66) |
| Interest paid on overdraft | - | (1) |
| Net cash generated from operating activities | 4,059 | 7,155 |
| Net cash used in investing activities | 1,767 | (7,373) |
| Net cash (used in)/ generated from financing activities | (2,618) | (4,763) |
| Net change in cash and cash equivalents | 3,208 | (4,981) |
| Effects of exchange rate changes | 2 | (5) |
| Cash and cash equivalents at the beginning of the period | 21,412 | 26,398 |
| Cash and cash equivalents at the end of the period | <u>24,622</u> | <u>21,412</u> |
| Analysed into: | | |
| Short term deposit with licensed financial institutions | 24,375 | 15,309 |
| Cash and bank balances | 247 | 6,103 |
| Cash and cash equivalents at the end of the period | <u>24,622</u> | <u>21,412</u> |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.

ADVANCE INFORMATION MARKETING BERHAD

(Company No. 644769-D)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

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 the Listing Requirements 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 2007. 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 2007.

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 2007.

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 2007 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 have an 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 30 June 2008 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

The were no changes in the Group composition for the current quarter under review.

10. Contingent liabilities and contingent assets

As at 30 June 2008, there were no contingent liabilities and assets.

11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the first quarter ended 30 June 2008 ("Q2") are generated from the following segments:

| SEGMENT REVENUE | Licensing & Data Management RM'000 | Managed Customer Loyalty Services RM'000 | Mail Order & Channel & Channel Sales RM'000 | Inter- Segment Revenue RM'000 | Consolidated RM'000 |
|------------------------|---|---|---|--|------------------------|
| Malaysia | 1,847 | 10,307 | 33 | (408) | 11,779 |
| Singapore & others | | 119 | | | 119 |
| | <u>1,847</u> | <u>10,426</u> | <u>33</u> | <u>(408)</u> | <u>11,898</u> |

| SEGMENT PROFIT/ (LOSS) | Licensing & Data Management RM'000 | Managed Customer Loyalty Services RM'000 | Mail Order & Channel & Channel Sales RM'000 | | Consolidated RM'000 |
|-----------------------------------|---|---|---|--|------------------------|
| Malaysia | 1,036 | 988 | (136) | | 1,888 |
| Singapore & Others | | (133) | | | (133) |
| | <u>1,036</u> | <u>855</u> | <u>(136)</u> | | <u>1,755</u> |

12. Review of performance

During the second quarter ended 30 June 2008, the Group achieved a revenue of RM11.9 million, slight decrease of 2% compared to the RM12.1 million reported in the preceding year corresponding quarter ended 30 June 2007.

There was no significant difference in operating expenses.

Overall, we have achieved an unaudited profit before tax of RM1.8 million and unaudited profit after tax of RM1.5 million for the second quarter ended 30 June 2008. In view of the inflation, rising fuel price and market uncertainty, the management has taken a proactive approach to manage the operating expenses.

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 30.6.2008 RM'000 | Current Year To Date 30.6.2008 RM'000 |
|-------------------|---|--|
| Current provision | <u>274</u> | <u>529</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 30 June 2008 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 | 763 | 2,237 | N/A |
| R & D expenditure | 4,800 | 2,686 | 2,114 | 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>10,349</u> | <u>4,351</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 30 June 2008 were as follows :-

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-----------------------|-------------------|---------------------|-----------------|
| Short term borrowings | | | |
| - Local currency (RM) | 134 | - | 134 |
| Long term borrowings | | | |
| - Local currency (RM) | 24 | - | 24 |
| Total | <u>158</u> | <u>-</u> | <u>158</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. Dividend

There was no dividend proposed or declared during the quarter under review.

23. Basis of calculation of earnings per share

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

| | Current Quarter 30.6.2008 | Preceding Year Corresponding Quarter 30.6.2007 | Current Year To Date 30.6.2008 | Preceding Year Corresponding Period 30.6.2007 |
|---|---------------------------------|---|--------------------------------------|--|
| a) Net profit attributable to equity holders of the parent for the period (RM'000) | 1,472 | 1,594 | 3,519 | 3,596 |
| Weighted average number of ordinary shares of RM0.10 each in issue ('000) | 155,203 | 155,000 | 155,102 | 155,000 |
| Basic earnings per share (sen) | <u>0.95</u> | <u>1.03</u> | <u>2.27</u> | <u>2.32</u> |
| b) Net profit attributable to equity holders of the parent for the period (RM'000) | 1,472 | 1,594 | 3,519 | 3,596 |
| Weighted average number of ordinary shares of RM0.10 each in issue ('000) | 155,203 | 155,000 | 155,102 | 155,000 |
| Effect of dilution ('000) | 121 | - | 61 | - |
| Adjusted Weighted average number of ordinary shares of RM0.10 each in issue ('000) | <u>155,324</u> | <u>155,000</u> | <u>155,163</u> | <u>155,000</u> |
| Fully Diluted earnings per share (sen) | <u>0.95</u> | <u>1.03</u> | <u>2.27</u> | <u>2.32</u> |