

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

**FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2008**

**ADVANCE INFORMATION MARKETING BERHAD**  
(Company No. 644769-D)

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.9.2008 RM'000	Preceding Year Corresponding Quarter 30.9.2007 RM'000	Current Year To Date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Revenue		12,525	13,127	37,902	36,249
Cost of sales		(9,230)	(7,878)	(24,372)	(21,263)
Gross profit		<u>3,295</u>	<u>5,249</u>	<u>13,530</u>	<u>14,986</u>
Operating expenses		(3,133)	(2,881)	(9,577)	(8,729)
Other operating income		113	44	406	376
Profit from operations		<u>275</u>	<u>2,412</u>	<u>4,359</u>	<u>6,633</u>
Finance cost		(3)	(27)	(29)	(89)
Profit before tax		<u>272</u>	<u>2,385</u>	<u>4,330</u>	<u>6,544</u>
Taxation	16	81	(323)	(448)	(814)
Profit after tax		<u>353</u>	<u>2,062</u>	<u>3,882</u>	<u>5,730</u>
Attributable to:					
Equity holders of the parent		273	2,035	3,792	5,631
Minority interest		80	27	90	99
Net profit for the period		<u>353</u>	<u>2,062</u>	<u>3,882</u>	<u>5,730</u>
Weighted average number of ordinary shares in issue					
- Basic earnings per share (sen)	24	0.16	1.31	2.35	3.63
- Diluted earnings per share (sen)	24	0.16	1.31	1.82	3.63

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 SEPTEMBER 2008**  
(The figures have not been audited)

	Note	As At End Of Current Quarter 30.9.2008 RM'000	Audited Financial Year Ended 31.12.2007 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		9,359	9,985
Investment in Associate company		1,366	-
Other Investment		45	45
Intangible assets - development expenditure		1,747	1,447
Deferred tax assets			
Deferred tax assets		51	55
		<u>12,568</u>	<u>11,532</u>
<b>Current Assets</b>			
Inventories		4,465	3,007
Trade receivables		14,922	12,061
Other receivables, deposits and prepayment		1,683	4,955
Short term deposits		19,163	15,309
Cash and bank balances		2,651	6,103
		<u>42,884</u>	<u>41,435</u>
<b>TOTAL ASSETS</b>		<u>55,452</u>	<u>52,967</u>
<b>EQUITY</b>			
Share capital		18,717	15,500
Share premium		6,526	9,500
Retained profit		18,715	17,231
Exchange fluctuation reserve		58	60
<b>Equity attributable to the shareholders of the Company</b>		<u>44,016</u>	<u>42,291</u>
Minority interest		158	68
<b>TOTAL EQUITY</b>		<u>44,174</u>	<u>42,359</u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Hire purchase payables	20	1	98
Deferred tax liabilities		86	86
		<u>87</u>	<u>184</u>
<b>Current Liabilities</b>			
Trade payables		10,002	5,615
Other payables and accruals		1,065	3,291
Hire purchase payables	20	124	134
Short term borrowings	20	-	1,211
Tax payable		-	173
		<u>11,191</u>	<u>10,424</u>
<b>TOTAL LIABILITIES</b>		<u>11,278</u>	<u>10,608</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>55,452</u>	<u>52,967</u>
Net Assets per share (RM)		0.24	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 THIRD QUARTER ENDED 30 SEPTEMBER 2008**

(The figures have not been audited)

	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
Bonus Issued	3,120	(3,120)	-	-	-	-	-
Dividend Paid				(2,308)	(2,308)	-	(2,308)
Net profit for the year	-	-	-	3,792	3,792	90	3,882
Balance as at 30 September 2008	<u>18,717</u>	<u>6,526</u>	<u>58</u>	<u>18,715</u>	<u>44,016</u>	<u>158</u>	<u>44,174</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**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008  
(The figures have not been audited)**

	Current Year To Date 30.9.2008 RM'000	Audited Financial Year Ended 31.12.2007 RM'000
<b>Cash flow from operating activities</b>		
Profit before taxation	4,330	9,379
Adjustment for non-cash items	1,141	959
Operating profit before working capital changes	<u>5,471</u>	<u>10,338</u>
Net change in current asset & current liabilities	<u>(825)</u>	<u>(1,763)</u>
Cash generated from operations	4,646	8,575
Tax paid	(716)	(1,353)
Withholding tax paid	-	(66)
Interest paid on overdraft	-	(1)
Net cash generated from operating activities	<u>3,930</u>	<u>7,155</u>
<b>Net cash generated from/(used in) in investing activities</b>	1,433	(7,373)
<b>Net cash used in financing activities</b>	(4,963)	(4,763)
<b>Net change in cash and cash equivalents</b>	<u>400</u>	<u>(4,981)</u>
<b>Effects of exchange rate changes</b>	2	(5)
<b>Cash and cash equivalents at the beginning of the period</b>	21,412	26,398
<b>Cash and cash equivalents at the end of the period</b>	<u><u>21,814</u></u>	<u><u>21,412</u></u>
<b>Analysed into:</b>		
<b>Short term deposit with licensed financial institutions</b>	19,163	15,309
<b>Cash and bank balances</b>	2,651	6,103
<b>Cash and cash equivalents at the end of the period</b>	<u><u>21,814</u></u>	<u><u>21,412</u></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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2008, there were no contingent liabilities and assets.

**11. Segmental information**

The revenue and profit/(loss) before taxation of the Group for the third quarter ended 30 September 2008 ("Q3") are generated from the following segments:

	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
SEGMENT REVENUE					
Malaysia	1,599	10,805	104	(367)	12,141
Singapore & others		384			384
	<u>1,599</u>	<u>11,189</u>	<u>104</u>	<u>(367)</u>	<u>12,525</u>
SEGMENT PROFIT/ (LOSS)					
Malaysia	936	(675)	(8)		253
Singapore & Others		19			19
	<u>936</u>	<u>(656)</u>	<u>(8)</u>		<u>272</u>

**12. Review of performance**

During the third quarter ended 30 September 2008, the Group achieved a revenue of RM12.5 million, which is lower by 4.6% compared to the RM13.1 million reported in the preceding year corresponding quarter ended 30 September 2007. This reduction is due mainly to reduction in our fee income from IT services.

Our gross profit was RM3.3 million for the third quarter ended 30 September 2008. Our gross profit margin was 26% compared to 41% in the preceding year quarter ended 30 September 2007. The contraction in margin is due to market competitiveness and consumers spending weaken. Moreover, the higher fuel price during this quarter with higher fuel surcharge also indirectly cause higher cost in our logistic services.

As a result, we only achieved an unaudited profit before tax of RM 272,000 and unaudited profit after tax of RM 273,000 for the third quarter ended 30 September 2008.

**13 Material Changes in The Quarterly Result Compared To the Preceding Quarter**

Compared to immediate preceding quarter the revenue increased slightly by 5% due to the higher redemption transactions. However, the cost growth at higher rate mainly as a result of factors discussed in note 12. This has caused the material changes in PBT.

**14. Prospects for 2008**

Barring unforeseen circumstances, the Group is expected to continue to be profitable in FY2008.

**15. Profit forecast**

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

**16. Taxation**

	Current Quarter 30.9.2008 RM'000	Current Year To Date 30.9.2008 RM'000
Current provision	<u>(81)</u>	<u>448</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).

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

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

**18. 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.

**19. 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 September 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	1,073	1,927	N/A
R & D expenditure	4,800	2,771	2,029	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>10,744</u>	<u>3,956</u>	

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



**20. Group borrowings**

Total Group borrowings as at 30 September 2008 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	124	-	124
Long term borrowings			
- Local currency (RM)	1	-	1
Total	<u>125</u>	<u>-</u>	<u>125</u>

**21. 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.

**22. 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.

**23. Dividend**

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

**24. 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 30.9.2008	Preceding Year Corresponding Quarter 30.9.2007	Current Year To Date 30.9.2008	Preceding Year Corresponding Period 30.9.2007
a) Net profit attributable to equity holders of the parent for the period (RM'000)	273	2,035	3,792	5,631
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	173,267	155,000	161,338	155,000
Basic earnings per share (sen)	<u>0.16</u>	<u>1.31</u>	<u>2.35</u>	<u>3.63</u>
b) Net profit attributable to equity holders of the parent for the period (RM'000)	273	2,035	3,792	5,631
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	173,267	155,000	161,338	155,000
Effect of dilution ('000)	121	-	61	-
Adjusted Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>174,995</u>	<u>155,000</u>	<u>208,345</u>	<u>155,000</u>
Fully Diluted earnings per share (sen)	<u>0.16</u>	<u>1.31</u>	<u>1.82</u>	<u>3.63</u>