

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

**FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008  
(The figures have not been audited)**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2008 RM000	Preceding Year Corresponding Quarter 31.12.2007 RM000	Current Year To Date 31.12.2008 RM000	Preceding Year Corresponding Period 31.12.2007 RM000
Revenue		9,474	14,631	47,376	50,880
Cost of sales		(9,003)	(9,129)	(33,375)	(30,392)
Gross profit		471	5,502	14,001	20,488
Operating expenses		(2,433)	(3,371)	(12,010)	(12,100)
Exceptional item *	4	(5,327)	-	(5,327)	-
Other operating income		107	738	513	1,114
(Loss)/ Profit from operations		(7,182)	2,869	(2,823)	9,502
Finance cost		(2)	(34)	(31)	(123)
(Loss)/ Profit before tax		(7,184)	2,835	(2,854)	9,379
Taxation	16	62	(277)	(386)	(1,091)
(Lost)/ Profit after tax		(7,122)	2,558	(3,240)	8,288
Attributable to:					
Equity holders of the parent		(7,278)	2,427	(3,486)	8,058
Minority interest		156	131	246	230
Net (loss)/ profit for the period		(7,122)	2,558	(3,240)	8,288
Weighted average number of ordinary shares in issue					
- Basic (loss)/ earnings per share (sen)	24	(3.89)	1.57	(2.08)	5.20
- Diluted (loss)/ earnings per share (sen)	24	(3.87)	1.57	(2.07)	5.20

The Condensed Consolidated 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 2008**  
(The figures have not been audited)

	Note	As At End Of Current Quarter 31.12.2008 RM'000	Audited Financial Year Ended 31.12.2007 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		5,985	9,985
Investment in Associate company		1,366	-
Other Investment		45	45
Intangible assets - development expenditure		1,478	1,447
Deferred tax assets		51	55
		8,925	11,532
<b>Current Assets</b>			
Inventories		1,310	3,007
Trade receivables		10,536	12,061
Other receivables, deposits and prepayment		5,262	4,955
Short term deposits		20,530	15,309
Cash and bank balances		2,020	6,103
		39,658	41,435
<b>TOTAL ASSETS</b>		<b>48,583</b>	<b>52,967</b>
<b>EQUITY</b>			
Share capital		18,717	15,500
Share premium		6,526	9,500
Retained profit		9,565	17,231
Exchange fluctuation reserve		78	60
<b>Equity attributable to the shareholders of the Company</b>		34,886	42,291
Minority interest		105	68
<b>TOTAL EQUITY</b>		<b>34,991</b>	<b>42,359</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Hire purchase payables	20	-	98
Deferred tax liabilities		180	86
		180	184
<b>Current Liabilities</b>			
Trade payables		8,629	5,615
Other payables and accruals		4,623	3,291
Hire purchase payables	20	160	134
Short term borrowings	20	-	1,211
Tax payable		-	173
		13,412	10,424
<b>TOTAL LIABILITIES</b>		<b>13,592</b>	<b>10,608</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,583</b>	<b>52,967</b>
Net Assets per share (RM)		0.19	0.27

The Condensed Consolidated 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

**ADVANCE INFORMATION MARKETING BERHAD**

(Company No. 644769-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

(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 2008	15,500	9,500	60	17,231	42,291	68	42,359
Exchange Fluctuation Reserve	-	-	18	-	18	-	18
ESOS	97	146	-	-	243	-	243
Bonus Issued	3,120	(3,120)	-	-	-	-	-
Dividend Paid	-	-	-	(4,180)	(4,180)	(209)	(4,389)
Net profit for the year	-	-	-	(3,486)	(3,486)	246	(3,240)
Balance as at 31 December 2008	18,717	6,526	78	9,565	34,886	105	34,991

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 FOURTH QUARTER ENDED 31 DECEMBER 2008**  
(The figures have not been audited)

	Current Year To Date 31.12.2008 RM'000	Audited Financial Year Ended 31.12.2007 RM'000
<b>Cash flow from operating activities</b>		
(Loss)/ Profit before taxation	(2,854)	9,379
Adjustment for non-cash items	<u>3,247</u>	<u>959</u>
Operating profit before working capital changes	393	10,338
Net change in current asset & current liabilities	<u>6,426</u>	<u>(1,763)</u>
Cash generated from operations	6,819	8,575
Tax paid	(913)	(1,353)
Withholding tax paid	-	(66)
Interest paid on overdraft	-	(1)
Net cash generated from operating activities	<u>5,906</u>	<u>7,155</u>
<b>Net cash generated from/(used in) investing activities</b>	2,291	(7,373)
<b>Net cash used in financing activities</b>	(7,081)	(4,763)
<b>Net change in cash and cash equivalents</b>	<u>1,116</u>	<u>(4,981)</u>
<b>Effects of exchange rate changes</b>	22	(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>22,550</u></u>	<u><u>21,412</u></u>
<b>Analysed into:</b>		
<b>Short term deposit with licensed financial institutions</b>	20,530	15,309
<b>Cash and bank balances</b>	2,020	6,103
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,550</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 FOURTH QUARTER ENDED 31 DECEMBER 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**

Save as disclosed below, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows, of the Group that are unusual by reason of their nature, size or incidence during the current quarter:

As per our announcements on 22nd December 2008 and 20 February 2009, the financial losses suffered from the fire incident is estimated at RM5.3 million which we have fully provided for in the accounts for the financial year ended 31 December 2008.

**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 31 December 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**

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

**10. Contingent liabilities and contingent assets**

As at 31 December 2008, there were no contingent liabilities made.

**11. Segmental information**

The revenue and profit/(loss) before taxation of the Group for the fourth quarter ended 31 December 2008 ("Q4") 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	1,006	7,179	60	(345)	7,900
Singapore & others	-	1,574	-	-	1,574
	<u>1,006</u>	<u>8,753</u>	<u>60</u>	<u>(345)</u>	<u>9,474</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	273	(2,061)	(8)	-	(1,796)
Singapore & Others	-	(61)	-	-	(61)
	<u>265</u>	<u>(2,122)</u>	<u>-</u>	<u>-</u>	<u>(1,857)</u>

Exceptional losses

(5,327)

(7,184)

**12. Review of performance**

During the fourth quarter ended 31 December 2008, the Group achieved a revenue of RM9.5 million compared to RM14.6 million in the corresponding quarter last year. The significant drop in our revenue was due to reduction in revenue earned from our IT outsourcing services as many of our customers cut down IT spending during this difficult global recession.

Our gross profit and our gross profit margin are adversely affected by significant reduction in our IT outsourcing fee-based income, and a shift in our members redemption activities from merchandise redemption to cash rebates redemption.

The operating expenses during the fourth quarter ended 31 Dec 2008 was RM 2.4 million compared to RM 3.4 million in the corresponding quarter last year. This is due to the implementation of various cost savings measures and the realignment of our resources as a result of lower fee revenue from IT outsourcing activities. The exceptional loss of RM 5.3 million was due to the estimated financial losses suffered from the fire incident of our warehouse in Shah Alam.

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

As a result of the fire at the Group's warehouse and logistic centre in Shah Alam on 20 December 2008, the Group has made a provision of RM5.3 million as an exceptional loss.

**14. Prospects**

Due to the global recession and the weakening of the consumer spending, the Group expects to face a tough and challenging business environment for FY 2009.

**15. Profit forecast**

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

**16. Taxation**

	Current Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2008 RM'000
Current provision	<u>(62)</u>	<u>386</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 31 December 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	1,139	1,861	N/A
R & D expenditure	4,800	3,154	1,646	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>11,193</u>	<u>3,507</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 31 December were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	160	-	160
Long term borrowings			
- Local currency (RM)	-	-	-
Total	<u>160</u>	<u>-</u>	<u>160</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 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007	Current Year To Date 31.12.2008	Preceding Year Corresponding Period 31.12.2007
a) Net (loss)/profit attributable to equity holders of the parent for the period (RM'000)	(7,278)	2,427	(3,486)	8,058
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	187,169	155,000	167,849	155,000
Basic (loss)/earnings per share (sen)	<u>(3.89)</u>	<u>1.57</u>	<u>(2.08)</u>	<u>5.20</u>
b) Net (loss)/profit attributable to equity holders of the parent for the period (RM'000)	(7,278)	2,427	(3,486)	8,058
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	187,169	155,000	167,849	155,000
Effect of dilution ('000)	691	-	366	-
Adjusted Weighted average number of ordinary shares of RM0.10 each in issue ('000)	187,860	155,000	168,214	155,000
Fully Diluted (loss)/earnings per share (sen)	<u>(3.87)</u>	<u>1.57</u>	<u>(2.07)</u>	<u>5.20</u>