

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2009

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**
(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2009 RM'000	Preceding Year Corresponding Period 31.12.2008 RM'000
Revenue		13,844	8,376	46,155	46,279
Cost of sales		(12,719)	(8,066)	(41,035)	(32,438)
Gross profit		<u>1,125</u>	<u>310</u>	<u>5,120</u>	<u>13,841</u>
Operating expenses		(2,797)	(7,869)	(9,146)	(17,436)
Other operating income		1,454	265	2,948	660
Loss from operations		<u>(218)</u>	<u>(7,294)</u>	<u>(1,078)</u>	<u>(2,935)</u>
Finance cost		(3)	(16)	(6)	(45)
Loss before tax		<u>(221)</u>	<u>(7,310)</u>	<u>(1,084)</u>	<u>(2,980)</u>
Taxation	16	135	329	(11)	(119)
Loss after tax		<u>(86)</u>	<u>(6,981)</u>	<u>(1,095)</u>	<u>(3,099)</u>
Attributable to:					
Equity holders of the parent		(149)	(7,160)	(1,284)	(3,368)
Minority interest		63	179	189	269
Net profit/ (loss) for the period		<u>(86)</u>	<u>(6,981)</u>	<u>(1,095)</u>	<u>(3,099)</u>
Actual number of ordinary shares of RM0.10 each in issue ('000)					
- Basic loss per share (sen)	24	(0.08)	(3.81)	(0.69)	(2.01)
Weighted average number of ordinary shares of RM0.10 each in issue ('000)					
- Basic loss per share (sen)	24	(0.08)	(3.83)	(0.69)	(2.01)

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 2009
(The figures have not been audited)

	Note	As At End Of Current Quarter 31.12.2009 RM'000	Audited Financial Year Ended 31.12.2008 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		8,398	6,090
Investment in Associate company		-	1,378
Other Investment		45	45
Intangible assets - development expenditure		1,067	1,517
Deferred tax assets		99	72
		<u>9,609</u>	<u>9,102</u>
Current Assets			
Inventories		1,514	1,305
Trade receivables		9,788	10,166
Other receivables, deposits and prepayment		1,874	5,767
Assets Held for Sale		1,126	-
Short term deposits		21,628	20,600
Cash and bank balances		4,168	3,262
		<u>40,098</u>	<u>41,100</u>
TOTAL ASSETS		<u>49,707</u>	<u>50,202</u>
EQUITY			
Share capital		18,717	18,717
Share premium		6,639	6,639
Retained profit		8,465	9,749
Exchange fluctuation reserve		7	121
Equity attributable to the shareholders of the Company		<u>33,828</u>	<u>35,226</u>
Minority interest		123	128
TOTAL EQUITY		<u>33,951</u>	<u>35,354</u>
LIABILITIES			
Non-Current Liabilities			
Hire purchase payables	20	8	49
Deferred tax liabilities		133	132
		<u>141</u>	<u>181</u>
Current Liabilities			
Trade payables		13,569	10,142
Other payables and accruals		1,808	4,369
Hire purchase payables	20	41	41
Tax payable		197	115
		<u>15,615</u>	<u>14,667</u>
TOTAL LIABILITIES		<u>15,756</u>	<u>14,848</u>
TOTAL EQUITY AND LIABILITIES		<u>49,707</u>	<u>50,202</u>
Net Assets per share (RM)		0.1807	0.1882

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 FOURTH QUARTER ENDED 31 DECEMBER 2009
(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 2009	18,717	6,639	121	9,749	35,226	128	35,354
Exchange Fluctuation Reserve	-	-	(114)	-	(114)	-	(114)
Dividend Paid	-	-	-	-	-	(194)	(194)
Net (loss)/profit for the period	-	-	-	(1,284)	(1,284)	189	(1,095)
Balance as at 31 December 2009	<u>18,717</u>	<u>6,639</u>	<u>7</u>	<u>8,465</u>	<u>33,828</u>	<u>123</u>	<u>33,951</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 2008 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 2009**
(The figures have not been audited)

	Current Year To Date 31.12.2009 RM'000	Audited Financial Year Ended 31.12.2008 RM'000
Cash flow from operating activities		
Loss before taxation	(1,084)	(2,980)
Adjustment for non-cash items	338	6,989
Operating (loss)/profit before working capital changes	(746)	4,009
Net change in current asset & current liabilities	4,391	6,591
Cash generated from operations	3,645	10,600
Tax paid	(203)	(841)
Withholding tax paid	-	(89)
Net cash generated from operating activities	3,442	9,670
Net cash used in investing activities	(1,104)	(2,034)
Net cash used in financing activities	(241)	(5,223)
Net change in cash and cash equivalents	2,097	2,413
Effects of exchange rate changes	(163)	37
Cash and cash equivalents at the beginning of the period	23,862	21,412
Cash and cash equivalents at the end of the period	<u>25,796</u>	<u>23,862</u>
Analysed into:		
Short term deposit with licensed financial institutions	21,628	20,600
Cash and bank balances	4,168	3,262
Cash and cash equivalents at the end of the period	<u>25,796</u>	<u>23,862</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009

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 ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2008. 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 2008.

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 2008.

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 2008 were not subject to any qualification.

3. Seasonality or cyclicity

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

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

There were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows of the Group that were unusual by reason of their nature, size or incidence during the current quarter.

5. Changes in Estimates

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

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, 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 on the current quarter's financial statements

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

There were no material events subsequent to the financial quarter ended 31 December 2009 which were 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 composition of the Group for the current quarter under review.

10. Contingent liabilities and contingent assets

As at 31 December 2009, 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 2009 ("Q4") were 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	100	11,376	67	(345)	11,198
Singapore & others	-	2,646	-	-	2,646
	<u>100</u>	<u>14,022</u>	<u>67</u>	<u>(345)</u>	<u>13,844</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	(537)	464	28	(45)
Singapore & Others	-	(176)	-	(176)
	<u>(537)</u>	<u>288</u>	<u>28</u>	<u>(221)</u>

12. Review of performance

During the quarter ended 31 December 2009, the Group recorded an unaudited sales revenue of RM13.8 mil compared to RM8.4 mil of the preceding year corresponding quarter. Our gross profit for the quarter was RM 1.1 mil compared to RM 0.3 mil in the preceding year corresponding quarter. The higher sales revenue was mainly due to higher redemption rate during year end prior to point expiry in most programs.

The operating expenses during the quarter was significantly lower at RM2.8 mil as compared to the preceding year corresponding quarter. This was due to the fire incident which happened in the preceding year corresponding quarter and a fire loss of RM5.3 mil was provided.

The Group generated revenue of RM46.2mil and a loss before tax of RM1.1mil for the FYE 31 December 2009, as compared to the revenue of RM46.3mil and a loss before tax of RM3.0mil for the FYE 31 December 2008. The decrease in loss before tax was mainly due to FYE 31 December 2008's estimated financial losses of RM5.3mil suffered from a fire incident. Gross profit margin for the year decreased from 30% in 2008 to 11% in 2009 mainly due to redemption of low margin products and a reduction in fee-based revenue from Licensing & Data Management.

13. Material Changes in The Profit/ (Loss) Before Tax As Compared To the Preceding Quarter

The Group recorded an unaudited loss before tax of RM0.2 mil in the current quarter as compared to profit before tax of RM0.1mil in the preceding quarter ended 30 September 2009 after taking into account the diminution in value of the investment in Customer Loyalty Solutions (Shanghai) Co. Ltd, PRC China amounting to RM0.2 mil. The disposal of the investment was announced on 28 December 2009 and is pending approval from the authorities.

14. Prospects

The continuous cut back on corporate spending on loyalty marketing and our customers preference for instant redemptions and gift vouchers will continue to be a major challenge to the Group's revenue and profitability. The Group has set up a task force to explore new business initiatives and will continue with our cost reduction exercise.

15. Profit forecast

The Group did not disclose or announce any profit forecast or profit guarantee in any public document in the financial quarter ended 31 December 2009.

16. Taxation

	Current Quarter 31.12.2009 RM'000	Current Year To Date 31.12.2009 RM'000
Current provision	<u>(135)</u>	<u>11</u>

The effective tax rate of the Company is lower than the statutory rate applicable mainly due to the Multimedia Super Corridor ("MSC") status granted by the Multimedia Development Corporation. The pioneer status entitles the company five years exemption from Malaysian Income tax (only on income derived from MSC related activities) expiring on 29 September 2014.

17. Unquoted investments and/or properties

There were 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 and financial year to date.

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

19. a) Status of corporate proposals announced

Save as disclosed, there were no corporate proposals announced but not completed as at the date not earlier than 7 days from the date of announcement:-

-The Company had announced on 28 December 2009 the disposal of investment of 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 USD328,240. The disposal is still pending approval from authorities.

b) Utilisation of proceeds

The Company raised RM14.7 mil during its Initial Public Offering exercise in April 2006 and the details of the utilisation of proceeds up to 31 December 2009 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	1,253	1,747	N/A
R & D expenditure	4,800	3,817	983	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>11,970</u>	<u>2,730</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 2009 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	41	-	41
Long term borrowings			
- Local currency (RM)	8	-	8
Total	<u>49</u>	<u>-</u>	<u>49</u>

21. Off balance sheet financial instruments

As at the latest practicable date, there were no off balance sheet financial instruments entered into by the Group.

22. Material litigation

As at the latest practicable date, 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 31.12.2009	Preceding Year Corresponding Quarter 31.12.2008	Current Year To Date 31.12.2009	Preceding Year Corresponding Period 31.12.2008
a) Net loss attributable to equity holders of the parent for the period (RM'000)	(149)	(7,160)	(1,284)	(3,368)
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>187,169</u>	<u>187,169</u>	<u>187,169</u>	<u>167,849</u>
- Basic loss per share (sen)	(0.08)	(3.83)	(0.69)	(2.01)
Actual number of ordinary shares of RM0.10 each in issue ('000)	<u>187,169</u>	<u>187,860</u>	<u>187,169</u>	<u>167,849</u>
- Basic loss per share (sen)	(0.08)	(3.81)	(0.69)	(2.01)