

ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2010

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	Note	Individual Quarter (Restated)		Cumulative Quarter (Restated)	
		Current Quarter 30.9.2010 RM'000	Preceding Year Corresponding Quarter 30.9.2009 RM'000	Current Year To Date 30.9.2010 RM'000	Preceding Year Corresponding Period 30.9.2009 RM'000
Revenue		6,405	10,163	19,690	32,311
Cost of sales and services		(5,521)	(9,277)	(15,452)	(28,316)
Gross profit		884	886	4,238	3,995
Administrative and other expenses		(1,545)	(2,037)	(4,832)	(6,349)
Other income		93	1,271	427	1,494
Operating profit/ (loss)		(568)	120	(167)	(860)
Finance costs		2	(2)	1	(3)
Profit/ (loss) before taxation		(566)	118	(166)	(863)
Taxation	16	53	(81)	(188)	(146)
Profit/ (loss) after tax for the period		(513)	37	(354)	(1,009)
Other comprehensive income					
Fair Value Reserve		83	-	140	-
Exchange Fluctuation Reserve		134	-	113	27
Total comprehensive income/ (loss) for the period		(296)	37	(101)	(982)
Profit/ (loss) for the period attributable to:					
Owners of the parent		(542)	(20)	(439)	(1,135)
Minority Interest		29	57	85	126
		(513)	37	(354)	(1,009)
Total comprehensive income attributable to:					
Owners of the parent		(325)	(20)	(186)	(1,108)
Minority Interest		29	57	85	126
		(296)	37	(101)	(982)
Earnings/ (loss) per share :-					
- Basic (sen)	24	(0.29)	(0.01)	(0.23)	(0.61)
- Diluted (sen)	24	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

The annexed notes are an integral part of this statement.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010
(The figures have not been audited)

	Note	As At End Of Current Quarter 30.9.2010 RM '000	(Restated) Audited Financial Year Ended 31.12.2009 RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,332	8,503
Other investments		3,632	3,589
Intangible assets - development expenditure		690	1,017
Deferred tax assets		99	99
		<u>7,753</u>	<u>13,208</u>
Current Assets			
Inventories		305	1,332
Trade receivables		4,000	9,801
Other receivables, deposits and prepayments		4,377	495
Tax recoverable		1,208	1,195
Short term deposits		20,208	20,731
Cash and bank balances		2,865	1,628
		<u>32,963</u>	<u>35,182</u>
Non-current asset classified as held for sale		4,404	1,126
TOTAL ASSETS		<u><u>45,120</u></u>	<u><u>49,516</u></u>
EQUITY			
Share capital		18,717	18,717
Share premium		6,639	6,639
Retained profit		7,995	8,434
Treasury Shares		(3,070)	-
Other reserves		301	11
Equity attributable to the shareholders of the Co		<u>30,582</u>	<u>33,801</u>
Minority Interest		219	134
TOTAL EQUITY		<u><u>30,801</u></u>	<u><u>33,935</u></u>
LIABILITIES			
Non-Current Liabilities			
Hire purchase payable	20	6	18
Current Liabilities			
Trade payables		11,880	13,792
Other payables and accruals		2,279	1,741
Hire purchase payable	20	20	30
Tax payable		134	-
		<u>14,313</u>	<u>15,563</u>
TOTAL LIABILITIES		<u><u>14,319</u></u>	<u><u>15,581</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>45,120</u></u>	<u><u>49,516</u></u>
Net Assets per share (RM)		0.1646	0.1813

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

ADVANCE INFORMATION MARKETING BERHAD

(Company No. 644769-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

(The figures have not been audited)

For the nine months ended 30 September 2010

	Attributable to owners of the parent								
	Ordinary Shares RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 January 2010	18,717	6,639	11	-	-	8,434	33,801	134	33,935
Before the adoption of FRS 139	-	-	-	37	-	-	37	-	37
Effects on the adoption of FRS 139	18,717	6,639	11	37	-	8,434	33,838	134	33,972
After the adoption of FRS 139									
Total comprehensive income for the period	-	-	113	140	(3,070)	(439)	(3,256)	85	(3,171)
Balance as at 30 September 2010	18,717	6,639	124	177	(3,070)	7,995	30,582	219	30,801

For the nine months ended 30 September 2009

	Attributable to owners of the parent								
	Ordinary Shares RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 January 2009	18,717	6,639	121	-	-	9,749	35,226	128	35,354
Total comprehensive income for the period	-	-	27	-	-	(1,135)	(1,108)	126	(982)
Balance as at 30 September 2009	18,717	6,639	148	-	-	8,614	34,118	254	34,372

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	Current Year To Date 30.9.2010 RM'000	Audited Financial Year Ended 31.12.2009 RM'000
Cash flow from operating activities		
Profit/(Loss) before taxation	(166)	(1,218)
Adjustment for non-cash items	1,201	609
Operating profit/(loss) before working capital changes	1,035	(609)
Net change in current asset & current liabilities	1,573	4,874
Cash generated from operations	2,608	4,265
Tax paid	(66)	(257)
Net cash generated from operating activities	2,542	4,008
Net cash generated from/(used in) investing activities	(2,053)	(5,327)
Net cash used in financing activities	(21)	(243)
Net change in cash and cash equivalents	468	(1,562)
Effects of exchange rate changes	246	59
Cash and cash equivalents at the beginning of the period	22,359	23,862
Cash and cash equivalents at the end of the period	23,073	22,359
Analysed into:		
Short term deposit with licensed financial institutions	20,208	20,731
Cash and bank balances	2,865	1,628
Cash and cash equivalents at the end of the period	23,073	22,359

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

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 paragraph 9.22 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 2009. 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 2009.

Changes in Accounting Policies

Save as disclosed below, all significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those applied in the audited financial statements for the financial year ended 31 December 2009.

The Group has adopted the following new and revised FRSS, Issues Committee ("IC") Interpretations and amendments to FRSS and IC Interpretations which are relevant to the Group's operations with effect from 1 January 2010 :-

FRS 7 Financial Instruments : Disclosures
FRS 8 Operating Segments
FRS 101 Presentation of Financial Statements (Revised)
FRS 123 Borrowing Costs (Revised)
FRS 127 Consolidated and Separate Financial Statements (Revised)
FRS 139 Financial Instruments : Recognition and Measurement
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
Amendment to FRS 1, First-time Adoption of Financial Reporting Standards
Amendment to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7, Financial Instruments : Disclosures
Amendment to FRS 8, Operating Segments
Amendment to FRS 107, Statement of Cash Flows
Amendment to FRS 108, Accounting Policies, Changes in Accounting Estimates or Errors
Amendment to FRS 110, Events After the Reporting Period
Amendment to FRS 116, Property, Plant and Equipment
Amendment to FRS 117, Leases
Amendment to FRS 118, Revenue
Amendment to FRS 123, Borrowing Costs
Amendment to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132, Financial Instruments : Presentation
Amendment to FRS 134, Interim Financial Reporting
Amendment to FRS 136, Impairment of Assets
Amendment to FRS 138, Intangible Assets
Amendment to FRS 139, Financial Instruments : Recognition and Measurement

The adoption of the new and revised FRSS, amendments to FRSS and the IC Interpretations has resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as described hereunder :-

(a) FRS 101, Presentation of Financial Statements (Revised)

Prior to 1 January 2010, the components of a set of financial statements consisted of a balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, a set of financial statements shall now comprise a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income.

The comparative financial information on the consolidated statement of comprehensive income have been re-presented as summarised below so that it is in conformity with the revised standard :-

	<u>Consolidated Income Statement</u>	Effects on adoption of FRS 101 RM'000	<u>Consolidated Statement of Comprehensive Income</u>
	As previously reported RM'000		As restated RM'000
Profit for the period	37	-	37
Other comprehensive income			
Exchange fluctuation reserve	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>37</u>

(b) FRS 139 – Financial Instruments : Recognition and Measurement

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below :-

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments. A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument. An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial assets

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. This category of financial assets is classified as current assets unless the maturities are greater than twelve months in which case they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity securities and unquoted investment that are not held for trading. Available-for-sale financial assets are measured at fair value with gain or loss recognised in other comprehensive income.

(iii) Financial liabilities

Financial liabilities of the Group comprise trade and other payables and borrowings. All financial liabilities are subsequently measured at amortised cost using effective interest method.

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group's financial instruments are as follows :-

Other investments

Prior to 1 January 2010, other investments were stated at cost and are written down when the directors consider that there is a decline other than temporary in the value of such investments. With the adoption of FRS 139, such investments are now categorised as available-for-sale financial assets and measured at fair value through other comprehensive income.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted. Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding quarter ended 30 September 2009.

The effects on adoption of FRS 139 on the opening reserves of the Group and other items of the consolidated statement of financial position as at 1 January 2010 are as follows :-

	Balance as at 1 January 2010 before the adoption of FRS 139	Effects on adoption of FRS 139	Balance as at 1 January 2010 after the adoption of FRS 139
Available-for-sale investments	3,589	37	3,626
Fair Value Reserve	-	37	37

The adoption of other new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

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 2009 were not subject to any qualification.

3. Seasonality or cyclical

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, except for following:

Treasury Shares

During the quarter under review, the Company repurchased 16,490,500 of its ordinary shares from the open market at an average price of RM0.1861 per share.

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 30 September 2010 which were likely to substantially affect the results of the operations of the Company.

9. Change in the composition of the group

17 August 2010, AIM acquired Pride Group Limited ("PGL") a company incorporated in British Virgin Islands on 27 July 2010 with an authorised share capital of USD 50,000 divided into 50,000 shares of USD1.00 each.

AIM has subscribed for Fifty Thousand (50,000) shares of the USD1.00 each in the capital of PGL representing the entire issued and paid-up share capital of PGL for a total cash consideration of USD50,000 only ("the Subscription"). With the Subscription, PGL has become a wholly-owned subsidiary of AIM.

PGL is currently dormant and its intended business is to operate as an investment holding company.

10. Contingent liabilities and contingent assets

As at 30 September 2010, there were no contingent liabilities made.

11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the third quarter ended 30 September 2010 ("Q3") 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	348	4,707	61	(345)	4,771
Singapore & others	-	1,634	-	-	1,634
	<u>348</u>	<u>6,341</u>	<u>61</u>	<u>(345)</u>	<u>6,405</u>
SEGMENT PROFIT/ (LOSS)	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	(282)	(269)	32		(519)
Singapore & Others	-	(47)	-		(47)
	<u>(282)</u>	<u>(316)</u>	<u>32</u>		<u>(566)</u>

12. Review of performance

During the quarter ended 30 Sept 2010, the Group recorded an unaudited sales revenue of RM6.4 million compared to RM10.1 million of the preceding year corresponding quarter. This was due to the ending of some redemption programs as the consequent of clients shifting their reward patterns.. The current year to date sales revenue of RM19.7 million reduced by RM12.6 million compared to preceding year to date was due to the same reason stated above.

The operating expenses during the quarter was lower by RM0.5 mil as compared to the preceding year corresponding quarter. This was due to the management effort in controlling the expenses.

Other operating income reduced by RM1.2 mil attributable to the write back of fire insurance provision amounting to RM1.1 mil during the preceding year corresponding quarter.

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

The Group recorded an unaudited loss before tax of RM0.55 mil in the current quarter as compared to profit before tax of RM0.17 mil in the preceding quarter. The variance was due mainly to lower margin as explained in Note 12 above.

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 30 September 2010.

16. Taxation

	Current Quarter 30.9.2010 RM'000	Current Year To Date 30.9.2010 RM'000
Current provision	<u>(53)</u>	<u>188</u>

The effective tax rate of the Group was higher than the statutory tax rate as some subsidiaries were incurring losses.

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) Investments in quoted securities as at 30 September 2010 are stated at fair value as at 30 September 2010.

	Original cost per share SGD	Carrying Value/ Market Value per share as at 30 September 2010 SGD
DBS 6%NCPS	104.38	104.00
UOB 5.05%NCPS 100 1X34	100.00	106.08
OCBC 5.1%NCPS 100 1W95	<u>100.97</u>	<u>106.68</u>

19. a) Status of corporate proposals announced

The corporate proposals announced but not completed are as following:

1) disposal of a warehouse cum two storey office by Advanced Supply Chain Solutions Sdn Bhd, a wholly owned subsidiary of AIM for a total cash consideration of RM6,600,000-00 as per announcement on 14th September 2010.

2) announcements dated 25 August 2010, 20 September 2010, 29 September 2010 and 13 October 2010 in relation to bonus issue of up to 62,389,600 new ordinary shares of RM0.10 each in AIM on the basis of one (1) bonus share for every three (3) existing ordinary shares of RM0.10 each held in AIM has completed on 14 October following the listing of and quotation for 56,892,766 new AIM Shares on the ACE Market of Bursa Malaysia Securities Berhad.

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 30 September 2010 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	3,980	820	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>12,133</u>	<u>2,567</u>	

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

20. Group borrowings

Total Group borrowings as at 30 September 2010 were as follows :-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	20	-	20
Long term borrowings			
- Local currency (RM)	6	-	6
Total	<u>26</u>	<u>-</u>	<u>26</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 30.9.2010	Preceding Year Corresponding Quarter 30.9.2009	Current Year To Date 30.9.2010	Preceding Year Corresponding Period 30.9.2009
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	(542)	(20)	(439)	(1,135)
Actual number of ordinary share of RM0.10 each in issue ('000)	<u>187,169</u>	<u>187,169</u>	<u>187,169</u>	<u>187,169</u>
- Basic earnings per share (sen)	(0.29)	(0.01)	(0.23)	(0.61)
- Diluted earnings per share (sen)*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Fully Diluted earnings per share were not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.