

# **ADVANCE INFORMATION MARKETING BERHAD**

**(Company No 644769-D)**

**(Incorporated in Malaysia)**

**FINANCIAL REPORT FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2011**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To Date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Revenue		2,412	6,405	10,753	19,690
Cost of sales and services		(2,094)	(5,521)	(9,610)	(15,452)
Gross profit		<u>318</u>	<u>884</u>	<u>1,143</u>	<u>4,238</u>
Administrative and other expenses		(998)	(1,545)	(2,578)	(4,832)
Other income	12	3,162	93	3,575	427
Operating profit/ (loss)		<u>2,482</u>	<u>(568)</u>	<u>2,140</u>	<u>(167)</u>
Finance costs		1	2	(4)	1
Profit/ (loss) before taxation		<u>2,483</u>	<u>(566)</u>	<u>2,136</u>	<u>(166)</u>
Taxation	16	-	53	-	(188)
Profit/ (loss) after tax for the period		<u>2,483</u>	<u>(513)</u>	<u>2,136</u>	<u>(354)</u>
Other comprehensive income					
Fair Value Reserve		(547)	83	(10)	140
Exchange Fluctuation Reserve		(270)	134	(136)	113
Total comprehensive income/ (loss) for the period		<u>1,666</u>	<u>(296)</u>	<u>1,990</u>	<u>(101)</u>
Profit/ (loss) for the period attributable to:					
Owners of the parent		2,485	(540)	2,140	(437)
Non-controlling interest		(2)	27	(4)	83
		<u>2,483</u>	<u>(513)</u>	<u>2,136</u>	<u>(354)</u>
Total comprehensive income attributable to:					
Owners of the parent		1,668	(323)	1,994	(184)
Non-controlling interest		(2)	27	(4)	83
		<u>1,666</u>	<u>(296)</u>	<u>1,990</u>	<u>(101)</u>
Earnings/ (loss) per share :-					
- Basic (sen)	25	1.14	(0.29)	0.98	(0.23)
- Diluted (sen)		-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2011**

		<b>UNAUDITED</b>	<b>AUDITED</b>
		<b>As at</b>	<b>As at</b>
		<b>30.09.2011</b>	<b>31.12.2010</b>
	Note	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	12	2,615	3,693
Other investments	18	3,098	3,612
Intangible assets - development expenditure		351	596
Deferred tax assets		68	64
		<u>6,132</u>	<u>7,965</u>
<b>Current Assets</b>			
Inventories	12	948	1,446
Trade receivables	12	927	5,029
Other receivables, deposits and prepayments	12	2,700	4,701
Tax recoverable		176	1,061
Short term deposits		20,184	13,965
Cash and bank balances		2,071	10,273
		<u>27,006</u>	<u>36,475</u>
<b>Non-current asset classified as held for sale</b>		-	-
<b>TOTAL ASSETS</b>		<u><u>33,138</u></u>	<u><u>44,440</u></u>
<b>EQUITY</b>			
Share capital		24,406	24,406
Share premium		896	896
Retained profit	24	11,411	9,271
Treasury Shares		(4,058)	(4,058)
Other reserves		(184)	(38)
<b>Equity attributable to the shareholders of the Company</b>		<u>32,471</u>	<u>30,477</u>
Non-controlling interest		-	48
<b>TOTAL EQUITY</b>		<u><u>32,471</u></u>	<u><u>30,525</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	12	176	12,270
Other payables and accruals	12	391	1,597
Hire purchase payable		-	21
Tax payable		100	27
		667	13,915
<b>TOTAL LIABILITIES</b>		<u>667</u>	<u>13,915</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>33,138</u></u>	<u><u>44,440</u></u>
		-	-
Net Assets per share (RM)		0.1330	0.1251

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

For the nine months ended 30 September 2011

	Attributable to owners of the parent								
	Ordinary Shares RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2011	24,406	896	(4,058)	(140)	102	9,271	30,477	48	30,525
Proceeds from disposal of investment in subsidiary						2,540	2,540	(44)	2,496
Total comprehensive income for the period	-	-	-	(136)	(10)	(400)	(546)	(4)	(550)
Balance as at 30 September 2011	24,406	896	(4,058)	(276)	92	11,411	32,471	-	32,471

For the nine months ended 30 September 2010

	Attributable to owners of the parent								
	Ordinary Shares RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2010									
Before the adoption of FRS 139	18,717	6,639		11	-	8,434	33,801	134	33,935
Effects on the adoption of FRS 139	-				37		37		37
After the adoption of FRS 139									
Total comprehensive income for the period	-	-	113	140	(3,070)	(437)	(3,254)	83	(3,171)
Balance as at 30 September 2010	18,717	6,639		151	(3,033)	7,997	30,584	217	30,801

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

	Current Year To Date 30.09.2011 RM'000	Audited Financial Year Ended 31.12.2010 RM'000
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	2,136	(915)
Adjustment for non-cash items	23	956
Operating profit/(loss) before working capital changes	<u>2,159</u>	<u>41</u>
Net change in current asset & current liabilities	<u>(523)</u>	<u>(1,160)</u>
Cash generated from operations	1,636	(1,119)
Tax paid	<u>450</u>	<u>32</u>
Net cash generated from operating activities	2,086	(1,087)
<b>Net cash generated from/(used in) investing activities</b>	(4,417)	7,085
<b>Net cash used in financing activities</b>	(21)	(4,141)
<b>Net change in cash and cash equivalents</b>	<u>(2,352)</u>	<u>1,857</u>
<b>Effects of exchange rate changes</b>	369	22
<b>Cash and cash equivalents at the beginning of the period</b>	24,238	22,359
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,255</u></u>	<u><u>24,238</u></u>
<b>Analysed into:</b>		
<b>Short term deposit with licensed financial institutions</b>	20,184	13,965
<b>Cash and bank balances</b>	2,071	10,273
<b>Cash and cash equivalents at the end of the period</b>	<u><u>22,255</u></u>	<u><u>24,238</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

**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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2010. 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 2010.

**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 2010.

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 2011 :

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 5	Non current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary
Amendments to FRS 7	Financial Instruments : Disclosures - Improving disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments : Presentation - Classification of Rights Issues
Amendments to FRS 138	Intangible Assets - Additional consequential amendments arising from revised FRS3
IC Interpretation 4	Determining whether an Arrangement contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives - Scope of IC Interpretation 9 and revised FRS 3
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to FRSs Classified as "Improvement to FRSs (2010)"	

The adoption of the FRSs and Interpretations is not expected to have any material impact on the financial statements of the Group and of the Company other than as discussed below :-

**(a) FRS 3, Business Combinations (Revised)**

The revised FRS 3 will result in a change in the accounting for business combinations occurring on or after 1 July 2010. The principal changes are as follows :-

- Definitions of a "business" and a "business combination" have been amended and additional guidance was added for identifying when a group of assets constitutes a business.
- Minority interest (which will be known as non-controlling interest) must be measured either at fair value or at its proportionate share of the acquiree's net identifiable assets.
- Recognition of contingencies acquired in a business combination that do not meet the definition of liability is no longer permitted.
- Costs incurred in connection with a business combination must be accounted for separately from the business

combination, which usually means that they are recognised as an expense rather than included in goodwill.

- Contingent consideration will be measured and recognised at fair value at the acquisition date and subsequent changes in fair value of contingent considerations classified as liabilities are recognised in accordance with FRS 139, FRS 137 or other FRSs as appropriate, rather than by adjusting goodwill.

The Group will apply the revised FRS 3 prospectively in accordance with the transitional provisions of the revised Standard to business combinations for which the acquisition date is on or after 1 July 2010.

**(b) FRS 127, Consolidated and Separate Financial Statements (Revised)**

Main amendments made to FRS 127 are as follows :-

- The term "minority interest" will be replaced by the term "non-controlling interest".
- The total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Currently, excess losses are allocated to the owners of the parent, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.
- Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control shall be accounted for as equity transactions. There are no requirements for such transactions in the current FRS.

The revised FRS 127 is not expected to have any material impact on the Group upon its initial application.

**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 2010 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 were unusual by reason of their nature, size or incidence during the current quarter which affected the assets, liabilities, equity, net income or cash flows of the Group.

**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 30 September 2011 which were likely to substantially affect the results of the operations of the Company.

**9. Change in the composition of the group**

On 7 July 2011, AIM entered into a Sale and Purchase Agreement ("SPA") with Regular Accomplishment Sdn Bhd ("RASB") to dispose of its 100.0% equity interest in Customer Loyalty Solutions Sdn Bhd ("CLS") comprising 1,600,000 ordinary shares of RM1.00 each for a total cash consideration of RM25,000 ("Disposal").

Consequently CLS ceased to be a subsidiary of AIM and Elite Relationship Management Sdn Bhd ("ERM"), a subsidiary of CLS, also ceased to be a sub-subsidiary of AIM.

**10. Contingent liabilities and contingent assets**

As at 30 September 2011, there were no contingent assets and liabilities.



**11. Segmental information**

The revenue and profit/(loss) before taxation of the Group for the third quarter ended 30 September 2011 ("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	293	815	73	(180)	1,001
Singapore & others	-	1,411	-	-	1,411
	<u>293</u>	<u>2,226</u>	<u>73</u>	<u>(180)</u>	<u>2,412</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	563	1,861	52	2,476
Singapore & Others	-	7	-	7
	<u>563</u>	<u>1,868</u>	<u>52</u>	<u>2,483</u>

**12. Review of performance**

During the quarter ended 30 September 2011, the Group recorded an unaudited sales revenue of RM2.41 million compared to RM6.41 million in the preceding year corresponding quarter. This was due to the expiry and non-renewal of various redemption contracts.

The operating expenses during the quarter was lower by RM0.55 mil as compared to the preceding year corresponding quarter. This was due to the management's effort in controlling costs. Other Income rose to RM3.16 mil due to interest income and gain on disposal of a wholly owned subsidiary, Customer Loyalty Solutions Sdn Bhd ("CLS").

Following the disposal of CLS, the financial statement of CLS was no longer consolidated into the Group's accounts. As a result certain items of the Consolidated Statement of Financial Position were impacted as compared to the position as at 31 December 2010.

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

The Group recorded an unaudited profit before tax of RM2.48 mil in the current quarter as compared to loss before tax of RM0.52 mil in the preceding quarter. The variance is due to the gain on disposal of CLS amounting to RM2.54 mil.

**14. Prospects**

Continuous cut back on corporate spending on loyalty marketing by the Group's local clients coupled with customers' preference for instant redemptions and gift vouchers will continue to exert pressure on the Group's revenue and profitability. However, it is anticipated that the revenue would stabilise at the current level.

The Group is actively expanding its overseas operations while exploring new business initiatives

**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 2011.

**16. Taxation**

	Current Quarter 30.09.2011 RM'000	Current Year To Date 30.09.2011 RM'000
Current provision	<u>-</u>	<u>-</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 was a disposal of quoted securities for the current quarter whereby DBS bank has redeemed all its SGD1.1 billion 6% NCPS, which were cancelled upon redemption.

(b) Investments in quoted securities as at 30 September 2011 were stated at fair value as at 30 September 2011 as follows:

	Original cost per share SGD	Carrying Value/ Market Value per share as at 30 September 2011 SGD
DBS 6%NCPS (fully redeemed)	104.38	-
UOB 5.05%NCPS 100 1X34	100.00	105.00
OCBC 5.1%NCPS 100 1W95	100.97	105.52
	<u>100.97</u>	<u>105.52</u>

**19. Status of corporate proposals & utilization of proceeds**

The Group has fully utilised its proceeds raised from the Group's Initial Public Offering on 28 March 2011.

**20. Group borrowings**

There was no bank borrowing as at 30 September 2011 by the Group.

**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 plaintiff or defendant and the directors do not have any knowledge of any pending proceeding or threat 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. Realised and Unrealised Profit / Losses**

The breakdown of retained profit into realised and unrealised profits as at the reporting period as follows:-

	30.09.2011 RM'000	31.12.2010 RM'000
Total retained profits		
- Realised	9,815	10,161
- Unrealised	(15)	(15)
	<u>9,800</u>	<u>10,146</u>
Less: consolidation adjustments	1,611	(875)
Total retained profits	<u>11,411</u>	<u>9,271</u>

**25. 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 30.09.2011	Preceding Year Corresponding Quarter 30.09.2010	Current Year To Date 30.09.2011	Preceding Year Corresponding Period 30.09.2010
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	2,485	(540)	2,140	(437)
Weighted average number share of RM0.10 each in issue ('000)	<u>218,233</u>	<u>187,169</u>	<u>218,233</u>	<u>187,169</u>
- Basic earnings per share (sen)	1.14	(0.29)	0.98	(0.23)
- Diluted earnings per share (sen)*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Fully diluted earnings per share was not computed as there was no outstanding ordinary share to be issued as at the end of the reporting period.