ADVANCE INFORMATION MARKETING BERHAD

(Company No 644769-D)

(Incorporated in Malaysia)

FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 2011

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Revenue		1,941	4,036	12,694	23,726
Cost of sales and services		(1,516)	(4,030)	(11,126)	(19,482)
Gross profit		425	6	1,568	4,244
Other income		(201)	2,329	3,374	2,756
Administrative and other operating expens		(3,749)	(1,251)	(6,327)	(6,083)
Operating (loss)/profit		(3,525)	1,084	(1,385)	917
Finance costs		3	(3)	(1)	(2)
(Loss)/Profit before taxation	16	(3,522)	1,081	(1,386)	915
Taxation	17	(51)	24	(51)	(164)
(Loss)/Profit after tax for the period		(3,573)	1,105	(1,437)	751
Other comprehensive income					
Fair value reserve		40	(76)	30	64
Exchange fluctuation reserve		172	(265)	36	(152)
Total comprehensive (loss)/income for the period		(3,361)	764	(1,371)	663
(Loss)/Profit for the period attributable to:					
Owners of the Company		(3,573)	1,276	(1,433)	837
Non-controlling interest		-	(171)	(4)	(86)
		(3,573)	1,105	(1,437)	751
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(3,361)	935	(1,367)	749
Non-controlling interest		-	(171)	(4)	(86)
		(3,361)	764	(1,371)	663
Earnings/ (loss) per share :-					
- Basic (sen)	24	(1.62)	0.66	(0.65)	0.43
- 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 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 31 DECEMBER 2011

	Note	UNAUDITED As at 31.12.2011 RM'000	AUDITED As at 31.12.2010 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		2,178	3,693
Other investments		3,112	3,612
Intangible assets - development expenditure		-	596
Deferred tax assets		15	64
		5,305	7,965
Current Assets			
Inventories		1,260	1,446
Trade receivables		1,041	5,029
Other receivables, deposits and prepayments		464	4,701
Tax recoverable		250	1,061
Short term deposits		20,744	13,965
Cash and bank balances		611	10,273
		24,370	36,475
TOTAL ASSETS		29,675	44,440
EQUITY			
Share capital		24,406	24,406
Share premium		896	896
Retained profit	23	7,838	9,271
Treasury Shares		(4,058)	(4,058)
Other reserves		28	(38)
Equity attributable to the shareholders of the Company		29,110	30,477
Non-controlling interest		-	48
TOTAL EQUITY		29,110	30,525
LIABILITIES			
Current Liabilities			
Trade payables		98	12,270
Other payables and accruals		460	1,597
Hire purchase payable		-	21
Tax payable		7	27
		565	13,915
TOTAL LIABILITIES		565	13,915
TOTAL EQUITY AND LIABILITIES		29,675	44,440
		-	-
Net Assets per share (RM)		0.1193	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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

For the twelve months ended 31 December 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
Total comprehensive income for the period	-	-	-	36	30	(1,433)	(1,367)	(4)	(1,371)
Disposal of a subsidiary	-	-	-	-	-	-	-	(44)	(44)
Balance as at 31 December 2011	24,406	896	(4,058)	(104)	132	7,838	29,110	-	29,110
									-

For the twelve months ended 31 December 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									
Bonus issue of approximately 1 ordinary share for every 3 existing ordinary shares	5,689	(5,689)					-	-	-
Shares repurchased			(4,058)				(4,058)	-	(4,058)
Total comprehensive income for the period	-	(54)	-	(151)	65	837	697	(86)	611
Balance as at 31 December 2010	24,406	896	(4,058)	(140)	102	9,271	30,477	48	30,525

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 FOURTH QUARTER ENDED 31 DECEMBER 2011

	Current Year To Date 31.12.2011 RM'000	Audited Financial Year Ended 31.12.2010 RM'000
Cash flow from operating activities		
(Loss)/Profit before taxation	(1,386)	915
Adjustment for non-cash items		
Depreciation of property, plant & equipment	666	1,036
Property, plant and equipment written off	295	142
(Gain)/loss on disposal of property, plant & equipment	-	(1,674)
Amortisation of intangible assets	315	421
Gain on disposal of subsidiaries	(2,565)	-
Loss on disposal of AFS investment	27	-
Loss on disposal of investment in associated company	-	63
Unrealised loss on foreign exchange	18	79
Allowance for impairment loss on trade receivables	33	64
Allowance for impairment loss on other receivables	2,264	
Allowance for impairment loss on intangible assets	281	-
Inventories written off	89	-
Bad debt recovered	(1)	-
Reversal of allowance for obsolete and slow moving inventories	-	(307)
Foreign exchange differences	-	10
Interest expense on hire purchase	2	2
Interest income on short term deposits		
- Interest Income on short term deposits	(596)	(539)
- Interest income	-	-
- Dividend Income	(165)	(177)
Reversal of impairment loss on treade receivables	-	-76
Operating profit/(loss) before working capital changes	(723)	(41)
Net change in current asset & current liabilities		
Decrease/ (Increase) in inventories	(345)	609
Decrease / (Increase) in trade receivables	(823)	4,285
Decrease / (Increase) in other receivables, deposits and prepayments	(120)	(4,206)
Decrease/(Increase) in amount due from subsidiaries/inter-co	(37)	-
(Increase) in assets hold for sale	(531)	-
(Decrease) / Increase in trade payables	(1,702)	(1,620)
(Decrease) / (Increase in other paybles and accruals	1,772	(145)
Cash (used in)/generated from operations	(2,509)	(1,118)
Interest received	-	
Tax paid	434	32
Net cash (used in)/ generated from operating activities	(2,075)	(1,086)
Cash flows from investing activities		
Purchase of property, plant and equipment	(190)	(1,256)
Redemption of AFS investment	613	-
Interest received from short term deposits	595	539
Investment income - dividend income	165	177
Proceeds from disposal of property, plant and equipment	-	6,561
net cash outflow on disposal of subsidiary	(1,994)	-
Proceeds from disposal of investment in subsidiary	-	1,063
Net cash generated from/(used in) investing activities	(811)	7,084
Cash flows from financing activities		
Principal repayment of hire purcahse	(21)	(27)
Interest paid on hire purchase	(2)	(2)
Share Issuance expense	-	(54)
Purcahse of treasury shares	-	(4,058)
Net Cash used in financing activities	(23)	(4,141)
Net change in cash and cash equivalents	(2,909)	1,857
Effects of exchange rate changes	26	22
Cash and cash equivalents at the beginning of the period	24,238	22,359
Cash and cash equivalents at the end of the period	21,355	24,238
Analysed into:		
Short term deposit with licensed financial institutions	20,744	13,965
Cash and bank balances	611	10,273
Cash and cash equivalents at the end of the period	21,355	24,238
	-	

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 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") 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 FYE 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 Discountinued 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 FRS 3
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)"

Other than the changes in accounting policies as described below, the adoption of the new and revised FRSs and IC Interpretations and amendments to FRSs and IC Interpretations did not result in any material impact on the financial statements of the Group.

(a) FRS 3, Business Combinations (Revised)

The revised FRS 3 has resulted 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 is now 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 is to 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 has applied 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. The adoption has no impact on the financial statements of the Group as there were no acquisitions occurring on or after 1 July 2010 until 31 December 2011.

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

Main amendments made to FRS 127 are as follows :-

- The term "minority interest" is 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. Previously, excess losses were allocated to the owners of the parent, except to the extent that the non-controlling interest had a binding obligation and was 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 were no requirements for such transactions in the previous FRS.

The adoption of the revised FRS 127 has no impact on the financial statements of the Group.

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 cyclicality

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 was no item or event that was unusual by reason of its 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 was no material change in the estimates used for the preparation of these interim financial statements.

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

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

7. Valuation of property, plant and equipment

There was no change in the valuation of the property, plant and equipment reported in the previous audited financial statements that would have an effect on the current quarter's financial statements.

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

There was no material event subsequent to the financial quarter ended 31 December 2011 which was likely to substantially affect the results of the operations of the Group.

9. Change in the composition of the Group

On 7 July 2011, the Company entered into a Sale and Purchase Agreement with Regular Accomplishment Sdn Bhd to dispose of its 100.0% equity interest in a subsidiary, namely Customer Loyalty Solutions Sdn Bhd ("CLS") comprising 1,600,000 ordinary shares of RM1.00 each for a total cash consideration of RM25,000. Following the disposal, CLS ceased to be a subsidiary of the Company and consequently, Elite Relationship Management Sdn Bhd, a subsidiary of CLS also ceased to be a sub-subsidiary of the Company.

10. Contingent liabilities and contingent assets

As at 31 December 2011, there was no contingent asset and liablity.

11. Segmental information

The revenue and profit/(loss) before taxation of the Group for the fourth quarter ended 31 December 2011 ("Q4") were generated from the following segments:

SEGMENT REVENUE	Licensing & Data Management RM'000	Managed Customer Services RM'000	Mail Order & Channel Sales RM'000	Inter-Segment Revenue RM'000	Consolidated RM'000
Malaysia	59	739	67	(274)	591
Indonesia & others	-	1,350	-	-	1,350
	59	2,089	67	(274)	1,941

SEGMENT PROFIT/ (LOSS)	Licensing & Data Management RM'000	Managed Customer Services RM'000	Mail Order & Channel Sales RM'000	Inter-Segment RM'000	Consolidated RM'000
Malaysia	(3,744)	391	48	-	(3,305)
Indonesia & others	-	(217)	-	-	(217)
	(3,744)	174	48	-	(3,522)

12. Review of performance

During the quarter ended 31 December 2011, the Group recorded an unaudited sales revenue of RM1.94 million compared to RM4.04 million in the preceding year corresponding quarter. The operating expenses during the quarter were higher by RM2.50 million as compared to the preceding year corresponding quarter. This was principally due to the impairment of other receivables of RM2.26 milion, impairment of intangible assets of RM0.28 million, writting-off of certain fixed assets of RM0.3 million in the current quarter.

Contributions from the Licensing and Data Management ("LDM") segment and Mail Order and Channel Sales ("MOCS") segment towards the Group's revenue were marginal at RM0.059 mil and RM0.067 mil respectively during the current quarter. The Group had not been able to sign on any new clients for the LDM segment due to changing market trends and intense competitions. As for the MOCS segment, the revenue was mainly contributed by the sale of "HABA" products, a leading healthcare brand in Japan.

The major revenue contributor to the Group was the Managed Customer Services segment. While business in Malaysia in this segment was declining as the clients chose to manage their own loyalty programmes and the consumers were switching their preferences to cash rebate and instant redemption, the Indonesian operation has grown and the revenue of RM1.35 mil has surpassed the Malaysian revenue of RM0.74 mil. Despite higher revenue, the Indonesian segment recorded a loss of RM0.19 mil mainly due to the writing-off of certain inventory and trade receivables.

The loss in LDM segment of RM3.74mil was mainly contributed by the impairment of other receivables, impairment of intangible assets, and writting-off of certain fixed assets in the current quarter.

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

The Group recorded an unaudited loss before tax of RM3.52 mil in the current quarter as compared to profit before tax of RM2.48 mil in the preceding quarter. The loss was principally due to the impairment of other receivables of RM2.26 mil, impairment of intangible assets of RM0.28 mil, and writting off of certain fixed assets amounting to RM0.3 mil during the current quarter.

14. Prospects

The Licensing & Data Management segment remains extremely competitive with entry of new players in the industry and fast changing technology. The Group does not expect the prospect in this segment to turnaround in near future.

The continuous cut back on corporate spending on loyalty marketing by the Group's clients and customers' preference for instant redemptions and gift vouchers will continue to pose a major challenge to the Group's Managed Customer Services segment in Malaysia. However, this segment has shown encouraging growth in Indonesia and it is expected that this trend will continue.

There are positive signs that the logistics and warehousing and call center businesses are turning around and the Group's continuous efforts may bear fruit in the near future.

The Mail Order and Channel Sales segment is expected to remain competitive and challenging. The Group has initiated a program to promote and grow its health and beauty care business through its distributorship of "HABA" products. The initiatives include branding campaigns, increasing distributorships and opening of strategic outlets.

In addition to the efforts to expand the current businesses, the Group is also actively exploring new business initiatives.

The Group has emerged as a company with clear and distinct businesses and missions. We intend to deepen and widen our customer loyalty business in Indonesia whilst consolidating our business in this sector in Malaysia. We will increase our resources to develop our health and beauty care business in Malaysia with the view of increasing our share in this growing market. The Group is also actively exploring new business initiatives.

The Licensing & Data Management segment remains extremely competitive with entry of new players in the industry and demanding on new version of software. The Group is aim to provide quick and attentive service to retain its major clients.

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 2011.

16. (Loss)/Profit before Taxation

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
This is arrived at after charging :				
Depreciation of property, plant and equipment	138	215	666	1,036
Amortisation of intangible assets	70	94	315	421
Impairment of trade receivables	60	74	33	64
Impairment of other receivables	2,264	-	2,264	-
Impairment of intangible assets	281	-	281	-
Loss on disposal of an associate	-	63	-	63
Loss on disposal of available-for-sale investment	27	-	27	-
Property, plant and equipment written off	296	127	296	142
Inventories written off	89	-	89	-
Loss on foreign exchange	18	79	18	80
Interest on hire purchase	2	3	2	2
and crediting :-				
Interest income on short term deposits	6	180	596	539
Dividend income	165	78	165	177
Gain on disposal of subsidiaries	(392)	-	2,565	-
Gain on disposal of property, plant and equipment	18	1,713	18	1,674

17. Taxation

	Current Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
Current provision	51	51

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

18. Unquoted investments and/or properties

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

19. Status of corporate proposals & utilization of proceeds

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

20. Group borrowings

There was no bank borrowing as at 31 December 2011 by the Group.

21. 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.

22. Dividend

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

23. Realised and Unrealised Profit / Losses

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

	31.12.2011 RM'000	31.12.2010 RM'000
Total retained profits		
- Realised	7,151	10,161
- Unrealised	(15)	(15)
	7,136	10,146
Less: consolidation adjustments	702	(875)
Total retained profits	7,838	9,271

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 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010	Current Year To Date 31.12.2011	Preceding Year Corresponding Period 31.12.2010
Net (loss)/profit attributable to equity holders of the parent for the period (RM'000)	(3,573)	1,276	(1,433)	837
Weighted average number of shares of RM0.10 each in issue ('000)	219,971	192,917	219,971	192,917
- Basic earnings per share (sen)	(1.62)	0.66	(0.65)	0.43
- Diluted earnings per share (sen)*	-	-	-	-

*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.