



CHIEF EXECUTIVE OFFICER'S STATEMENT

Financial Performance of the Group :

The Group's revenues have increased greatly since inception, posting year-on-year ("y-o-y") growth rates of 86.6%, 101.3%, 77.8% and 56.4% in 2008, 2009, 2010 and 2011 respectively. This is testament to the increasing acceptance and the rising demand for advertising in the Digital-Out-of-Home ("DOOH") sector. Rising revenues are also attributable to the success of marketing efforts to promote the Group's network, which include greater engagement with media agents.

Concurrently, EBITDA margins have also improved, rising from 27.7% in 2007 to 47.1% in 2011 as a result of economies of scale attained due to higher demand for DOOH advertising. The notable growth and profitability improvements were achieved in spite of the recent global financial crisis.

The Group's net profit has improved at a compound annual growth rate ("CAGR") of 114.8% since 2007, having recorded a stellar, 94.0% y-o-y jump in 2011 to RM15.01 million (EPS: 6.61 sen), on the back of a 56.4% increase in revenue.

OPERATIONS REVIEW

In 2011, the Group actively expanded its business operations by securing more advertising budget from existing clients and adding new customers into its portfolio.

Trial of Live Digital Broadcasting on Buses

The Group has successfully completed the testing of live television broadcasting on selected buses that cover the Shah Alam and Kelana Jaya routes. Real-time broadcasting will reduce on-going maintenance cost in the long run, eliminating the need for regular manual update of contents. The Group's Digital Terrestrial Television Broadcasting ("DTTB") will link up with the LCD-TV screens installed on public transport and will receive contents over the airwave through real-time programming transmissions.

Boost from Broadcasting License

AMGB is one of the few companies in Malaysia that are permitted to offer broadcasting services and facilities. A full Content Application Service Provider ("CASP") license allows the Group to operate 24-hour non-subscription broadcasting, subscription broadcasting and terrestrial radio broadcasting services nationwide.

The Group is the only DOOH Transit Media operator in Malaysia to have a fully-fledged Content Application Service Provider Individual License ("CASP-i"), Network Facilities Provider Individual License ("NFP-i"), Network Service Provider Individual License ("NSP-i") and Application Service Provider ("ASP") Class License.



CHIEF EXECUTIVE OFFICER'S REPORT

Cont'd

Boost from Broadcasting License *cont'd*

Apart from its improved margins, the Group's license to provide Free-to-Air ("FTA") broadcasting services offers an avenue for bigger media players eyeing a piece of the electronic media market.

CORPORATE ACHIEVEMENTS

Deployment of Digital Media Broadcasting under Economic Transformation Program ("ETP")

AMGB has completed its trial run for its first DTTB service in Klang Valley, and is expected to be fully roll-out by the third quarter of 2012. The project, part of the ETP, would cost about RM 500.00 million over the next ten years. The Group plans to expand its live broadcasting in Penang and Johor Bahru, followed by other states in Peninsular Malaysia within two to three years. Of the RM22.50 million raised in its initial listing exercise, RM16.00 million were utilised for building infrastructures of the DTTB which consist of transmission towers and various network facilities. We view this as a very positive step forward because this would inherently place AMGB as the front runner in securing any future projects within the Government sector.

In conjunction with the roll-out of DTTB by the third quarter of 2012, this will create new territories for media and advertisers, allowing instantaneous measuring of market response. The possibility of swift delivery of messages makes it ideal for time and location sensitive advertising, such as customer loyalty offers at shopping centres and event promotions. In order to leverage the strength of short messaging advertising, timely and reliable delivery of messages is paramount.

In addition, the roll-out of DTTB and mobile interactive by the third quarter of 2012 will enhance existing programme sponsorships as it will enable provision of additional services such as ringtone downloads, mobile games and subscription to content aside from the generic contests and voting activities.

Media Partnership Collaborations

In 2011, the Group has entered into collaboration with animation and entertainment companies, e.g. Animasia Studio Sdn Bhd, Les' Copaque Production Sdn Bhd, Halo Music (M) Sdn Bhd and Millenium Art Sdn Bhd to develop and provide multimedia and creative content for our transit networks.

INDUSTRY OUTLOOK AND PROSPECTS

Private consumption remains healthy amid robust labour market conditions. Private capital spending – driven by initiatives such as the ETP, expansion of capacity and investment in new growth areas – will help Malaysia to sustain its Gross Domestic Product ("GDP") growth.

Many multinational corporations who contribute to global as well as Malaysian advertising expenditure ("ADEX") have had strong results in 2011 with mounting cash reserves. Personal consumption products like mobile phones, health and beauty care, entertainment, food and beverages outlets, government, social and political organisations will be the key drivers of ADEX growth in 2012.

Looking further ahead, prospects for the DOOH transit media are promising. The independent market research firm, Frost & Sullivan, expects the DOOH transit media industry to grow at a CAGR of 39.01% p.a., eventually reaching RM159.90 million in 2015.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank everyone, especially the shareholders, investors, customers, business associates and the regulatory authorities for their continuous support. I would also like to extend my gratitude to the staff, management and the Board of Directors for their dedication and commitment to the Group.

Thank you.

DATO' WONG SHEE KAI
CHIEF EXECUTIVE OFFICER