

ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THREE MONTH ENDED
31 MARCH 2009

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the three months ended 31 March 2009.

This interim report is prepared in accordance with Financial Reporting Standards (“FRS”) No. 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year to date	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	Unaudited		Unaudited	
	RM'000	RM'000	RM'000	RM'000
Revenue	53,455	50,070	53,455	50,070
Cost of sales	<u>(34,984)</u>	<u>(28,552)</u>	<u>(34,984)</u>	<u>(28,552)</u>
Gross profit/(loss)	18,471	21,518	18,471	21,518
Other operating income	3,442	2,593	3,442	2,593
Operating expenses	<u>(23,580)</u>	<u>(24,384)</u>	<u>(23,580)</u>	<u>(24,384)</u>
Profit/(Loss) from operations	(1,667)	(273)	(1,667)	(273)
Finance costs	(2,189)	(2,314)	(2,189)	(2,314)
Share of results of associates	<u>11,624</u>	<u>5,127</u>	<u>11,624</u>	<u>5,127</u>
Profit/(Loss) before taxation	7,768	2,540	7,768	2,540
Taxation	<u>(507)</u>	<u>(630)</u>	<u>(507)</u>	<u>(630)</u>
Net profit/(loss) for the financial period	<u><u>7,261</u></u>	<u><u>1,910</u></u>	<u><u>7,261</u></u>	<u><u>1,910</u></u>
Attributable to:				
Equity holders of the Company	6,409	1,036	6,409	1,036
Minority interests	852	874	852	874
	<u><u>7,261</u></u>	<u><u>1,910</u></u>	<u><u>7,261</u></u>	<u><u>1,910</u></u>
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic (sen)	<u><u>1.39</u></u>	<u><u>0.27</u></u>	<u><u>1.39</u></u>	<u><u>0.27</u></u>
Diluted (sen)	<u><u>0.72</u></u>	<u><u>0.15</u></u>	<u><u>0.72</u></u>	<u><u>0.15</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>31.03.2009</u> RM'000	Audited As at <u>31.12.2008</u> RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	206,320	202,123
Prepaid lease payments for land	2,584	2,529
Investment in associates	103,368	107,326
Other investments	56,737	56,175
Goodwill on consolidation	59,376	59,357
Intangible assets	4,538	4,469
Receivables	423	761
Deferred tax assets	3,203	3,242
	436,549	435,982
<u>Current assets</u>		
Property development costs	27,965	26,924
Progress billings	4,034	1,835
Inventories	40,856	38,922
Receivables	54,145	67,437
Tax recoverable	1,381	1,432
Marketable securities	1,313	1,314
Short term deposits	65,183	56,518
Cash and bank balances	36,372	38,887
	231,249	233,269
Non-current assets held for sale	1,176	1,176
TOTAL ASSETS	<u><u>668,974</u></u>	<u><u>670,427</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	138,572	138,572
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	122,210	122,210
Reserves	162,035	147,246
	<u>422,817</u>	<u>408,028</u>
Minority interests	<u>46,345</u>	<u>52,735</u>
Total equity	469,162	460,763
<u>Non-current liabilities</u>		
Term loans	56,928	58,249
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability component	18,010	18,377
Finance lease creditor	20,789	20,789
Hire purchase creditors	245	372
Deferred tax liabilities	2,990	3,000
Retirement benefits	532	500
Deferred income	-	28
	99,494	101,315
<u>Current liabilities</u>		
Payables	65,152	73,488
Bank overdrafts	659	226
Short term borrowings	33,406	33,636
Taxation	1,101	999
	100,318	108,349
Total Liabilities	<u>199,812</u>	<u>209,664</u>
TOTAL EQUITY AND LIABILITIES	<u><u>668,974</u></u>	<u><u>670,427</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2009

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Fluctuation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2009	138,572	122,210	117,317	12,725	3,222	13,982	408,028	52,735	460,763
Foreign currency translation	-	-	-	2	3,103	-	3,105	(252)	2,853
Acquisition of additional interest from minority shareholders	-	-	-	-	-	5,275	5,275	(6,990)	(1,715)
Net (loss)/gain recognised in equity statements	-	-	-	2	3,103	5,275	8,380	(7,242)	1,138
Net profit/(loss) for the financial period	-	-	-	-	-	6,409	6,409	852	7,261
Balance as at 31 March 2009	138,572	122,210	117,317	12,727	6,325	25,666	422,817	46,345	469,162

FOR THE PERIOD ENDED 31 MARCH 2008

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Fluctuation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2008	337,794	-	430,437	12,721	6,006	(468,544)	318,414	140,836	459,250
Foreign currency translation	-	-	-	(3)	(3,774)	-	(3,777)	120	(3,657)
Par value reduction	(236,456)	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	216,122	-	-	-
Issue of new ICULS	-	154,688	(94,582)	-	-	-	60,106	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,102	(32,364)	-	-	-	-	4,738	-	4,738
Expenses incurred in connection with issue of Right Issue	-	-	(2,340)	-	-	-	(2,340)	-	(2,340)
Net (loss)/gain recognised in equity statements	(199,354)	122,324	(313,044)	(3)	(3,774)	452,578	58,727	120	58,847
Net profit/(loss) for the financial period	-	-	-	-	-	1,036	1,036	874	1,910
Balance as at 31 March 2008	138,440	122,324	117,393	12,718	2,232	(14,930)	378,177	141,830	520,007

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009**

	Unaudited 3 months ended 31.03.2009 RM'000	Unaudited 3 months ended 31.03.2008 RM'000
Operating Activities		
Profit before taxation	7,768	2,540
Adjustments for :-		
Depreciation / Amortisation	2,584	3,953
Other investing and financing items and non-cash items	(8,967)	(1,815)
Operating profit before working capital changes	<u>1,385</u>	<u>4,678</u>
Net changes in working capital		
(Increase)/Decrease in current assets	9,090	(4,620)
Increase/(Decrease) in current liabilities	(8,702)	(6,664)
Cash generated from/(used in) operating activities	<u>1,773</u>	<u>(6,606)</u>
Tax paid	(330)	(750)
Net cash from/(used in) operating activities	<u><u>1,443</u></u>	<u><u>(7,356)</u></u>
Investing Activities		
(Increase)/ Decrease in equity investments	8,388	2,842
(Increase)/ Decrease in property, plant and equipment	(2,435)	(615)
(Increase)/ Decrease in other investments	(5)	498
Net cash from investing activities	<u><u>5,948</u></u>	<u><u>2,725</u></u>
Financing Activities		
Proceeds from issuance of ICULS	-	82,759
Repayment of borrowings	(2,020)	(43,497)
Other payments	(2,189)	(2,314)
Net cash (used in)/from financing activities	<u><u>(4,209)</u></u>	<u><u>36,948</u></u>
Effect of exchange rate changes	2,409	(2,412)
Net increase in cash and cash equivalents	<u><u>5,591</u></u>	<u><u>29,905</u></u>
Cash and cash equivalents as at beginning of financial period		
As previously reported	<u>71,130</u>	<u>39,531</u>
Effect of exchange rate changes	<u>125</u>	<u>125</u>
As restated	71,255	39,656
Cash and cash equivalents as at end of financial period *	<u><u>76,846</u></u>	<u><u>69,561</u></u>
* Cash and cash equivalents at the end of the financial period comprising the following :		
Short term deposits	65,183	58,939
Cash and bank balances	36,372	34,129
Bank overdrafts	(659)	(931)
	<u>100,896</u>	<u>92,137</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(16,844)</u>	<u>(16,050)</u>
Deposits pledged to licensed banks	<u>(7,206)</u>	<u>(6,526)</u>
	<u>(24,050)</u>	<u>(22,576)</u>
	<u><u>76,846</u></u>	<u><u>69,561</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with FRS 134 - "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

2. Audit report

The auditors' report on the financial statements for the year ended 31 December 2008 was not subject to any qualification.

3. Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 March 2009 were not materially affected by any seasonal or cyclical factors except for the transportation operation under Advance Synergy Capital Berhad ("ASC") Group, whereby ASC Group normally benefits from the higher levels of passenger loading during the festive seasons and school holidays in Malaysia.

4. Unusual items

There were no unusual items for the financial period under review.

5. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 31 March 2009.

7. Dividends paid

There was no payment of any dividend during the financial period ended 31 March 2009.

8. Segmental Reporting

For the period ended 31 March 2009

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	84	2,932	17,781	11,292	4,054	14,370	2,942	-	53,455
Inter-segment	273	17	-	-	-	126	14	(430)	-
Total revenue	357	2,949	17,781	11,292	4,054	14,496	2,956	(430)	53,455
Results									
Segment results	(13,401)	164	1,776	1,121	(716)	296	(2,282)	9,186	(3,856)
Share of results of associated companies	11,624	-	-	-	-	-	-	-	11,624
Consolidated profit/ (loss) before taxation									7,768
Taxation									(507)
Consolidated profit/ (loss) after taxation									7,261
Minority interests									(852)
Net profit/ (loss) for the financial period									6,409

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	96,605	67,456	221,794	128,800	13,960	9,722	22,685	-	561,022
Investment in associated companies	103,368	-	-	-	-	-	-	-	103,368
Unallocated corporate assets									4,584
Total assets									668,974
Segment liabilities	47,429	9,706	95,957	17,444	5,192	2,505	17,488	-	195,721
Unallocated corporate liabilities									4,091
Total liabilities									199,812
Capital expenditure	539	1	505	1,602	47	121	110	-	2,925
Depreciation	82	28	1,152	659	229	28	177	-	2,355
Amortisation	-	-	22	-	4	-	-	-	26
Impairment loss on: - associated company	3,211	-	-	-	-	-	-	-	3,211
Write back of impairment loss on: - investment securities	563	-	-	-	-	-	-	-	563
- investment in marketable securities	32	-	-	-	-	-	-	-	32
- inventories	-	-	-	-	554	-	-	-	554
Amortisation of intangible assets	-	-	-	203	-	-	-	-	203
Other non cash expenses	3	-	38	-	-	-	-	-	41

8.Segmental Reporting (Continued)

For the period ended 31 March 2008

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	135	1,683	20,362	14,334	3,325	6,245	3,986	-	50,070
Inter-segment	878	20	-	-	-	115	-	(1,013)	-
Total revenue	1,013	1,703	20,362	14,334	3,325	6,360	3,986	(1,013)	50,070
Results									
Segment results	(4,160)	(261)	4,036	193	(985)	(19)	(2,230)	839	(2,587)
Share of results of associated companies	5,127	-	-	-	-	-	-	-	5,127
Consolidated profit/ (loss) before taxation									2,540
Taxation									(630)
Consolidated profit/ (loss) after taxation									1,910
Minority interests									(874)
Net profit/ (loss) for the financial period									1,036

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	181,228	64,839	217,266	131,338	12,541	7,026	19,255	-	633,493
Investment in associated companies	74,700	-	-	-	-	-	-	-	74,700
Unallocated corporate assets									7,142
Total assets									715,335
Segment liabilities	33,930	10,260	100,742	25,932	1,525	2,642	16,159	-	191,190
Unallocated corporate liabilities									4,138
Total liabilities									195,328
Capital expenditure	25	3	702	147	85	93	32	-	1,087
Depreciation	302	48	1,251	884	698	23	273	-	3,479
Amortisation	-	-	-	23	4	-	-	-	27
Impairment loss on:									
- investment securities	1,045	-	-	-	-	-	-	-	1,045
- associated company	789	-	-	-	-	-	-	-	789
Amortisation of intangible assets	-	-	-	447	-	-	-	-	447
Other non cash expenses	272	-	31	146	-	-	80	-	529

9. Property, plant and equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2008.

10. Events subsequent to the balance sheet date

There are no events subsequent to the balance sheet date, save for those disclosed in Notes 21(b) and 21(c).

11. Changes in the composition of the Group

(a) The following changes were made pursuant to the group-wide internal reorganisation exercise of Unified Communications Holdings Limited ("UCHL"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, another wholly-owned subsidiary of the Company):-

- (i) On 5 January 2009, Unified Communications Sdn Bhd ("UCSB") acquired the entire issued and paid-up share capital of Attrix Technology Pte Ltd ("ATPL") from Unified Communications Pte Ltd ("UCPL"), comprising 100,000 ordinary shares for a consideration of Singapore Dollar 1.00 only. Both UCSB and UCPL are wholly-owned subsidiaries of UCHL. Consequently, ATPL became a wholly-owned subsidiary of UCSB.
- (ii) On 15 January 2009, the Company announced that UCHL had incorporated three wholly-owned subsidiaries in Malaysia, namely Unified Communications (VAS) Sdn Bhd ("UC(VAS)") (held via UCPL), Unified Communications (OSS) Sdn Bhd ("UC(OSS)") and Unified Communications (OHQ) Sdn Bhd ("UC(OHQ)"). All these subsidiaries have an issued and paid-up share capital of RM100.00. UC(VAS) was incorporated on 12 January 2009 while UC(OSS) and UC(OHQ) were both incorporated on 13 January 2009.
- (iii) On 12 February 2009, UC(OSS) acquired 51,000 ordinary shares of RM1.00 each representing 51% equity interest in GlobeOSS Sdn Bhd ("GlobeOSS"), from UCSB for a total cash consideration of RM236,573.00. Consequently, GlobeOSS became a 51%-owned subsidiary of UC(OSS).

(b) On 4 March 2009, the Company acquired 443,000 ordinary shares of RM1.00 each, representing the remaining 0.37% equity interest in Alangka-Suka Hotels & Resorts Berhad ("ASHR") not already owned by the Company, for a total cash consideration of RM1,010,376.68. Consequently, ASHR became a wholly-owned subsidiary of the Company.

(c) On 23 March 2009, Holiday Villas International Limited ("HVIL"), a wholly-owned subsidiary of ASHR acquired 25 ordinary shares of USD1.00 each, representing additional 25% equity interest in Holiday Villa China International Limited ("HV China") for a nominal cash consideration of USD25.00 only. Consequently, HV China became a 95%-owned subsidiary of HVIL.

Other than the above, there were no other changes in the composition of the Group for the current financial period.

12. Changes in contingent liabilities

There were no changes in contingent liabilities since 31 December 2008.

13. Review of performance

Despite the higher revenue of RM53.5 million in this quarter ended 31 March 2009 for the Group compared to the corresponding quarter in the previous year of RM50.0 million, the loss from operations of RM1.7 million is higher attributable mainly to a lower gross profit for the Group in particular, the Hotels and Resorts division. However, the Group's profit after taxation of RM7.3 million for this quarter ended 31 March 2009 is higher compared to the corresponding quarter in the previous year of RM1.9 million. The higher profit after taxation is mainly attributable to a higher contribution from an associated company arising from a one-off gain from disposal of assets and liabilities.

14. Comparison of results with preceding quarter

The Group recorded a profit after taxation of RM7.3 million for the current quarter ended 31 March 2009 as compared to a loss after taxation of RM2.7 million in the preceding quarter ended 31 December 2008. The improved results is mainly due to a higher contribution from an associated company arising from a one-off gain from disposal of assets and liabilities.

15. Prospects

Barring unforeseen circumstances, the Directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2009.

16. Board of Directors' opinion on revenue or profit estimate, forecast, projection or internal targets

The Group did not previously announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document.

17. Profit variance and shortfall in profit guarantee

Not Applicable.

18. Taxation

	3 months ended <u>31.03.2009</u> RM'000	Year to date <u>31.03.2009</u> RM'000
On current year's results		
- Malaysian income tax	465	465
- Overseas taxation	30	30
Transfer (to)/from deferred taxation	12	12
	<u>507</u>	<u>507</u>

The effective tax rate of the Group for the financial year under review is higher than the statutory tax rate. This is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies.

19. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and / or properties for the current quarter and financial period ended 31 March 2009.

20. Quoted securities

Details of purchases and sales of quoted securities by the Group are as follows :-

	3 months ended <u>31.03.2009</u> RM'000	Year to date <u>31.03.2009</u> RM'000
Total purchases	<u>-</u>	<u>-</u>
Total disposals	<u>33</u>	<u>33</u>
Total loss on disposals	<u>(10)</u>	<u>(10)</u>

Details of investment in quoted securities by the Group as at 31 March 2009 are as follows :-

	RM'000
- at cost	<u>22,395</u>
- at carrying value	<u>9,370</u>
- at market value	<u>9,397</u>

21. Status of corporate proposals

- (a) On 25 March 1996, the Company announced that it had accepted the offer from Perbadanan Kemajuan Negeri Kedah ("PKNK") to purchase from the Company 52,500,000 ordinary shares of RM1.00 each representing 70% equity interest in Kedah Marble Sdn Bhd ("KMSB") for a total cash consideration of RM59,797,500. In the meantime, a Winding-Up Petition dated 25 March 2002 was served on KMSB, on or about 19 April 2002, by Malaysia Airports Sdn Bhd, a trade creditor of KMSB. On 11 June 2003, a Winding-Up Order was granted by the Kuala Lumpur High Court and the Official Receiver was appointed the Provisional Liquidator.

The Company had on 14 June 2004 instituted legal action vide Alor Setar High Court Civil Suit No. 22-95-2004 against PKNK to recover its investment in KMSB. Details of this legal suit are set out in Note 25(b).

- (b) On 5 February 2009, the Company served a proposal to the Board of Directors of ASC for ASC to undertake a voluntary withdrawal of its listing from the Official List of Bursa Securities pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities ("De-Listing").

At the Extraordinary General Meeting of ASC held on 27 February 2009, the shareholders of ASC approved the De-Listing. Pursuant thereto, Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) on behalf of the Company had on the same day served a notice of voluntary take-over offer on the Board of ASC to acquire all the remaining ordinary shares of RM1.00 each in ASC ("ASC Shares") (excluding ASC Shares held as treasury shares) which are not already owned by the Company, at a cash offer price of RM0.60 per ASC Share ("Exit Offer") to facilitate the De-Listing.

The Exit Offer was closed on 2 April 2009. The final valid acceptances received by the Company of 2,770,408 ASC Shares and the 1,066,000 ASC Shares acquired by the Company during the Exit Offer period have resulted in the Company holding a total 129,758,360 ASC Shares representing 91.41% of the total issued and paid-up share capital of ASC (excluding ASC Shares held as treasury shares).

On 8 April 2009, the Company confirmed that payment had been made to all accepting holder of the Exit Offer and therefore, all the conditions set out in the Bursa Malaysia Securities Berhad's letter dated 10 March 2009 in relation to the De-Listing had been met. The trading of ASC Shares has been suspended on 17 April 2009.

On 20 April 2009, the Company had pursuant to Section 34A(2) of the Securities Commission Act 1993 ("SCA") despatched a notice in the manner prescribed under the Malaysian Code on Take-Overs and Mergers 1998 ("Notice") to the shareholders of ASC who have not accepted the Exit Offer ("Holders"). The Holders are informed that they may within three (3) months from the date of the Notice, i.e. up to 5.00 p.m. on 20 July 2009, exercise their rights pursuant to Section 34A of the SCA, by serving a notice on the Company to require the Company to acquire the ASC Shares held by them at RM0.60 per ASC Share and on the same terms and conditions as set out in the offer document dated 12 March 2009 or such other terms as may be agreed or as the High Court, on application by the Holder or by the Company, thinks fit to order.

The entire issued and paid-up share capital of ASC was removed from the Official List of Bursa Malaysia Securities Berhad with effect from 9.00 a.m., 28 May 2009.

- (c) On 18 May 2009, the Company announced that its indirect wholly-owned subsidiary, Launceston Developments Limited ("Launceston") [held via ASHR, a wholly-owned subsidiary of the Company] had received acceptance from the owners of the on-going business ("Fonds de Commerce") of the Hotel Marciano Lafayette and the real estate ("Real Estate") in which the Fonds de Commerce is carried out (collectively, referred to as "Sellers") on Launceston's offer for Launceston or its nominee(s) to acquire from the Sellers the Fonds de Commerce and the Real Estate of Hotel Marciano Lafayette, a city centre hotel with 38 rooms, located at 46 rue de Trévis, 75009 Paris ("Acquisition"). The cash consideration for the Acquisition is 5,450,000 euro comprising 3,200,000 euro for the Real Estate and 2,250,000 euro for the Fonds de Commerce (equivalent to approximately RM26.13 million).

The Acquisition is subject to a due diligence and such terms and conditions of the formal agreement(s) to be entered into between Launceston or its nominee(s) and the Sellers.

22 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 31 March 2009 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilized RM'000	Timeframe for Utilisation
Repayment of Bank Borrowings	50,259	50,259	-	24 months from
Working Capital Expenses	30,000	30,000	-	the date of
	2,500	2,500	-	listing of ICULS
	<u>82,759</u>	<u>82,759</u>	<u>-</u>	

23 Group borrowings

(a) Details of the borrowings by the Group are as follows :-

	<u>As At</u> <u>31.03.2009</u> RM'000	<u>As At</u> <u>31.12.2008</u> RM'000
Short term - secured	32,508	32,339
- unsecured	34	-
Long term - secured	51,969	53,642
- unsecured	5,204	4,979
ICULS- liability portion	18,010	18,377
Finance lease creditor - Short term	1,523	1,523
- Long term	20,789	20,789
	<u>130,037</u>	<u>131,649</u>

(b)

	<u>As At</u> <u>31.03.2009</u> RM'000	<u>As At</u> <u>31.12.2008</u> RM'000
Australian Dollars	5,204	4,979
Sterling Pounds	1,790	1,773
Singapore Dollars	-	226

24 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

25 Material litigation

- (a) A third party action was filed by American Home Assurance Company ("AHA") on 24 October 2002 against Rewardstreet.com (Malaysia) Sdn Bhd ("Rewardstreet.com"), a wholly-owned subsidiary of iSynergy. AHA is sued as a Defendant in the main suit filed by Ultra Dimension Sdn Bhd as Plaintiff for, inter alia, the alleged infringement of their copyright via the AHA Privilege Cash-In Rebate Cards. AHA's claim is for general damages, exemplary damages and aggravated damages which are to be assessed by the Court, together with interest at 8% per annum. An application filed by Rewardstreet.com to strike-out the third party action by AHA on the basis that AHA was responsible for the design and that no cause of action lay against Rewardstreet.com, was not successful. On 21 May 2009, the Company announced that the Honourable Court had on 15 May 2009 dismissed the claims of Ultra Dimension Sdn Bhd ("Plaintiff") against AHA ("Defendant") and Rewardstreet.com ("Third Party") with cost to the Defendant and no order as to cost to the Third Party.
- (b) The Company had on 14 June 2004 instituted legal action against PKNK to recover its investment of RM52,500,000 in KMSB together with other sums, damages, interests and costs. The Company's solicitors have obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the High Court of Alor Setar for the sum of RM52,500,000, interest thereon at the rate of 8% per annum from the date of judgment to the date of realisation and cost of RM225. On 10 November 2004, PKNK applied to the court to set aside the Default Judgment. On 3 August 2005, the court had allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitors had on 29 December 2005 forwarded to the court for filing of the Notice to Attend Pre-Trial Case Management and the Pre-Trial Case Management was fixed for hearing on 17 May 2006. Due to a change in PKNK's solicitors, PKNK's new solicitors had asked for an adjournment on the grounds that they required time to take their client's instructions and there was a likelihood for an application to amend the Statement of Defence.

The court had fixed the Pre-Trial Case Management ("PTCM") for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defence and the application was also fixed for hearing on 21 November 2006. On 21 November 2006, the court granted leave to PKNK to amend their Statement of Defence.

The court has fixed the case for further PTCM on 27 July 2009 to enable PKNK to comply with the PTCM directions. The Company's solicitors for the litigation are of the opinion that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

26 Dividend

The Directors do not recommend the payment of any dividend for the financial period ended 31 March 2009.

27 Earnings/(Loss) per share

Basic earnings/(loss) per share

The basic earnings/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM6,409,000 divided by the weighted average number of ordinary shares of 461,908,377 for the current quarter and current year-to-date respectively as follows:

	3 months ended <u>31.03.2009</u> No. of shares	Year to date <u>31.03.2009</u> No. of shares
Issued ordinary shares at beginning of the period	461,908,377	461,908,377
Weighted average number of new ordinary shares arising from ICULS converted to date	-	-
Weighted average number of ordinary shares	<u>461,908,377</u>	<u>461,908,377</u>
	3 months ended <u>31.03.2009</u>	Year to date <u>31.03.2009</u>
Basic earnings/(loss) per share (sen)	<u>1.39</u>	<u>1.39</u>

Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM6,703,000, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 928,932,452 for the current quarter and current year-to-date respectively as follows:

	3 months ended <u>31.03.2009</u> RM'000	Year to date <u>31.03.2009</u> RM'000
Net profit/(loss) attributable to equity holders	6,409	6,409
Profit impact of assumed conversion- Interest on ICULS	294	294
	<u>6,703</u>	<u>6,703</u>
Weighted average number of ordinary shares (diluted)		
	3 months ended <u>31.03.2009</u> No. of shares	Year to date <u>31.03.2009</u> No. of shares
Issued ordinary shares at beginning of the period	461,908,377	461,908,377
Weighted average number of new ordinary shares arising from ICULS converted to date	-	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	467,024,075	467,024,075
Weighted average number of ordinary shares	<u>928,932,452</u>	<u>928,932,452</u>
	3 months ended <u>31.03.2009</u>	Year to date <u>31.03.2009</u>
Diluted earnings/(loss) per share (sen)	<u>0.72</u>	<u>0.72</u>

28 Status of E-commerce activities

Not applicable.

29 Other Information

On 26 March 2009, ASC announced that it had received a call option notice dated 4 February 2009 from ACE INA International Holdings Ltd to acquire the 49,000,000 ordinary shares of RM1.00 each in ACE Synergy Insurance Berhad ("ACE Synergy Malaysia") held by ASC, representing 49% of the issued and paid-up share capital of ACE Synergy Malaysia ("Call Option"). The exercise of the Call Option is currently being disputed by ASC.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
29 May 2009