

**ADVANCE SYNERGY BERHAD**  
**(Company No: 1225-D)**

**COMPANY ANNOUNCEMENT**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THREE MONTHS ENDED**  
**30 JUNE 2009**

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the three months ended 30 June 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**

	<u>3 months ended</u>		<u>Year to date</u> <u>6 months ended</u>	
	<u>30.06.2009</u>	<u>30.06.2008</u>	<u>30.06.2009</u>	<u>30.06.2008</u>
	<u>Unaudited</u>		<u>Unaudited</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	50,938	40,947	104,392	91,017
Cost of sales	<u>(30,731)</u>	<u>(22,188)</u>	<u>(65,715)</u>	<u>(50,740)</u>
Gross profit/(loss)	20,207	18,759	38,677	40,277
Other operating income	2,016	2,661	5,458	5,254
Operating expenses	<u>(20,386)</u>	<u>(24,678)</u>	<u>(43,966)</u>	<u>(49,062)</u>
Profit/(Loss) from operations	1,837	(3,258)	169	(3,531)
Finance costs	(1,357)	(1,833)	(3,546)	(4,148)
Share of results of associates	<u>(270)</u>	<u>(859)</u>	<u>11,354</u>	<u>4,268</u>
Profit/(Loss) before taxation	210	(5,950)	7,977	(3,411)
Taxation	<u>(916)</u>	<u>(393)</u>	<u>(1,423)</u>	<u>(1,022)</u>
Net profit/(loss) for the financial period	<u><u>(706)</u></u>	<u><u>(6,343)</u></u>	<u><u>6,554</u></u>	<u><u>(4,433)</u></u>
Attributable to:				
Equity holders of the Company	(1,627)	(3,409)	4,781	(2,374)
Minority interests	921	(2,934)	1,773	(2,059)
	<u><u>(706)</u></u>	<u><u>(6,343)</u></u>	<u><u>6,554</u></u>	<u><u>(4,433)</u></u>
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic (sen)	<u><u>(0.35)</u></u>	<u><u>(0.74)</u></u>	<u><u>1.03</u></u>	<u><u>(0.56)</u></u>
Diluted (sen)	<u><u>n/a</u></u>	<u><u>n/a</u></u>	<u><u>0.59</u></u>	<u><u>n/a</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>30.06.2009</u> RM'000	Audited As at <u>31.12.2008</u> RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	205,245	202,123
Prepaid lease payments for land	2,501	2,529
Investment in associates	104,167	107,326
Other investments	57,541	56,175
Goodwill on consolidation	59,376	59,357
Intangible assets	5,043	4,469
Receivables	427	761
Deferred tax assets	3,170	3,242
	437,470	435,982
<b><u>Current assets</u></b>		
Property development costs	25,507	26,924
Progress billings	6,909	1,835
Inventories	40,091	38,922
Receivables	46,714	67,437
Tax recoverable	996	1,432
Marketable securities	1,661	1,314
Short term deposits	57,989	56,518
Cash and bank balances	42,176	38,887
	222,043	233,269
Non-current assets held for sale	-	1,176
<b>TOTAL ASSETS</b>	<b><u>659,513</u></b>	<b><u>670,427</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	142,013	138,572
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	119,208	122,210
Reserves	165,023	147,246
	426,244	408,028
<b>Minority interests</b>	<b>42,989</b>	<b>52,735</b>
<b>Total equity</b>	<b>469,233</b>	<b>460,763</b>
<b><u>Non-current liabilities</u></b>		
Term loans	60,948	58,249
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability component	17,177	18,377
Finance lease creditor	20,789	20,789
Hire purchase creditors	312	372
Deferred tax liabilities	3,012	3,000
Retirement benefits	565	500
Deferred income	-	28
	102,803	101,315
<b><u>Current liabilities</u></b>		
Payables	54,260	73,488
Bank overdrafts	800	226
Short term borrowings	31,965	33,636
Taxation	452	999
	87,477	108,349
<b>Total Liabilities</b>	<b>190,280</b>	<b>209,664</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>659,513</u></b>	<b><u>670,427</u></b>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2009

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Retained Profits/ (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	
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	-	-	-	1	4,274	-	4,275	(453)	3,822
Issue of new ordinary shares pursuant to the conversion of ICULS	3,441	(3,002)	-	-	-	-	439	-	439
Acquisition of additional interest from minority shareholders	-	-	-	-	-	8,721	8,721	(11,066)	(2,345)
Net (loss)/gain recognised in equity statements	3,441	(3,002)	-	1	4,274	8,721	13,435	(11,519)	1,916
Net profit/(loss) for the financial period	-	-	-	-	-	4,781	4,781	1,773	6,554
Balance as at 30 June 2009	142,013	119,208	117,317	12,726	7,496	27,484	426,244	42,989	469,233

FOR THE PERIOD ENDED 30 JUNE 2008

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Retained Profits/ (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	
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	-	-	-	(1)	(285)	-	(286)	186	(100)
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	37,234	(32,478)	-	-	-	-	4,756	-	4,756
Expenses incurred in connection with issue of Rght Issue	-	-	(2,341)	-	-	-	(2,341)	-	(2,341)
Net (loss)/gain recognised in equity statements	(199,222)	122,210	(313,045)	(1)	(285)	452,578	62,235	186	62,421
Net profit/(loss) for the financial period	-	-	-	-	-	(2,374)	(2,374)	(2,059)	(4,433)
Balance as at 30 June 2008	138,572	122,210	117,392	12,720	5,721	(18,340)	378,275	138,963	517,238

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2009**

	<b>Unaudited 6 months ended 30.06.2009 RM'000</b>	<b>Unaudited 6 months ended 30.06.2008 RM'000</b>
<b>Operating Activities</b>		
Profit before taxation	7,977	(3,411)
Adjustments for :-		
Depreciation / Amortisation	5,166	7,538
Other investing and financing items and non-cash items	(9,186)	3,528
Operating profit before working capital changes	<u>3,957</u>	<u>7,655</u>
Net changes in working capital		
(Increase)/Decrease in current assets	16,436	(2,845)
Increase/(Decrease) in current liabilities	(19,944)	(9,593)
Cash generated from/(used in) operating activities	<u>449</u>	<u>(4,783)</u>
Tax paid	(1,589)	(674)
<b>Net cash from/(used in) operating activities</b>	<u>(1,140)</u>	<u>(5,457)</u>
<b>Investing Activities</b>		
(Increase)/ Decrease in equity investments	6,686	2,864
(Increase)/ Decrease in property, plant and equipment	(6,646)	(1,299)
(Increase)/ Decrease in other investments	(193)	(1,257)
<b>Net cash from investing activities</b>	<u>(153)</u>	<u>308</u>
<b>Financing Activities</b>		
Proceeds from issuance of ICULS	-	82,759
Net drawdown/(repayment) of borrowings	270	(47,072)
Other payments	(3,546)	(4,147)
<b>Net cash (used in)/from financing activities</b>	<u>(3,276)</u>	<u>31,540</u>
Effect of exchange rate changes	9,912	(785)
<b>Net increase in cash and cash equivalents</b>	<u>5,343</u>	<u>25,606</u>
<b>Cash and cash equivalents as at beginning of financial period</b>		
As previously reported	71,130	39,532
Effect of exchange rate changes	(1,619)	125
As restated	69,511	39,657
<b>Cash and cash equivalents as at end of financial period *</b>	<u>74,854</u>	<u>65,263</u>
<b>* Cash and cash equivalents at the end of the financial period comprising the following :</b>		
Short term deposits	57,989	52,403
Cash and bank balances	42,176	36,498
Bank overdrafts	(800)	(1,063)
	<u>99,365</u>	<u>87,838</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	(17,163)	(16,049)
Deposits pledged to licensed banks	(7,348)	(6,526)
	<u>(24,511)</u>	<u>(22,575)</u>
	<u>74,854</u>	<u>65,263</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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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 30 June 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

For the six months period ended 30 June 2009, a total of 22,941,100 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 11,470,550 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two ICULS for every one new ordinary share of RM0.30 each in the Company.

Apart from the above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 June 2009.

### 7. Dividends paid

There was no payment of any dividend during the financial period ended 30 June 2009.

## 8. Segmental Reporting

For the six months ended 30 June 2009

	Investment Holding	Property Development	Hotels & Resorts	Information & Communication Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External	149	9,369	34,845	20,700	6,151	26,258	6,920	-	104,392
Inter-segment	560	34	-	-	-	381	22	(997)	-
<b>Total revenue</b>	<b>709</b>	<b>9,403</b>	<b>34,845</b>	<b>20,700</b>	<b>6,151</b>	<b>26,639</b>	<b>6,942</b>	<b>(997)</b>	<b>104,392</b>
<b>Results</b>									
Segment results	(16,081)	634	3,483	2,482	(2,024)	670	(3,842)	11,301	(3,377)
Share of results of associated companies	11,354	-	-	-	-	-	-	-	11,354
Consolidated profit/ (loss) before taxation									7,977
Taxation									(1,423)
Consolidated profit/ (loss) after taxation									6,554
Minority interests									(1,773)
Net profit/ (loss) for the financial period									4,781

	Investment Holding	Property Development	Hotels & Resorts	Information & Communication Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>									
Segment assets	92,983	66,984	217,943	124,488	13,480	11,388	23,914	-	551,180
Investment in associated companies	104,167	-	-	-	-	-	-	-	104,167
Unallocated corporate assets									4,166
Total assets									659,513
Segment liabilities	49,042	8,828	91,984	12,001	4,361	3,395	17,205	-	186,816
Unallocated corporate liabilities									3,464
Total liabilities									190,280
Capital expenditure	1,228	1	852	6,299	74	143	89	-	8,686
Depreciation	159	55	2,285	1,290	446	66	268	-	4,569
Amortisation	-	-	45	-	9	-	-	-	54
Impairment loss on: - associated company	3,223	-	-	-	-	-	-	-	3,223
Write back of impairment loss on: - investment securities	1,366	-	-	-	-	-	-	-	1,366
- investment in marketable securities	356	-	-	-	-	-	-	-	356
- inventories	-	-	-	2	554	-	-	-	556
Amortisation of intangible assets	-	-	-	543	-	-	-	-	543
Other non cash expenses	3	-	65	1	-	-	-	-	69

**8.Segmental Reporting (Continued)**
**For the six months ended 30 June 2008**

	Investment Holding	Property Development	Hotels & Resorts	Information & Communication Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External	72	3,008	38,546	20,238	4,215	15,942	8,996	-	91,017
Inter-segment	404	39	-	-	-	159	-	(602)	-
<b>Total revenue</b>	<b>476</b>	<b>3,047</b>	<b>38,546</b>	<b>20,238</b>	<b>4,215</b>	<b>16,101</b>	<b>8,996</b>	<b>(602)</b>	<b>91,017</b>
<b>Results</b>									
Segment results	(8,861)	(125)	5,322	802	(3,342)	134	(4,366)	2,757	(7,679)
Share of results of associated companies	4,268	-	-	-	-	-	-	-	4,268
Consolidated profit/ (loss) before taxation									(3,411)
Taxation									(1,022)
Consolidated profit/ (loss) after taxation									(4,433)
Minority interests									2,059
Net profit/ (loss) for the financial period									(2,374)

	Investment Holding	Property Development	Hotels & Resorts	Information & Communication Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>									
Segment assets	174,636	64,098	222,439	127,804	9,586	8,414	19,565	-	626,542
Investment in associated companies	73,161	-	-	-	-	-	-	-	73,161
Unallocated corporate assets									6,552
<b>Total assets</b>									<b>706,255</b>
Segment liabilities	33,504	8,876	99,143	21,641	1,801	3,524	16,464	-	184,953
Unallocated corporate liabilities									4,064
<b>Total liabilities</b>									<b>189,017</b>
Capital expenditure	343	4	1,545	496	158	103	36	-	2,685
Depreciation	613	95	2,441	1,663	1,341	48	396	-	6,597
Amortisation	-	-	-	46	9	-	-	-	55
Impairment loss on:									
- property, plant and equipment	-	-	-	-	1,226	-	-	-	1,226
- investment securities	1,045	-	-	-	-	-	-	-	1,045
- associated company	1,466	-	-	-	-	-	-	-	1,466
- marketable securities	489	-	-	-	-	-	-	-	489
Amortisation of intangible assets	-	-	-	886	-	-	-	-	886
Other non cash expenses	628	-	34	336	1,220	-	-	-	2,218

**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 Note 21(b) and Note 21(d).

**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).
  - (iv) On 14 May 2009, UCPL acquired 2 ordinary shares of RM1.00 each representing the entire equity interest in Attrixtech Sdn Bhd ("ATSB"), from UCSB for a total cash consideration of RM2.00. Consequently, ATSB became a wholly-owned subsidiary of UCPL. Following the new allotment of shares by ATSB on 4 June 2009, UCPL's entire equity interest in ATSB is now represented by 1,932,513 ordinary shares of RM1.00 each.
- (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**

The Group recorded a profit after taxation of RM6.6 million in the six-month period ended 30 June 2009 compared to a loss after taxation of RM4.4 million in the six-month period ended 30 June 2008. The improved results is mainly attributable to the higher contribution from an associated company arising from a one-off gain from disposal of assets and liabilities. In addition, results from operating divisions have mainly shown improvement during this period compared to the corresponding period in 2008 except for Hotels and Resorts division.

**14. Comparison of results with preceding quarter**

The Group recorded a loss after taxation of RM0.7 million for the current quarter ended 30 June 2009 as compared to a profit after taxation of RM7.3 million in the preceding quarter ended 31 March 2009. The preceding quarter results comprised a one-off gain received by an associated company in respect of the sale of its certain assets and liabilities. Excluding the one-off gain, the current quarter showed improved results arising mainly from higher contribution from our Manufacturing, Property Development, Travel and Tours and Information and Communication Technology divisions.

**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**

	<b>3 months ended <u>30.06.2009</u> RM'000</b>	<b>Year to date <u>30.06.2009</u> RM'000</b>
On current year's results		
- Malaysian income tax	647	1,112
- Overseas taxation	(1)	29
Under provision in prior year	232	232
Transfer (to)/from deferred taxation	38	50
	<u>916</u>	<u>1,423</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**

During the quarter under review, there was a disposal of property with net book value of RM 1.176 million by a subsidiary of the Company. The gain on disposal of the property was RM 0.244 million.

Other than the above, there were no other sales of unquoted investments and/or properties for the current quarter and financial period ended 30 June 2009.

**20. Quoted securities**

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

	<b>3 months ended <u>30.06.2009</u> RM'000</b>	<b>Year to date <u>30.06.2009</u> RM'000</b>
Total purchases	<u>50</u>	<u>50</u>
Total disposals	<u>26</u>	<u>59</u>
Total loss on disposals	<u>(1)</u>	<u>(11)</u>

Details of investment in quoted securities by the Group as at 30 June 2009 are as follows :-

	<b>RM'000</b>
- at cost	<u>22,390</u>
- at carrying value	<u>10,521</u>
- at market value	<u>10,592</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) At the Extraordinary General Meeting of ASC held on 27 February 2009, the shareholders of ASC approved the 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") then prevailing. 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).

The trading of ASC Shares was 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") to inform them that they can elect to serve notice on the Company within three (3) months from the date of the Notice, i.e. up to 5.00 p.m. on 20 July 2009, to require the Company to acquire their ASC Shares 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 Securities with effect from 9.00 a.m. 28 May 2009.

The period for the Holders to exercise their rights pursuant to Section 34A of the SCA expired at 5.00 p.m. on 20 July 2009. As at 5.00 p.m. on 20 July 2009, the number of ASC Shares held by ASB was 132,531,110 (including transfers of ASC Shares which were subject to verification) representing 93.37% of the total issued and paid-up share capital of ASC (excluding ASC Shares held as treasury shares).

- (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 Trévisse, 75009 Paris ("Acquisition"). The total cash consideration for the Acquisition is 5,450,000 Euros (equivalent to approximately RM26.13 million).

On 22 June 2009, the Company announced that Launceston had on 19 June 2009 entered into the Bilateral Undertakings with the Sellers to acquire from the Sellers the Fonds de Commerce and the Real Estate for a total cash consideration of 5,450,000 Euros (equivalent to approximately RM26.78 million) comprising 3,100,000 Euros for the Real Estate and 2,350,000 Euros for the Fonds de Commerce. The Acquisition is subject to such terms and conditions as set out in the said Bilateral Undertakings.

- (d) On 17 August 2009, the Company served a proposal to the Board of Directors of ASC for ASC to undertake a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Act") ("Proposal"). The Proposal involves a selective capital reduction and repayment exercise under Section 64 of the Act, by way of cancellation of such ASC Shares held by shareholders other than the Company which will result in reduction of ASC's total existing issued and paid-up capital of RM156,860,835. The entire ASC Shares after the Proposal (excluding the 14,916,535 ASC Shares held as treasury shares) will be held by the Company.

ASC had issued a circular dated 18 August 2009 to its shareholders to seek their approval for the resolution pertaining the Proposal at an extraordinary general meeting of ASC which is scheduled to be held on 14 September 2009.

Under the Proposal, the total number of ASC Shares to be cancelled shall be determined at the books closing date to be determined later by the Board of Directors of ASC in its absolute discretion.

Upon completion of the Proposal, ASC will become a wholly-owned subsidiary of the Company.

## 22 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 30 June 2009 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilized RM'000</b>	<b>Timeframe for Utilisation</b>
Repayment of Bank Borrowings	50,259	50,259	-	24 months from
Working Capital	30,000	30,000	-	the date of
Expenses	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 :-

	<b>As At 30.06.2009 RM'000</b>	<b>As At 31.12.2008 RM'000</b>
Short term - secured	31,242	32,339
- unsecured	-	-
Long term - secured	56,094	53,642
- unsecured	5,166	4,979
ICULS- liability portion	17,177	18,377
Finance lease creditor - Short term	1,523	1,523
- Long term	20,789	20,789
	<u>131,991</u>	<u>131,649</u>

(b)

	<b>As At 30.06.2009 RM'000</b>	<b>As At 31.12.2008 RM'000</b>
Australian Dollars	4,705	4,979
Sterling Pounds	1,928	1,773
Singapore Dollars	461	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

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 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 6 October 2009. 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 30 June 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 RM(1,627,000) and RM4,781,000 respectively, divided by the weighted average number of ordinary shares of 463,510,290 and 462,713,759 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended <u>30.06.2009</u> No. of shares</b>	<b>Year to date <u>30.06.2009</u> No. of shares</b>
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	1,601,913	805,382
Weighted average number of ordinary shares	<u>463,510,290</u>	<u>462,713,759</u>
	<b>3 months ended <u>30.06.2009</u></b>	<b>Year to date <u>30.06.2009</u></b>
Basic earnings/(loss) per share (sen)	<u>(0.35)</u>	<u>1.03</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 RM(1,290,000) and RM5,485,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,058,502 and 928,995,825 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended <u>30.06.2009</u> RM'000</b>	<b>Year to date <u>30.06.2009</u> RM'000</b>
Net profit/(loss) attributable to equity holders	(1,627)	4,781
Profit impact of assumed conversion- Interest on ICULS	337	704
	<u>(1,290)</u>	<u>5,485</u>

### **Weighted average number of ordinary shares (diluted)**

	<b>3 months ended <u>30.06.2009</u> No. of shares</b>	<b>Year to date <u>30.06.2009</u> No. of shares</b>
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	1,601,913	805,382
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	465,548,212	466,282,066
Weighted average number of ordinary shares	<u>929,058,502</u>	<u>928,995,825</u>
	<b>3 months ended <u>30.06.2009</u></b>	<b>Year to date <u>30.06.2009</u></b>
Diluted earnings/(loss) per share (sen)	<u>n/a</u>	<u>0.59</u>

No disclosure is required for the three months ended 30 June 2009 since the earnings/(loss) per share was anti-dilutive.

**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  
26 August 2009