ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2011

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and year ended 31 December 2011.

This interim report is prepared in accordance with Financial Reporting Standards ("FRS") No. 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year-to-date 12 months ended	
	Unaudited		Unaudited	Audited
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue	57,624	59,835	222,241	221,852
Cost of sales	(33,434)	(33,017)	(138,863)	(135,155)
Gross profit	24,190	26,818	83,378	86,697
Other operating income	11,188	28,893	24,337	36,680
Operating expenses	(31,043)	(56,617)	(97,180)	(120,528)
Profit/(loss) from operations	4,335	(906)	10,535	2,849
Finance costs	(1,988)	(2,003)	(8,200)	(8,051)
Share of results of associates	861	775	6,835	12,633
Profit/(loss) before tax	3,208	(2,134)	9,170	7,431
Income tax expense	(643)	(284)	(2,071)	(964)
Net profit/(loss) for the financial period/year	2,565	(2,418)	7,099	6,467
Attributable to:				
Owners of the parent	1,631	(3,311)	4,247	3,327
Non-controlling interests	934	893	2,852	3,140
	2,565	(2,418)	7,099	6,467
Earnings/(loss) per share attributable to owners of the parent:				
Basic (sen)	0.32	(0.69)	0.85	0.70
Diluted (sen)	0.21	Anti-dilutive	0.59	0.50

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	Unaudited		Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period/year	2,565	(2,418)	7,099	6,467
Other comprehensive income/(expenses):				
Fair value of available-for-sale financial assets	(3)	804	(807)	1,929
Realisation of Available-For-Sale Reserve	-	-	(1,139)	-
Share of other comprehensive income of associates, net of tax	5	132	13	987
Foreign currency translation differences for foreign operations	(898)	(1,018)	(2,732)	(11,184)
Realisation of foreign exchange reserve	4,908	(4,583)	4,908	(4,583)
Other comprehensive income/(loss) for the financial period/year	4,012	(4,665)	243	(12,851)
Total comprehensive income/(loss) for the financial period/year	6,577	(7,083)	7,342	(6,384)
Attributable to:				
Owners of the parent	5,617	(7,838)	4,549	(9,051)
Non-controlling interests	960	755	2,793	2,667
Total comprehensive income/(loss) for the financial period/year	6,577	(7,083)	7,342	(6,384)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31.12.2011 RM'000	Audited As at 31.12.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	190,542	202,182
Investment properties	8,870	-
Investment in associates	22,675	30,759
Investment securities	31,866	32,673
Goodwill on consolidation	59,815	59,423
Intangible assets	17,527	16,168
Trade, other receivables and other assets	2,574	6,400
Deferred tax assets	2,679	2,870
	336,548	350,475
Current assets		
Property development costs	29,854	24,552
Progress billings	265	1,225
Inventories	24,668	32,950
Trade and other receivables	57,364	52,777
Tax recoverable	2,833	2,721
Investment securities	928	919
Short term deposits	151,592	64,135
Cash and bank balances	39,581	46,535
	307,085	225,814
Non-current assets classified as held for sale	8,038	114,955
TOTAL ASSETS	651,671	691,244
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	151,317	146,448
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	111,162	115,340
Reserves	199,637	195,088
	462,116	456,876
Non-controlling interests	31,966	29,670
Total equity	494,082	486,546
Non-current liabilities		
Borrowings	75,704	81,469
ICULS - liability component	12,278	14,391
Deferred tax liabilities	2,364	2,748
Provision for retirement benefit obligations	876	747
	91,222	99,355
Current liabilities		
Trade and other payables	56,975	68,187
Borrowings	8,118	36,168
Tax payable	1,274	988
	66,367	105,343
Total Liabilities	157,589	204,698
TOTAL EQUITY AND LIABILITIES	651,671	691,244

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	← *Attributable to owners of the parent* →									
		← *Non-distributable* →					*Distributable*			
	Share Capital	**ICULS-Equity Component**	**Share Premium**	**Revaluation Reserve**	**Exchange Translation Reserve**	**Available-For-Sale Reserve**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2011	146,448	115,340	117,317	12,767	(9,476)	4,064	70,416	456,876	29,670	486,546
Net profit for the financial year	-	-	-	-	-	-	4,247	4,247	2,852	7,099
Fair value of available-for-sale financial assets	-	-	-	-	-	(807)	-	(807)	-	(807)
Realisation of available-for-sale reserve	-	-	-	-	-	(1,139)	-	(1,139)	-	(1,139)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	13	-	13	-	13
Realisation of foreign										-
exchange reserve	-	-	-	-	4,908	-	-	4,908	-	4,908
Foreign currency translation differences for foreign operations	-	-	-	-	(2,673)	-	-	(2,673)	(59)	(2,732)
Total comprehensive income/(loss) for the financial year	-	-	-	-	2,235	(1,933)	4,247	4,549	2,793	7,342
Transactions with owners in their capacity as owners:										
Acquisition of a new subsidiary	-	-	-	-	-	-	-	-	-	-
Issue of new ordinary shares pursuant to the conversion of ICULS	4,790	(4,178)	-	-	-	-	-	612	-	612
Issue of new ordinary shares	79	-	-	-	-	-	-	79	-	79
	4,869	(4,178)	-	-	-	-	-	691	-	691
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(497)	(497)
Balance as at 31 December 2011	151,317	111,162	117,317	12,767	(7,241)	2,131	74,663	462,116	31,966	494,082

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to owners of the parent									
			Non-distributable				*Distributable*			
	Share Capital	**ICULS-Equity component**	**Share Premium**	**Revaluation Reserve**	**Exchange Translation Reserve**	**Available-For-Sale Reserve**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2010	142,014	119,208	117,317	12,591	5,862	-	67,054	464,046	27,422	491,468
Effect arising on adoption of FRS139	-	-	-	-	-	1,280	35	1,315	-	1,315
Balance as at 1 January 2010, as restated	142,014	119,208	117,317	12,591	5,862	1,280	67,089	465,361	27,422	492,783
Net profit for the financial year	-	-	-	-	-	-	3,327	3,327	3,140	6,467
Fair value of available-for-sale financial assets	-	-	-	-	-	1,929	-	1,929	-	1,929
Share of other comprehensive income of associates, net of tax	-	-	-	-	132	855	-	987	-	987
Realisation of revaluation and foreign exchange reserve	-	-	-	-	(4,583)			(4,583)		- (4,583)
Foreign currency translation differences for foreign operations	-	-	-	176	(10,887)	-	-	(10,711)	(473)	(11,184)
Total comprehensive income/(loss) for the financial year	-	-	-	176	(15,338)	2,784	3,327	(9,051)	2,667	(6,384)
Transactions with owners in their capacity as owners:										
Issue of new ordinary shares pursuant to the conversion of ICULS	4,434	(3,868)	-	-	-	-	-	566	-	566
	4,434	(3,868)	-	-	-	-	-	566	-	566
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(419)	(419)
Balance as at 31 December 2010	146,448	115,340	117,317	12,767	(9,476)	4,064	70,416	456,876	29,670	486,546

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011

	Unaudited 12 months ended 31.12.2011 RM'000	Audited 12 months ended 31.12.2010 RM'000
Operating Activities		
Profit before tax	9,170	7,431
Adjustments for :-		
Non-cash items	(1,166)	5,454
Other investing and financing items	3,846	5,279
Operating profit before working capital changes	11,850	18,164
Changes in working capital		
Property development costs	(5,302)	(2,242)
Inventories	8,298	2,292
Receivables	(28)	17,597
Investment securities	-	(188)
Short term deposits	(870)	(1,993)
Payables	(11,163)	1,441
Cash generated from/(used in) operating activities	2,785	35,071
Retirement benefit paid	(22)	(18)
Tax paid	(2,165)	(3,983)
Net cash from/(used in) operating activities	598	31,070
Cash flows from investing activities		
Acquisition of intangible assets	(2,504)	(3,647)
Acquisition of a subsidiary	(568)	-
Acquisition of additional shares in an associates	(25)	415
Acquisition of held for trading investments	(323)	-
Capital repayment from associates	10,906	-
Dividend income received	4,029	4,217
Interest received	4,325	2,340
Proceeds from disposal of held for trading investments	323	612
Proceeds from disposal of non-current assets classified as held for sale	121,070	-
Proceeds from disposal of property, plant and equipment	257	225
Proceeds from disposal shares in a subsidiary	(4)	-
Purchase of property, plant and equipment	(6,475)	(11,238)
Purchase of investment properties	(7,924)	-
Net cash from/(used in) investing activities	123,087	(7,076)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2011

	Unaudited 12 months ended 31.12.2011 RM'000	Audited 12 months ended 31.12.2010 RM'000
Cash flows from financing Activities		
Dividends paid to non-controlling interests of a subsidiary	(497)	(419)
Drawdown of hire purchase	114	120
Drawdown of term loans	1,155	-
Interest paid	(9,728)	(9,443)
Issue of new shares	79	-
Payments to hire purchase payables	(113)	(408)
Repayment of term loans	(35,996)	(4,788)
Net cash from/(used in) financing activities	(44,986)	(14,938)
Effect of exchange rate changes	246	(685)
Net increase in cash and cash equivalents	78,945	8,371
Cash and cash equivalents as at beginning of financial year		
As previously reported	83,747	77,967
Effect of exchange rate changes	(80)	(2,591)
As restated	83,667	75,376
Cash and cash equivalents as at end of financial year *	162,612	83,747
*** Cash and cash equivalents at the end of the financial period comprising the following :**		
Short term deposits	151,592	64,135
Cash and bank balances	39,581	46,535
Bank overdrafts	(768)	-
	190,405	110,670
Less : Deposits placed with lease creditors as security deposit for lease payments	(19,079)	(18,298)
Deposits pledged to licensed banks	(8,714)	(8,625)
	(27,793)	(26,923)
	162,612	83,747

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 2010.

2. Significant 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 2010, except for the adoption of the following revised Financial Reporting Standards ("FRSs"), amendments/improvements to FRSs, IC Interpretations ("IC Int") and amendments to IC Int:

<u>Revised FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

<u>Amendments/Improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosure
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement

<u>IC Int</u>

IC Int 4	Determining Whether an Arrangement Contains a Lease
IC Int 12	Service Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

<u>Amendment to IC Int</u>

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

2. Significant accounting policies (Continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described as below.

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements.</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interest in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

<u>Revised FRSs, Amendments/Improvements to FRSs, IC Int and Amendments to IC Int that are issued, but are not yet effective, and have yet to be adopted by the Group:</u>

<u>Revised FRSs</u>

FRS 124 Related Party Disclosures

<u>IC Int</u>

IC Int 15 Agreements for the Construction of Real Estate

IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

<u>Amendment to IC Int</u>

IC Int 14 Prepayments of a Minimum Funding Requirements

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”). This is in accordance with the convergence with International Financial Reporting Standards (“IFRS”) with effect from 1 January 2012. However, entities within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate will be allowed to defer adoption for an additional one year.

3 Audit report

The auditors’ report on the financial statements for the year ended 31 December 2010 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 December 2011 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

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

6. 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.

7 Debt and equity securities

For the financial year ended 31 December 2011:-

(a) a total of 31,413,000 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 15,706,500 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; and

(b) a total of 525,000 ordinary shares of RM0.30 each were issued consequential to a conversion by surrendering for cancellation one ICULS of nominal value of RM0.15 and cash payment of RM0.15 for 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 year ended 31 December 2011.

8 Dividends paid

There was no payment of any dividend during the financial year ended 31 December 2011.

9. Segmental Information

For the financial year ended 31 December 2011

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	1,133	5,784	76,022	34,019	2,896	81,584	20,803	-	222,241
Inter-segment	728	8	-	-	-	363	-	(1,099)	-
Total revenue	1,861	5,792	76,022	34,019	2,896	81,947	20,803	(1,099)	222,241
Results									
Segment results	(5,301)	690	6,117	3,411	(2,112)	797	(2,059)	792	2,335
Share of results of associates	4,385	-	(43)	2,493	-	-	-	-	6,835
Consolidated profit/(loss) before tax	(916)	690	6,074	5,904	(2,112)	797	(2,059)	792	9,170
Income tax expense									(2,071)
Consolidated profit/(loss) after tax									7,099
Non-controlling interests									(2,852)
Net profit/(loss) for the financial year									4,247

9. Segmental Information (Continued)

For the financial year ended 31 December 2011

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	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	149,896	55,588	223,487	135,513	6,301	13,943	30,718	-	615,446
Investment in associates	9,847	-	3,958	8,870	-	-	-	-	22,675
Non-current assets classified as held for sale	7,791	247	-	-	-	-	-	-	8,038
Unallocated corporate assets									5,512
Total assets									651,671
Segment liabilities	17,417	6,179	95,325	9,171	947	5,022	19,890	-	153,951
Unallocated corporate liabilities									3,638
Total liabilities									157,589
Capital expenditure:									
- Property, plant & equipment	346	1	4,478	1,546	101	43	74	-	6,589
- Investment properties	-	-	-	7,924	-	-	-	-	7,924
- Software development expenditure	-	-	-	2,504	-	-	-	-	2,504

9. Segmental Information (Continued)

For the financial year ended 31 December 2010

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	955	11,158	74,457	43,087	3,637	67,606	20,952	-	221,852
Inter-segment	4,446	14	-	-	-	526	-	(4,986)	-
Total revenue	5,401	11,172	74,457	43,087	3,637	68,132	20,952	(4,986)	221,852
Results									
Segment results	(10,827)	736	9,694	3,884	(2,707)	783	(4,116)	(2,649)	(5,202)
Share of results of associates	9,940	-	(17)	2,710	-	-	-	-	12,633
Consolidated profit/(loss) before tax	(887)	736	9,677	6,594	(2,707)	783	(4,116)	(2,649)	7,431
Income tax expense									(964)
Consolidated profit/(loss) after tax									6,467
Non-controlling interests									(3,140)
Net profit/(loss) for the financial year									3,327

9. Segmental Information (Continued)

For the financial year ended 31 December 2010

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	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	78,887	58,386	221,000	134,702	7,089	11,986	27,889	-	539,939
Investment in associates	27,934	-	-	2,825	-	-	-	-	30,759
Non-current assets held for sale	114,955								114,955
Unallocated corporate assets									5,591
Total assets									691,244
Segment liabilities	53,030	8,132	99,467	14,661	1,681	4,283	19,708	-	200,962
Unallocated corporate liabilities									3,736
Total liabilities									204,698
Capital expenditure									
- Property, plant and equipment	962	1	6,049	3,093	586	339	327	-	11,357
- Software development expenditure	-	-	-	4,626	-	-	-	-	4,626

10. 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 2010.

11. Significant subsequent events

(a) On 16 January 2012, Synergy Tours Sdn Bhd ("Synergy Tours"), an indirect wholly-owned subsidiary of the Company [held via Orient Escape Travel Sdn Bhd, which in turn is a wholly-owned subsidiary of Diversified Gain Sdn Bhd, a wholly-owned subsidiary of the Company] had incorporated a 50%-owned company in Italy, namely Le Indie Viaggi S.R.L. to conduct all types of outbound and incoming travel businesses for distribution through internet with a share capital of €100,000.00 through subscription in equal amounts by the two shareholders with €50,000.00 each. Consequential thereto, Le Indie Viaggi S.R.L. became a 50%-owned associate company of Synergy Tours and the Company.

(b) On 31 January 2012, the Proposed Transfer in Dama TCM Sdn Bhd ("Dama TCM") as detailed in Note 12(g) below was completed and accordingly, Dama TCM became an 80%-owned subsidiary of Excellent Display Sdn Bhd ("EDSB") and the Company.

(c) On 20 February 2012, the Company announced that a notice from the Australian Securities & Investments Commission ("ASIC") was received on 16 February 2012 informing that Alangka-Suka Australia Pty Ltd ("ASAPL") and Holiday Villa Australia Pty Ltd ("HVAPL") was deregistered on 16 February 2012 . Details are set out in Note 12(j) below.

Apart from the above and Note 20(b), there were no other significant subsequent events.

12. Changes in the composition of the Group

(a) On 10 February 2011, the Company announced that Triton Feeder Services Sdn Bhd ("TFS"), a wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd ("ASC"), which in turn is a wholly-owned subsidiary of the Company, had on 10 February 2011 received a notice of striking off pursuant to Section 308(4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia informing that TFS has been struck off from the register of the Registrar of Companies.

(b) On 17 March 2011, the Company announced that Alangka-Suka Hotels & Resorts Sdn Bhd ("ASHR"), had acquired additional 30% equity interest in Suntop Corporation Sdn Bhd ("Suntop") comprising 61,500 ordinary shares of RM1.00 each ("Acquisition"). Consequential to the increase in ASHR's equity interest in Suntop from 40% to 70% after the Acquisition, Suntop became a subsidiary of the Company.

(c) Further to the Company's announcement on 19 May 2011 regarding the passing of a resolution to strike off Triton Express (S) Pte Ltd ("TES"), an indirect wholly-owned subsidiary of ASC ("Striking Off"), on 2 November 2011, the Company announced that a notice from the Accounting and Corporate Regulatory Authority, Singapore was received on 2 November 2011 informing that the name of TES was struck off the Register on 14 October 2011.

12. Changes in the composition of the Group (Continued)

(d) On 31 May 2011, the Company announced that Unified Communications Pte Ltd ("UCPL"), a wholly-owned subsidiary of Unified Communications Holdings Limited ("UCHL"), which in turn is a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company) had disposed its 51% equity interest in Unified Communications Limited ("UCL"), a subsidiary incorporated in Hong Kong, to a director and management staff of UCL, Mr. Ching Ming Wai.

Following the completion of the disposal of UCL shares, UCL ceased to be a subsidiary of UCPL and the Company. The summary of the effects on the disposal of UCL shares is as follows:

	RM'000
Property, plant and equipment	9
Inventories	12
Receivables	24
Cash and bank balances	6
Payables	(249)
Net assets/(liabilities) deemed disposed	(198)
Less: Proceeds from disposal of a subsidiary	2
Gain on disposal of a subsidiary	200
Proceeds from disposal of a subsidiary	2
Less: Cash and bank balances of a subsidiary disposed	(6)
Net cash outflow	(4)

(e) ACE Synergy Insurance Berhad ("ASIB") ceased to be an associated company of ASC consequential to the disposal by ASC of its entire shareholding of 49,000,000 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up share capital in ASIB to ACE INA International Holdings, Ltd. ("ACE INA") for a total cash consideration of RM117.0 million ("Proposed ASIB Disposal") which was deemed completed on 14 June 2011.

(f) On 7 July 2011, the Company announced that its wholly-owned subsidiary, ASHR, had entered into an agreement for the disposal of its entire shareholding of 143,500 shares representing 70% equity interest in Suntop for a cash consideration of RM3,269,000.00 ("Disposal of Suntop"). On 25 October 2011, the Company announced that the Disposal of Suntop was completed and accordingly, Suntop ceased to be a subsidiary of the Company.

(g) On 15 September 2011, the Company announced that its wholly-owned subsidiary, EDSB, had entered into an agreement for the acquisition of 100% equity interest in Dama TCM comprising 380,000 issued and fully paid-up ordinary shares of RM1.00 each for a cash consideration of RM600,000.00 ("Proposed Acquisition"). Concurrently with the completion of the Proposed Acquisition, EDSB will enter into a service contract with Lee Thiam Huat to appoint him as the Chief Operating Officer of Dama TCM. To incentivise and ensure a long term commitment, 20% of the enlarged share capital of Dama TCM will be transferred to Lee Thiam Huat at a nominal value of RM1.00 ("Proposed Transfer"). Upon completion of the Proposed Transfer, EDSB 's equity interest in Dama TCM will be reduced to 80%. On 7 December 2011, the Company announced that the Proposed Acquisition has been completed and accordingly, Dama TCM became a wholly-owned subsidiary of EDSB and the Company.

12. Changes in the composition of the Group (Continued)

The summary of the effects on the acquisition of Dama TCM shares is as follows:

	RM'000
Property, plant and equipment	249
Inventories	40
Receivables	42
Cash and bank balances	32
Payables	(156)
Net assets/(liabilities) deemed acquired	207
Goodwill arising from acquisition	393
Purchase consideration	600
Less: Cash and bank balances of a subsidiary acquired	(32)
Net cash outflow	568

(h) On 26 September 2011, ASC acquired 186,074 ordinary shares of RM1.00 each representing 10% equity interest in Quality Bus & Coach (M) Sdn Bhd ("QBC") from Quality Bus & Coach Pty Ltd for a total cash consideration of RM1.00 only pursuant to an internal reorganisation and consequential thereto, QBC became a 61%-owned subsidiary of ASC.

(i) On 12 December 2011, Super Leisure Sdn Bhd ("Super Leisure"), an indirect wholly-owned subsidiary of the Company [held via Alangka-Suka Hotels & Resorts Sdn Bhd which is wholly-owned by the Company], subscribed for 24,500 new ordinary shares of RM1.00 each representing 49% equity interest in Smile Integrated Solution Sdn Bhd ("Smile Integrated Solution") at an issue price of RM1.00 per new ordinary share. Consequential thereto, Smile Integrated Solution became an associate company of Super Leisure and the Company.

(j) On 13 December 2011, the Company announced that the shareholders of ASAPL and HVAPL, both indirect wholly-owned subsidiaries of the Company [held via Larkswood Assets Limited, a wholly-owned subsidiary of Alangka-Suka International Limited, which is in turn a wholly-owned subsidiary of Alangka-Suka Hotels & Resorts Sdn Bhd, a wholly-owned subsidiary of the Company] have respectively passed a resolution to voluntary deregister ASAPL and HVAPL. As per notice dated 16 February 2012 from ASIC, ASAPL and HVAPL were deregistered on 16 February 2012.

(k) On 22 December 2011, the Company announced that Advance Synergy Properties Sdn Bhd ("ASP"), a wholly-owned subsidiary of the Company, had acquired 100% equity interest in two shelf companies incorporated in Hong Kong, namely Excellent Result Investments Limited and Best Alpha Investments Limited ("Best Alpha"), each comprising 1 issued and fully paid-up ordinary share of HKD1.00 each ("Acquisition"). Excellent Result and Best Alpha became wholly-owned subsidiaries of ASP and the Company after the acquisition.

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

13. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2010.

14. Review of performance

For the year ended 31 December 2011, the Group's revenue of RM222.2 million was marginally higher by 0.18% from RM221.9 million in 2010. Despite the higher revenue, gross profit for the Group was lower by 3.8% at RM83.4 million in 2011 compared to RM86.7 million in 2010. There was also higher other operating income in the previous year at RM36.7 million compared to RM24.3 million in the current year under review arising mainly from higher write back of provisions in 2010 partly offset by gain on disposal of non-current assets classified as held for sale in 2011. The Group results this year was also affected by the lower contribution from associates compared to the contribution in the preceding year arising from the disposal of an associated company in 2011. However, the operating expenses in 2011 were lower by RM23.3 million from RM120.5 million in 2010 mainly due to provision made in 2010 for impairment loss on available for sale investments. The net impact of the above resulted in a higher Group profit before tax of RM9.2 million compared to the profit of RM7.4 million in the previous year.

Investment Holding

In the current year under review, the division recorded a gain on disposal of non-current assets classified as held for sale which was partly offset by the lower contribution from the associates arising from the disposal of an associated company. This resulted in the division posting a loss of RM916,000 compared to a loss of RM887,000 in the previous year.

Property Development

Despite the substantial drop in revenue of the Property Development division by RM5.4 million for the year ended 31 December 2011 compared to revenue in preceding year, the profit before tax of the division was RM691,000 in 2011 compared to RM736,000 in the previous year mainly attributable to the lower overheads in 2011.

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue in 2011 of RM76.0 million as compared to RM74.5 million in 2010. However, the division's profit before tax is lower at RM6.1 million compared to a profit before tax of RM 9.7 million in 2010. The lower profit in 2011 compared to the preceding year 2010 was mainly due to the realisation of foreign exchange loss which was partly offset by the gain on disposal of non-current assets classified as held for sale this year coupled with the realisation of foreign exchange gain in the previous year.

Information & Communications Technology

The Information & Communications Technology division's revenue in the current year is lower by approximately RM9.1 million or 21% compared to the preceding year's revenue of RM43.1 million, mainly due to lower system sale contract revenue recorded by all business units (BUs) in all three regions (South East Asia, South Asia and Middle East-Africa). The lower revenue from system sales across all BUs was however partly mitigated by higher managed services revenue recorded by Value-added-Service sales (VAS) BU in South Asia. Profit before tax for the year declined disproportionately less compared to the revenue – falling by approximately 11% or RM0.7 million to RM5.9million, from PBT achieved in the preceding year of RM6.6million. This was due to lower other operating expenses incurred during the current year and an improvement in overall gross profit margin, as well as a fair value gain recorded on the division's investment property.

Coach Building

The Coach Building division's lower loss for the current year under review compared to the preceding year despite the lower revenue was mainly attributable to lower operating expenses of the division in the current year.

Travel & Tours

Travel & Tours division registered a higher revenue in 2011 compared to 2010. However, profit before tax in 2011 is comparable to the preceding year mainly due to the higher operating expenses in 2011.

Others

Other divisions registered a lower loss for the current year under review compared to the preceding year mainly due to the better performance of the Card and Payment division offset by the lower earnings from the manufacturing division.

15. Comparison of results with preceding quarter

The Group revenue of RM57.6 million for the current quarter ended 31 December 2011 was higher by 3.9% from the revenue in the previous quarter ended 30 September 2011 of RM55.5 million. With the improved Group revenue coupled with the higher gain on disposal of non-current assets classified as held for sale partly offset by the higher operating expenses in the current quarter, the Group recorded a higher profit before tax of RM3.2 million for this quarter compared to the previous quarter of RM1.5 million.

Investment Holding

Investment Holding division recorded a profit before tax of RM1.3 million in the current quarter compared to a loss of RM1.9 million in the preceding quarter mainly due to write back of provision in the current quarter.

Property Development

Property development division showed a better performance this quarter compared to the previous quarter with higher revenue mainly contributed by the newly launched project in Kuching during the quarter under review resulting in a profit of RM0.4 million compared to a loss of RM63,000 in the previous quarter.

Hotels & Resorts

Despite the higher revenue from the Hotels & Resorts Division of RM20.7 million for the current quarter under review compared to a revenue of RM18.9 million in the previous quarter, the profit contribution from the Hotels & Resorts division for the current quarter was lower by RM1.8 million from a profit of RM2.1 million in the previous quarter mainly due to realisation of foreign exchange loss partly offset by the gain on disposal of non-current assets classified as held for sale.

Information & Communications Technology

The Information & Communications Technology division registered higher revenue this quarter of RM8.6 million compared to RM8.0 million in the preceding quarter. The division's profit is higher at RM2.0 million in the current quarter compared to RM1.5 million profit in the preceding quarter mainly due to the flow-down effect of higher revenue and a fair value gain on the division’s investment property. These factors had offset the impact on profit of higher operating expenses and the lower share of results from an associate recorded in the current quarter.

Coach Building

Contribution from the Coach Building division for the current quarter under review is comparable to the previous quarter.

Travel & Tours

Travel & Tours division made a loss of RM0.2 million for the current quarter under review compared to a profit of RM0.6 million in the previous quarter mainly due to lower revenue coupled with higher overhead expenses.

Others

For the current quarter under review, the other divisions made a loss of RM0.4 million compared to a profit of RM1.5 million in the previous quarter mainly due to reversal of intercompany charges in the preceding quarter.

16. Prospects

With the uncertainty in the global economic outlook, and the euro zone debt crisis coupled with the risk of lower growth for China and many economies, the Directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2012.

However, each business within the Group will continue to assess and execute their respective growth and development plans which may include geographical expansion, increasing distribution channels, and market and product development.

Performance from our Property Development division is expected to improve for 2012 in anticipation of new launches planned for the year.

Our Hotels & Resorts division is continuously expanding its operations and in this respect, the division is moving aggressively in securing hotel management and operating agreements. The Hotels & Resorts division expects to open more hotels in various countries this year.

The Information & Communications Technology division will continue to defend its existing businesses and to re-establish its growth path organically and by way of acquisition of and/or strategic investment in complementary businesses. The division is optimistic of extending its track record of profitable performance, but expect the year ahead to continue to be challenging due to factors such as intensified competition for many of the division's more matured products and technologies; recruitment and retention issues on talents to support growth; and changes in management, ownership and/or strategic emphasis of their existing and prospective customers.

The Coach Building division will continue to execute its business plans to grow the volume of its bus manufacturing business by focusing on increasing the chassis and body assembly contracts for both local and export markets.

The inbound travel and tours business may experience volatility in its overseas market, but the outbound travel and tours business is expected to enjoy strong demand from the domestic market.

17. 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.

18. Profit variance and shortfall in profit guarantee

Not Applicable.

19. Income tax expense

	3 months ended 31.12.2011 RM'000	**Year to date ended 31.12.2011 RM'000**
On current quarter/period results		
- Malaysian income tax	969	2,341
- Overseas taxation	(307)	(307)
Over provision in prior year	(41)	(75)
Transfer (to)/from deferred taxation	22	112
	643	2,071

The effective tax rate of the Group for the financial year under review is lower 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.

20. 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 24(a).

(b) On 14 October 2011, the Company announced that Unified Communications Sdn Bhd ("UCSB"), a wholly-owned subsidiary of UCHL, had entered into an agreement for the acquisition of the remaining 228,000 ordinary shares of RM1.00 each representing 60% equity interest in Ahead Mobile Sdn Bhd ("AMSB") not already owned by UCSB for a total cash consideration of up to RM22.5 million ("Proposed Acquisition"). On 16 January 2012, the Company announced that the Proposed Acquisition was completed and accordingly, AMSB became a wholly-owned subsidiary of UCSB.

21. Utilisation of proceeds from disposal by ASC of its entire shareholding of 49,000,000 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up share capital in ASIB to ACE INA for a total cash consideration of RM117.0 million ("Disposal of ASIB")

The status of utilisation of proceeds raised from the Disposal of ASIB as at 31 December 2011 is as follows:

	Proposed Utilisation RM'000	**Utilisation to-date RM'000**	**Balance unutilised RM'000**
Repayment of Bank Borrowings*	61,600	32,446	29,154
Working Capital	55,000	13,400	41,600
Estimated expenses for the Disposal of ASIB*	400	324	76
	117,000	46,170	70,830

*Any shortfall or excess in the funds allocated for repayment of bank borrowings and estimated expenses will be funded from or used for working capital of the Group.

22. Group borrowings

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

	As At 31.12.2011 RM'000	As At 31.12.2010 RM'000
Short term - secured		
- Term loans	5,590	34,513
- Bank overdraft	768	-
- Hire purchase payables	91	115
- Finance lease payable	1,669	1,540
	8,118	36,168
Long term - secured		
- Term loans	48,465	54,302
- Hire purchase payables	92	81
- Finance lease payable	20,898	21,019
Long term - unsecured		
- Term loans	6,249	6,067
	75,704	81,469
Total borrowings	83,822	117,637

(b) Group borrowings denominated in foreign currency are as follows:-

	As At 31.12.2011 RM'000	As At 31.12.2010 RM'000
Australian Dollars	6,223	6,067
Sterling Pounds	1,011	1,227
Euro	13,119	13,106

23. Financial Instruments

(a) Derivatives

The Group does not have any outstanding derivatives as at the date of this report.

(b) Gain/Loss arising from fair value changes of financial liabilities

There were no gain/loss arising from the fair value changes in financial liabilities for the current financial year.

24. Material litigation

(a) 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.

Following case management, PKNK made an application to the High Court for the determination of a point of law and/or preliminary issue pursuant to Order 14A and/or Order 33 Rule 2 of the Rules of the High Court, 1980. Specifically, the issue raised by PKNK was whether the suit was barred by limitation. On 13 January 2011, the High Court resolved the application in favour of PKNK and held that the action was barred by limitation pursuant to the Public Authorities Protection Act, 1948 or alternatively, the Limitation Act, 1953.

The Company's solicitors are of the view that the learned Judicial Commissioner erred in deciding that the Company's claim is time-barred and have appealed the decision of 13 January 2011 to the Court of Appeal of Malaysia vide Civil Appeal No. K-01-85-2011. The appeal is pending disposal and has not been fixed for hearing.

Earlier updates of this material litigation can be referred to in the Company's announcement on quarterly results (under Note 25(a)) released to Bursa Securities on 25 May 2011.

24. Material litigation (Continued)

(b) Further to the announcement on quarterly results (under Note 26(b)) made on 24 August 2011 concerning the updates on the legal proceedings relating to the Proposed ASIB Disposal as set out in Note 12(e) above, the Company confirms that all appeals against the committal order to the Court of Appeal of Malaysia have been withdrawn and discontinued.

The only pending appeal is the appeal by ASC to the Court of Appeal of Malaysia against the order of the High Court dated 21 April 2011 refusing leave for judicial review against the Minister of Finance's approval in respect of the Proposed ASIB Disposal vide Civil Appeal No.: W-01-283-2011. The appeal is pending disposal and no hearing has yet been fixed in respect of the same.

25. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	3 months ended 31.12.2011 RM'000	**Year to date ended 31.12.2011 RM'000**
Amortisation of intangible assets	(470)	(1,717)
Bad debts written off	(464)	(586)
Depreciation	(1,458)	(6,990)
Fair value gain on investment properties	946	946
Gain on disposal of:		
- property, plant and equipment	-	231
- non-current assets classified as held for sale	2,936	7,205
- subsidiary	-	200
- held for trading investment	1	19
Gross dividend income	26	29
Impairment loss on:		
- loan and receivables	(174)	(221)
- inventories	(34)	(15)
Interest expenses	(1,988)	(8,200)
Interest income	1,290	4,325
Loss on disposal of property, plant and equipment	(7)	-
Net unrealised loss on foreign exchange	(282)	(94)
Property, plant and equipment written off	(26)	(43)
Realisation of foreign exchange reserve	(4,908)	(4,908)
Write back of impairment loss on:		
- property, plant and equipment	165	165

26. Retained Earnings

	As At 31.12.2011 RM'000	As At 31.12.2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(371,820)	(448,054)
- Unrealised	(18,719)	(22,948)
Total retained profits/(accumulated losses) from associates		
- Realised	(1,193)	65,586
- Unrealised	212	(658)
Total retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(634)	(289)
- Unrealised	-	-
	(392,154)	(406,363)
Consolidation adjustments	466,817	476,779
Total Group retained profits as per consolidated financial statements	74,663	70,416

27. Dividend

The Board will decide on the recommendation of dividend after finalisation of the audited financial results for the financial year ended 31 December 2011.

28. 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 RM1,631,000 and RM4,247,000 respectively, divided by the weighted average number of ordinary shares of 504,391,530 and 499,898,522 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year to date ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	504,391,530	474,028,927	488,160,030	473,378,927
Weighted average number of new ordinary shares arising from ICULS converted todate	-	8,810,641	11,519,862	2,825,696
Weighted average number of new issuance of ordinary shares	-	-	218,630	-
Weighted average number of ordinary shares	504,391,530	482,839,568	499,898,522	476,204,623

	3 months ended		Year to date ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Basic earnings/(loss) per share (sen)	0.32	(0.69)	0.85	0.70

28. Earnings/(Loss) per share (Continued)

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 RM1,943,000 and RM5,493,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,952 and 929,151,081 for the current quarter and current year-to-date respectively assuming conversion of the remaining ICULS as follows:

	3 months ended		Year to date ended	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	1,631	(3,311)	4,247	3,327
Profit impact of assumed conversion- interest on ICULS	312	274	1,246	1,349
	1,943	(3,037)	5,493	4,676

Weighted average number of ordinary shares (diluted)

	3 months ended		Year to date ended	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	504,391,530	474,028,927	488,160,030	473,378,927
Weighted average number of new ordinary shares arising from ICULS converted todate	-	8,810,641	11,519,862	2,825,696
Weighted average number of new issuance of ordinary shares	-	-	218,630	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	424,803,422	446,092,883	429,252,559	452,727,829
Weighted average number of ordinary shares	929,194,952	928,932,451	929,151,081	928,932,452

	3 months ended		Year to date ended	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
Diluted earnings/(loss) per share (sen)	0.21	Anti-dilutive	0.59	0.50

29. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
28 February 2012