ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2015

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 2015.

This interim report is prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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 audited financial statements for the year ended 31 December 2014.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year-to-date 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	76,548	79,781	268,837	274,764
Cost of sales	(49,148)	(51,879)	(174,896)	(181,364)
Gross profit	27,400	27,902	93,941	93,400
Other operating income	3,782	4,301	23,610	23,725
Operating expenses	(36,787)	(29,751)	(112,181)	(108,666)
Profit/(Loss) from operations	(5,605)	2,452	5,370	8,459
Finance costs	(935)	(1,139)	(5,118)	(4,933)
Share of results of associates and joint venture	(212)	(118)	(718)	(896)
Profit/(Loss) before tax	(6,752)	1,195	(466)	2,630
Income tax expense	(2,913)	(1,569)	(6,716)	(5,164)
Net profit/(loss) for the financial period	(9,665)	(374)	(7,182)	(2,534)
Attributable to:				
Owners of the parent	(10,461)	(2,005)	(11,212)	(4,643)
Non-controlling interests	796	1,631	4,030	2,109
	(9,665)	(374)	(7,182)	(2,534)
Loss per share attributable to owners of the parent:				
Basic (sen)	(1.58)	(0.30)	(1.69)	(0.82)
Diluted (sen)	(1.58)	(0.30)	(1.69)	(0.82)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 12 months ended	
	31.12.2015 RM'000	**31.12.2014 RM'000**	**31.12.2015 RM'000**	**31.12.2014 RM'000**
Net profit/(loss) for the financial period	(9,665)	(374)	(7,182)	(2,534)
Other comprehensive income/(expenses):				
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	(805)	322	(1,608)	1,366
Share of other comprehensive income of associates, net of tax	-	(8)	54	150
Foreign currency translation differences for foreign operations	(2,914)	3,226	11,847	2,549
Total items that are or may be reclassified subsequently to profit or loss	(3,719)	3,540	10,293	4,065
Other comprehensive income/(loss) for the financial period	(3,719)	3,540	10,293	4,065
Total comprehensive income/(loss) for the financial period	(13,384)	3,166	3,111	1,531
Attributable to:				
Owners of the parent	(14,267)	1,364	(1,141)	(413)
Non-controlling interests	883	1,802	4,252	1,944
Total comprehensive income/(loss) for the financial period	(13,384)	3,166	3,111	1,531

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 31.12.2015 RM'000	Audited as at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	126,890	158,246
Investment properties	8,870	8,870
Investment in associates	54,575	55,865
Investment securities	23,424	21,083
Investment in joint venture	9	18
Goodwill on consolidation	92,761	92,027
Intangible assets	4,887	6,212
Trade and other receivables	-	606
Deferred tax assets	665	743
	312,081	343,670
Current assets		
Progress billings	20,489	9,938
Inventories	59,420	65,145
Trade and other receivables	76,698	82,975
Tax recoverable	2,411	1,820
Investment securities	433	418
Short term deposits	106,987	80,129
Cash and bank balances	53,188	48,490
	319,626	288,915
TOTAL ASSETS	631,707	632,585
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	199,216	198,677
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	64,861	65,384
Reserves	176,419	179,220
	440,496	443,281
Non-controlling interests	39,155	36,498
Total equity	479,651	479,779
Non-current liabilities		
Borrowings	42,840	37,728
ICULS - liability component	2,976	4,297
Deferred tax liabilities	2,659	1,539
Provision for retirement benefit obligations	1,427	1,284
	49,902	44,848
Current liabilities		
Trade and other payables	64,453	71,637
Borrowings	37,207	35,903
Tax payable	494	418
	102,154	107,958
Total Liabilities	152,056	152,806
TOTAL EQUITY AND LIABILITIES	631,707	632,585

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	← *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 2015	198,677	65,384	117,317	15,998	(2,757)	6,490	42,172	443,281	36,498	479,779
Net profit/(loss) for the financial period	-	-	-	-	-	-	(11,212)	(11,212)	4,030	(7,182)
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,608)	-	(1,608)	-	(1,608)
Share of other comprehensive income of associates, net of tax	-	-	-	-	(51)	105	-	54	-	54
Foreign currency translation differences for foreign operations	-	-	-	-	11,625	-	-	11,625	222	11,847
Total comprehensive income/(loss) for the financial period	-	-	-	-	11,574	(1,503)	(11,212)	(1,141)	4,252	3,111
Transactions with owners in their capacity as owners:										
Dividends paid	-	-	-	-	-	-	(1,660)	(1,660)	-	(1,660)
Issue of new ordinary shares pursuant to the conversion of ICULS	539	(523)	-	-	-	-	-	16	-	16
	539	(523)	-	-	-	-	(1,660)	(1,644)	-	(1,644)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(1,595)	(1,595)
Balance as at 31 December 2015	199,216	64,861	117,317	15,998	8,817	4,987	29,300	440,496	39,155	479,651

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31DECEMBER 2015 (Continued)

	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 2014	154,175	108,669	117,317	15,998	(5,489)	4,992	45,466	441,128	34,625	475,753
Net profit/(loss) for the financial period	-	-	-	-	-	-	(4,643)	(4,643)	2,109	(2,534)
Fair value of available-for-sale financial assets	-	-	-	-	-	1,366	-	1,366	-	1,366
Share of other comprehensive income of associates, net of tax	-	-	-	-	18	132	-	150	-	150
Foreign currency translation differences for foreign operations	-	-	-	-	2,714	-	-	2,714	(165)	2,549
Total comprehensive income/(loss) for the financial period	-	-	-	-	2,732	1,498	(4,643)	(413)	1,944	1,531
Transactions with owners in their capacity as owners:										
Disposal of interest in a subsidiary	-	-	-	-	-	-	412	412	404	816
Dividends paid	-	-	-	-	-	-	(1,339)	(1,339)	-	(1,339)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	-	-	105	105
Issue of new ordinary shares pursuant to the conversion of ICULS	44,502	(43,285)	-	-	-	-	2,276	3,493	-	3,493
	44,502	(43,285)	-	-	-	-	1,349	2,566	509	3,075
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(580)	(580)
Balance as at 31 December 2014	198,677	65,384	117,317	15,998	(2,757)	6,490	42,172	443,281	36,498	479,779

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2015

	12 months ended Unaudited 31.12.2015 RM'000	12 months ended Audited 31.12.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(466)	2,630
Adjustments for :-		
Non-cash items	12,462	11,993
Other investing and financing items	1,737	2,233
Operating profit before working capital changes	13,733	16,856
Changes in working capital		
Inventories	5,750	(5,721)
Receivables	(3,652)	8,639
Payables	(7,475)	9,959
Cash used in operations	8,356	29,733
Retirement benefit paid	(30)	(16)
Tax paid	(6,029)	(6,462)
Net cash used in operating activities	2,297	23,255
Cash flows from investing activities		
Acquisition of intangible assets	(1,209)	(1,124)
Acquisition of a subsidiary, net of cash acquired	(725)	21
Acquisition of additional shares in subsidiaries	-	105
Investment in an associate	(4,807)	(20,716)
Acquisition of additional shares in an associate	-	(400)
Acquisition of available for sale investments	(3,949)	-
Dividend income received	-	4
Interest received	3,381	2,696
Payment to contingent consideration	-	(2,315)
Proceeds from disposal of an associate	4,848	-
Proceeds from disposal of property, plant and equipment	28,452	66
Proceeds from disposal of subsidiaries, net of cash disposed	-	8,018
Purchase of property, plant and equipment	(2,886)	(5,455)
Net cash used in investing activities	23,105	(19,100)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2015 (Continued)

	12 months ended Unaudited 31.12.2015 RM'000	12 months ended Audited 31.12.2014 RM'000
Cash flows from financing activities		
Dividends paid	(1,660)	(1,339)
Dividends paid to non-controlling interests of a subsidiary	(1,595)	(580)
Drawdown of term loans and revolving credit	30,000	11,300
Interest paid	(5,908)	(6,841)
Payment to hire purchase payables	(87)	(17)
(Pledged of)/Withdrawal of pledged short term deposits	(512)	3,763
Repayment of term loans and revolving credit	(23,180)	(8,028)
Net cash used in financing activities	(2,942)	(1,742)
Effect of exchange rate changes	(1,137)	(221)
Net decrease in cash and cash equivalents	21,323	2,192
Cash and cash equivalents as at beginning of financial period		
As previously reported	94,592	90,901
Effect of exchange rate changes	10,500	1,499
As restated	105,092	92,400
Cash and cash equivalents as at end of financial period *	126,415	94,592

*** Cash and cash equivalents at the end of the financial period comprising the following :**

Short term deposits	106,987	80,129
Cash and bank balances	53,188	48,490
Bank overdrafts	-	(779)
	160,175	127,840
Less : Deposits placed with lease creditors as security deposit for lease payments	(22,996)	(21,874)
Cash held under Housing Development Accounts	(565)	(547)
Deposits pledged to licensed banks	(10,199)	(10,827)
	(33,760)	(33,248)
	126,415	94,592

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with MFRS 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 2014.

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 2014, except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS"), amendments/improvements to MFRSs, IC Interpretations ("IC Int") and amendment to IC Int:

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments to MFRSs and IC Interpretation will have no significant impact on the financial statements of the Group upon their initial application.

MFRSs, Amendments to MFRSs and IC Int issued but not yet effective

The following MFRSs, Amendments/Improvements to MFRSs that are issued but are not yet effective, have yet to be adopted by the Group:

<u>New MFRS</u>		**Effective for financial periods beginning on or after**
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2014 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 December 2015 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

There were no unusual significant items during the quarter 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 2015, a total of 3,593,300 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") were converted into 1,796,650 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 year ended 31 December 2015.

8 Dividends paid

The first and final single tier dividend of 0.25 sen per ordinary share of RM0.30 each in respect of the financial year ended 31 December 2014 was paid on 18 September 2015 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 23 June 2015.

9. Segmental Information

For the financial period ended 31 December 2015

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue								
External	973	60,521	54,736	27,404	93,639	31,564	-	268,837
Inter-segment	13,675	-	-	5	445	-	(14,125)	-
Total revenue	14,648	60,521	54,736	27,409	94,084	31,564	(14,125)	268,837
Results								
Segment results	14,027	(12,382)	11,103	4,476	4,276	(9,731)	(11,517)	252
Share of results of associates and joint venture	1,626	(2,048)	(12)	-	(284)	-	-	(718)
Consolidated profit/(loss) before tax	15,653	(14,430)	11,091	4,476	3,992	(9,731)	(11,517)	(466)
Income tax expense								(6,716)
Consolidated profit/(loss) after tax								(7,182)
Non-controlling interests								(4,030)
Net profit/(loss) for the financial period attributable to owners of the parent								(11,212)

9. Segmental Information (Continued)

For the financial period ended 31 December 2015

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	57,953	198,446	167,867	69,741	21,186	58,854	-	574,047
Investment in associates and joint venture	33,520	17,373	9	-	3,682	-	-	54,584
Unallocated corporate assets								3,076
Total assets								631,707
Segment liabilities	36,445	58,289	13,062	8,452	7,109	25,546	-	148,903
Unallocated corporate liabilities								3,153
Total liabilities								152,056
Capital expenditure:								
- Property, plant & equipment	149	1,313	1,041	13	186	184	-	2,886
- Software development expenditure	-	-	809	-	-	-	-	809
- Licenses	-	-	-	-	-	400	-	400

9. Segmental Information (Continued)

For the financial period ended 31 December 2014

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue								
External	1,102	68,301	55,550	23,973	92,847	32,991	-	274,764
Inter-segment	17,367	-	-	10	611	-	(17,988)	-
Total revenue	18,469	68,301	55,550	23,983	93,458	32,991	(17,988)	274,764
Results								
Segment results	8,256	8,094	7,452	4,413	2,671	(11,606)	(15,754)	3,526
Share of results of associates	837	(1,797)	(26)	-	90	-	-	(896)
Consolidated profit/(loss) before tax	9,093	6,297	7,426	4,413	2,761	(11,606)	(15,754)	2,630
Income tax expense								(5,164)
Consolidated profit/(loss) after tax								(2,534)
Non-controlling interests								(2,109)
Net profit/(loss) for the financial period attributable to owners of the parent								(4,643)

9. Segmental Information (Continued)

For the financial period ended 31 December 2014

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	65,730	196,515	162,791	64,053	21,532	63,518	-	574,139
Investment in associates	37,125	18,420	18	-	320	-	-	55,883
Unallocated corporate assets								2,563
Total assets								632,585
Segment liabilities	10,331	82,214	14,885	8,496	8,278	26,645	-	150,849
Unallocated corporate liabilities								1,957
Total liabilities								152,806
Capital expenditure								
- Property, plant and equipment	5	2,240	2,498	1	195	516	-	5,455
- Software development expenditure	-	-	1,124	-	-	-	-	1,124

10. Property, plant and equipment

The valuation of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2014.

11. Significant events after the reporting period

(a) Pacific Prime Ventures Pty Ltd as trustee for the E Naidu Trust ("Purchaser") has on 5 February 2016 signed the Share Sale Agreement to acquire from Calmford Incorporated ("Calmford"), a wholly-owned subsidiary of the Company, its 4,700,002 shares representing 100% shareholding in Advansa Pty Ltd for a cash consideration of AUD2,300,000 only (equivalent to approximately RM7.0 million) ("Proposed Disposal") as part of the Group's plan to divest non-core business. Following the completion of the Proposed Disposal, Advansa Pty Ltd will cease to be a subsidiary of Calmford and the Company.

Apart from the above, there are no significant events after the reporting period.

12. Changes in the composition of the Group

(a) On 2 January 2015, Orient Escape Travel Sdn Bhd ("OET"), an indirect wholly-owned subsidiary of the Company, completed the acquisition of the 35,000 shares representing 50% equity interest in SH Tour Co Ltd, located in Nonhyun-dong, Gangnam-gu, Seoul, Korea ("SH Tour"), for a cash consideration of USD800,000 (equivalent to approximately RM2,766,400) pursuant to a Share Purchase Agreement entered into on 2 December 2014. Accordingly, SH Tour became an indirect 50%-owned associated company of the Company held via OET. On 5 January 2015, OET increased its investment to 89,202 shares representing 50% of the enlarged share capital of SH Tour by subscribing proportionately for further 54,202 shares in SH Tour for a cash consideration of USD250,000 (equivalent to approximately RM3,646,650). SH Tour is principally engaged in travel and tours business.

(b) On 12 January 2015, Segi Koleksi Sdn Bhd ("SKSB"), a 70%-owned subsidiary of the Company, completed the acquisition of the 100% equity interest in Metroprime Corporation Sdn Bhd ("MCSB") comprising 350,000 issued and paid-up ordinary shares of RM1.00 each for a cash consideration of RM817,779.66 pursuant an agreement dated 10 December 2014. Accordingly, MCSB became an indirect 70%-owned subsidiary of the Company held via SKSB. MCSB currently owns and operates a language centre known as "The Language House" located in Petaling Jaya, Selangor Darul Ehsan.

The summary effects on the acquisition of MCSB is as follows:

	RM'000
Property, plant and equipment	232
Receivables	76
Tax recoverable	21
Cash and bank balances	93
Payables	(263)
Borrowings	(63)
Deferred tax liability	(12)
Net assets acquired	84
Goodwill arising from acquisition	734
Purchase consideration	818
Cash and bank balances of the subsidiary	(93)
Net cash outflow	725

(c) On 13 January 2015, Dama TCM Sdn Bhd ("Dama TCM"), an indirect wholly-owned subsidiary of the Company, entered into the Joint Venture - Shareholders Agreement with CU Medicare Ltd Co, a company incorporated in Korea, whereby the parties shall jointly establish and hold 50% equity interest each in a new joint venture company ("Proposed JV Company").The Proposed JV Company, Medical Palace Sdn Bhd, was incorporated on 11 February 2015. The Proposed JV Company will principally be involved in wellness and beauty treatment, products and services.

(d) On 11 February 2015, Strategic Research & Consultancy Sdn Bhd ("SRC"), a wholly-owned subsidiary of the Company, acquired 40% equity interest comprising 40 issued and fully paid-up ordinary shares of RM1.00 each in Kopistop Sdn Bhd ("Kopistop") for a total cash consideration of RM40.00 only and consequently, Kopistop became an indirect 40%-owned associated company of the Company held via SRC. Kopistop will principally be engaged in the business of food and beverage and cafe and restaurants.

(e) On 19 February 2015, Le Indie Viaggi S.R.L., an indirect 50%-owned associated company in Italy of the Company, was dissolved. The principal activity of Le Indie Viaggi S.R.L. was to conduct outbound and inbound travel businesses for distribution through internet.

(f) On 9 March 2015, Advance Synergy Capital Sdn Bhd ("ASCAP"), a wholly-owned subsidiary of the Company, disposed 11,275,308 ordinary shares of RM1.00 each, representing 20% of the issued and paid up share capital of Kumpulan Powernet Berhad ("KPB") via off-market direct business transaction for a total cash consideration of RM4,848,382.44 ("Disposal"). With the Disposal, ASCAP ceased to be a substantial shareholder of KPB and KPB ceased to be an associated company of the Company.

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

(g) On 18 September 2015, Kopistop, an indirect 40%-owned associated company of the Company held via SRC has acquired 80% equity interest comprising 80 shares issued and fully paid-up ordinary shares of RM1.00 each in Synfull Bites Sdn Bhd for a cash consideration of RM80.00. Synfull Bites Sdn Bhd is principally engaged in the business of food and beverage cafe and restaurants.

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

13. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2014.

14. Review of performance

For the current year ended 31 December 2015 ("2015"), the Group recorded a lower revenue of RM268.8 million compared to a revenue of RM274.8 million recorded last year ("2014"), a decrease of RM5.9 million or 2.2%. This was mainly due to Hotels & Resorts, Others and Information & Communications Technology ("ICT") divisions showing a decline in revenue of RM7.8 million, RM1.4 million and RM0.8 million respectively for 2015 compared to 2014. However, the decline in revenue of these three divisions were mitigated by an increase in revenue recorded by Property Development division of RM3.4 million in 2015 compared to last year and Travel & Tours division's increase in revenue of RM0.6 million in 2015 compared to 2014. The Group recorded loss before tax of RM0.5 million in 2015 compared to profit before tax of RM2.6 million for 2014 mainly attributable to lower revenue and higher operating expenses in 2015. The operating expenses were higher by RM4.1 million or an increase of 3.7% in 2015 compared to last year. The higher operating expenses in 2015 compared to 2014 was mainly due to a loss on termination of lease for an overseas hotel. Overall the Group recorded a slightly higher gross profit margin of 34.9% compared to 34.0% in 2014. The other operating income for both years remained high attributable mainly to gains on disposal of landed property in 2015 and overseas hotel subsidiaries in 2014.

Investment Holding

The division recorded a profit before tax of RM15.7 million in 2015 compared to RM9.1 million in 2014. This was attributable mainly to a gain on disposal of a property of RM12.2 million partly offset by lower dividends from subsidiaries (eliminated at group level).

Hotels & Resorts

The Hotels & Resorts division registered a lower revenue for 2015 of RM60.5 million compared to RM68.3 million in 2014 mainly due to the lower occupancy rates in the local hotels and the absence of revenue from overseas hotel subsidiaries which were disposed in 2014. With the lower revenue and a loss on termination of lease for an overseas hotel, this division recorded a loss before tax in 2015 of RM14.4 million compared to a profit before tax of RM6.3 million in 2014. The profit before tax for 2014 included a gain on disposal of overseas hotel subsidiaries of RM11.3 million.

Information & Communications Technology

The lower revenue from ICT division was attributable mainly to lower system sale contract revenue and managed service contract revenue recorded by GlobeOSS business unit ("BU") and lower managed service contract revenue recorded by Unifiedcomms BU.

Despite the lower revenue for 2015 compared to 2014, the division recorded a higher profit before tax of RM11.1 million in 2015 compared to RM7.4 million in 2014 attributable mainly to higher gross profit margin derived from system sale contracts coupled with lower operating expenses. Gross profit margin improved to 61% in 2015 from 51% in 2014.

Property Development

The Property Development division registered a higher revenue for 2015 of RM27.4 million compared to RM24.0 million in 2014. With the higher revenue, this division also recorded a higher profit before tax of RM4.5 million for 2015 compared to RM4.4 million in 2014. The lower gross profit margin of the affordable houses sold in 2015 has impacted the profit before tax for 2015 compared to 2014.

Travel & Tours

For 2015, our Travel & Tours division achieved a slightly higher revenue of RM94.1 million as compared to a revenue of RM93.5 million in 2014, an increase of RM0.6 million. The division recorded a higher other operating income of RM2.2 million in 2015 compared to RM1.9 million in 2014. With the higher revenue and other operating income, this division recorded a higher profit before tax of RM4.0 million for 2015 compared to RM2.8 million for 2014.

Others

The Others division registered a lower revenue of RM31.6 million in 2015 compared to a revenue of RM33.0 million achieved in 2014, a decrease of RM1.4 million. The bulk of the reduction in revenue was due to a decline in revenue of the Manufacturing unit from RM16.9 million in 2014 to RM14.1 million in 2015 overshadowing the newly acquired Education unit's revenue contribution of RM1.4 million. Excluding the impairment loss on goodwill amounting to RM1.5 million from 2014 results, this division recorded a lower loss before tax in 2015 of RM9.7 million compared to a loss before tax of RM10.1 million in 2014. This was primarily due to lower loss before tax recorded in the Coach Building unit partly offset by higher loss recorded in the Manufacturing unit resulting mainly from lower sales due to weak market condition for building and winch sectors and higher operating expenses.

15. Comparison of results with preceding quarter

The Group achieved a revenue of RM76.5 million for the current quarter ended 31 December 2015 ("Q4 2015") which was higher compared to the revenue in the previous quarter ended 30 September 2015 ("Q3 2015") of RM64.5 million, an increase of RM12.0 million. This was mainly due to higher revenue from Hotels & Resorts, Property Development and Travel & Tours divisions offset mainly by lower revenue from ICT division. Despite the higher revenue, the Group recorded a loss before tax of RM6.8 million in the current quarter under review compared to a profit before tax of RM12.3 million in the preceding quarter mainly due to loss on termination of lease for an overseas hotel of RM11.7 million in the current quarter against a gain on disposal of a property of RM12.2 million in the preceding quarter.

Investment Holding

The Investment Holding division recorded a proift before tax of RM11.6 million for Q4 2015 as compared to RM8.2 million for Q3 2015. The results for Q4 2015 included dividends from subsidiaries (eliminated at group level) of RM12.0 million whereas the results for Q3 2015 included a gain on disposal of a property of RM12.2 million.

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue for Q4 2015 of RM16.4 million as compared to RM15.4 million in Q3 2015. Despite the higher revenue in the current quarter under review compared to preceding quarter, the division recorded a loss before tax of RM11.9 million compared to a profit before tax of RM0.5 million in the last quarter mainly due to a loss on termination of lease for an overseas hotel of RM11.7 million.

Information & Communications Technology

The ICT division registered a lower revenue in Q4 2015 of RM12.0 million compared to a revenue of RM14.8 million in the preceding quarter. The lower revenue was mainly attributable to lower system sale contract revenue of Unifiedcomms BU. However, in Q4 2015, the division recorded a higher gross profit margin of 71% compared to 65% in Q3 2015. As a result, in the current quarter under review, the lower revenue coupled with higher operating expenses and mitigated by the higher gross profit margin resulted in a lower profit before tax of RM2.2 million in Q4 2015 compared to RM3.8 million in Q3 2015.

Property Development

The Property Development division recorded a higher revenue of RM14.7 million in Q4 2015 compared to RM5.7 million in Q3 2015. With the higher revenue, mainly from the affordable housing project, a higher profit before tax of RM2.8 million was recorded for Q4 2015 compared to RM0.8 million in Q3 2015.

Travel & Tours

The Travel & Tours division recorded a higher revenue of RM27.4 million in the quarter under review compared to RM21.6 million in the previous quarter, an increase of RM5.8 million or 26.9%. The higher revenue was mainly attributable to higher outbound travel business partly offset by lower inbound travel business. With the improved revenue and higher other operating income, the division recorded a higher profit before tax of RM1.8 million in Q4 2015 compared to RM1.0 million in Q3 2015.

Others

The Others division recorded a lower revenue for Q4 2015 of RM6.2 million compared to RM6.7 million in the preceding quarter. The decrease in revenue was attributable mainly to the Manufacturing and Coach Building units. Despite the decreased revenue and higher operating expenses in this quarter, the Others division recorded a lower loss before tax of RM1.4 million in Q4 2015 compared to RM2.3 million in Q3 2015 mainly due to improved gross profit margin.

16. Prospects

Our Board expects the 2016 financial year to be challenging for the Group with expected volatility in the global economy and increasing inflationary pressures in our domestic market.

With the anticipated challenges ahead, our Group will focus on measures to improve operational efficiencies and productivity coupled with cost reduction efforts. The Group will also continue to pursue with its strategic plan which is already in place to grow our established core businesses, explore opportunities of new markets and restructure or divest the non-core loss-making businesses.

Although the Hotels & Resorts division views the business outlook for 2016 to be challenging, the division is cautiously optimistic taking into consideration the expected return of Chinese tourists to many parts of destination where Holiday Villas are located, the opening of several new Holiday Villas made possible through our strategy of seeking opportunities to secure hotel management and operations agreements to increase our room inventories and the anticipated increased online sales from additional investment in upgrading our websites, booking engine and web optimization.

16. Prospects (Continued)

The Information & Communications Technology ("ICT") division expects the 2016 financial year to be challenging. Although mobile network operators in its regions of focus continue to shrink their capital expenditure budgets on bolt-on platforms and systems in favour of procuring these technologies on a managed service, opex-based model, the securing of such new managed service contract opportunities has been slower than expected in the year-to-date. The existing managed service contracts of the Group have meanwhile largely underperformed in the current financial year. The division however remains optimistic that managed services will in the longer-run serve as the key driver for future organic growth. Through its technology investment and venture activities, this division will be augmenting its organic growth plans by investing in internet-delivered applications and mobile and digital media businesses.

Our Property Development division expects to face continued challenges in 2016 due to the softening of the property market in Kuching and the cooling measures on the property market. The division will continue to focus on its on-going development project namely Federal Park, to drive the earnings of the division for the year.

As consumers become cautious in their spending with the higher cost of living and weakening of ringgit against major currencies, the outbound travel and tours business expects this sector to soften in 2016. Notwithstanding this, the outbound travel and tours business remains focused on its existing and new corporate clients for the ticketing business and will continue to develop and adapt its products to the changing trend in demand to sustain its growth in the outbound travel and tours business. Our inbound travel and tours business will continue to focus on offering competitive and unique services and travel packages and develop products for corporate group to drive its earnings.

The Others division is expected to face continued challenges in 2016 which may affect its revenue growth plan for 2016. Although growth in revenue may be more uncertain, the division (excluding the Manufacturing unit which is in the process of being divested) is cautiously optimistic of its key strategies to drive the revenue growth plan and implement cost saving measures to address the challenge of rising cost pressure.

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 31.12.2015 RM'000	Year-to-date ended 31.12.2015 RM'000
On current quarter/year results		
- Malaysian income tax	1,303	5,107
- Overseas taxation	4	8
Over provision in prior years	(25)	(106)
Transfer (to)/from deferred taxation	1,089	1,165
Real property gain tax	542	542
	2,913	6,716

The effective tax rate of the Group for the financial quarter and year ended 31 December 2015 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 subsidiaries cannot be set off against the taxable income of other subsidiaries.

20. Status of corporate proposals

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. MT2-22-95-2004 against PKNK to recover its investment in KMSB. Details of this legal suit are set out in Note 23(a).

21. Group borrowings

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

	As At 31.12.2015 RM'000	As At 31.12.2014 RM'000
Short term - secured		
- Term loans	1,924	1,507
- Bank overdraft	-	779
- Hire purchase payables	15	24
- Finance lease payable	23,084	1,570
- Revolving credit	9,400	30,800
Short term - unsecured		
- Term loans	2,784	1,223
	37,207	35,903
Long term - secured		
- Term loans	42,840	15,005
- Hire purchase payables	-	15
- Finance lease payable	-	21,427
Long term - unsecured		
- Term loans	-	1,281
	42,840	37,728
Total borrowings	80,047	73,631

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

	As At 31.12.2015 RM'000	As At 31.12.2014 RM'000
Australian Dollars	2,784	2,504
Sterling Pounds	-	291

22. 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 period.

23. Material litigation

(a) The Company initiated the Alor Setar High Court Civil Suit No. MT2-22-95-2004 on 14 June 2004 against Perbadanan Kemajuan Negeri Kedah ("PKNK") to recover its investment of RM52,500,000 representing 70% equity interest in Kedah Marble Sdn Bhd ("KMSB") together with other sums, damages, interests and costs.

PKNK then applied for the determination of points or issues of law pursuant to Order 14A and/or Order 33 Rule 2 of the Rules of High Court, 1980. The application was heard on 13 January 2011 and allowed by the High Court on the basis that the Company's claim was time barred under the Public Authorities Protection Act ("PAPA") and/or the Limitation Act. In the result, the suit was dismissed with costs. The Judgment of the High Court was appealed to the Court of Appeal of Malaysia vide Civil Appeal No.: K-01-85-2011. The appeal was heard on the 27 September 2012 and allowed with costs. In the result, the order of the High Court dated 13 January 2011 was set aside and the matter remitted to the High Court for trial. Following the order of the Court of Appeal of Malaysia, PKNK has filed an application for leave ("Leave Application") to appeal to the Federal Court of Malaysia vide Civil Application No.: 08-772-10/2012.

The Leave Application was heard by the Federal Court of Malaysia on 6 May 2014 and unanimously dismissed with costs of RM10,000.00 payable by PKNK to the Company. As a result, the suit will be tried by the High Court in Alor Setar. Case management of the suit in the High Court has been adjourned to a date to be fixed pending clarification and extraction of the order of the Federal Court dated 6 May 2014. The Federal Court has on 15 May 2015 clarified the earlier order made and directed that the defence of limitation taken by PKNK be tried by the High Court. The sealed order of the Federal Court was served on 29 July 2015.

The High Court in Alor Setar has now fixed the matter for the full trial on 15 June 2016, 28 June 2016 and 29 June 2016. The High Court in Alor Setar has also scheduled the matter for case management on 20 April 2016 to monitor the compliance of case management directions.

23. Material litigation (Continued)

(b) The Company had announced that a legal proceeding was instituted against PT Diwangkara Holiday Villa Bali, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT. Diwangkara Jaya Makmur (“Plaintiff”) against PT. Diwangkara Holiday Villa Bali (“Defendant I”) and CV. Telabah Nasional Traiding Company (“Defendant II”) which was read on 28 July 2015 at the Denpasar District Court. Defendant I has a lease agreement for the land and building which happened to be the building of Diwangkara Hotel including its licences and in the agreement, the owner also gives the right to operate and manage Diwangkara Hotel to Defendant I.

The Plaintiff's claims principally include among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease Diwangkara Hotel for a period of 22 years, and for Defendant I to pay actual and general losses suffered by the Plaintiff amounting to Rp114,600,000,000 (equivalent of approximately RM36.4 million) and default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the pronounce of the judgement and court fees.

Mediation proceedings have ended and the trial continues with Response of the Parties for the claim and Defendant I has responded by filing its claims to Denpasar District Court which principally include among others to declare the lease agreement legitimate and binding under the law, order for Plaintiff to pay actual and general losses and compensation for the loss of public trust, image and reputation of the hotel that have been suffered by Defendant I amounting to Rp. 24,304,854,643 and USD 1,313,860.13 (equivalent of approximately RM13.6 million), default penalty in the amount of Rp10,000,000 (equivalent of approximately RM3,180) for each day commencing from the date the judgement is enforceable and all costs incurred in this case.

24. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	12 months ended 31.12.2015 RM’000	**12 months ended 31.12.2014 RM’000**
Amortisation of intangible assets	(2,560)	(2,695)
Depreciation of property, plant and equipment	(9,510)	(15,737)
Bad debts written off	(546)	(3)
Net gain/(loss) on disposal of:		
- an associate	(596)	-
- property, plant and equipment	637	41
- subsidiaries	-	11,198
Gross dividend income	-	4
Impairment loss on:		
- development expenditure	-	(929)
- goodwill	-	(1,496)
- loan and receivables	(134)	(892)
- property, plant and equipment	(489)	-
- investment in associates	-	(198)
Fair value change in held for trading investments	15	(81)
Write back/(down) of inventories	25	(28)
Interest expenses	(5,118)	(4,933)
Interest income	3,381	2,696
Write back of payables	397	1,233
Net unrealised gain on foreign exchange	656	333
Property, plant and equipment written off	(149)	(93)
Provision for retirement plan	(173)	74
Write back of impairment loss on:		
- loan and receivables	683	3
Realisation of foreign exchange reserve	-	(1,827)

25. Retained Earnings

	As At 31.12.2015 RM'000	As At 31.12.2014 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(480,349)	(462,984)
- Unrealised	38,586	14,847
Total share of retained profits/(accumulated losses) from associates		
- Realised	(3,286)	(6,937)
- Unrealised	-	7
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(973)	(838)
- Unrealised	-	-
	(446,022)	(455,905)
Consolidation adjustments	475,322	498,077
Total Group retained profits as per consolidated statements of financial position	29,300	42,172

26. Dividend

The Board will decide on the recommendation of dividend after finalisation of the audited financial results for the financial year ended 31 December 2015.

27. Loss per share

Basic loss per share

The basic loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM10,461,000 and RM11,212,000 respectively, divided by the weighted average number of ordinary shares of 664,052,332 and 663,549,199 for the current quarter and current year-to-date respectively as follows:

	3 months ended 31.12.2015	3 months ended 31.12.2014	Year-to-date ended 31.12.2015	Year-to-date ended 31.12.2014
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	661,955,682	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	-	269,565	1,293,517	51,388,249
Weighted average number of ordinary shares	664,052,332	662,225,247	663,549,199	565,304,079

	3 months ended 31.12.2015	3 months ended 31.12.2014	Year-to-date ended 31.12.2015	Year-to-date ended 31.12.2014
Basic loss per share (sen)	(1.58)	(0.30)	(1.69)	(0.82)

Diluted loss per share

The diluted loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM10,359,000 and RM10,806,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,952 for both the current quarter and current year-to-date assuming conversion of the remaining ICULS as follows:

	3 months ended 31.12.2015	3 months ended 31.12.2014	Year-to-date ended 31.12.2015	Year-to-date ended 31.12.2014
	RM'000		RM'000	
Net loss attributable to equity holders	(10,461)	(2,005)	(11,212)	(4,643)
Profit impact of assumed conversion-interest on ICULS	102	100	406	676
	(10,359)	(1,905)	(10,806)	(3,967)

27. Loss per share (Continued)

Diluted loss per share (Continued)

Weighted average number of ordinary shares (diluted)

	3 months ended		Year-to-date ended	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	661,955,682	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	-	269,565	1,293,517	51,388,249
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	265,142,620	266,969,705	265,645,753	363,890,873
Weighted average number of ordinary shares	929,194,952	929,194,952	929,194,952	929,194,952

	3 months ended		Year-to-date ended	
	31.12.2015	**31.12.2014**	**31.12.2015**	**31.12.2014**
Diluted loss per share (sen)	(1.58)	(0.30)	(1.69)	(0.82)

The diluted loss per share and basic loss per share for the current quarter, current year-to-date, corresponding quarter last year and corresponding year-to-date last year are reported to be the same as the effect arising from the deemed conversion of ICULS is anti-dilutive.

28. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
24 February 2016