ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016

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 2016.

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 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue	90,655	76,548	276,775	268,837
Cost of sales	(60,072)	(49,145)	(179,414)	(174,893)
Gross profit	30,583	27,403	97,361	93,944
Other operating income	17,415	8,690	25,832	28,518
Operating expenses	(29,748)	(42,074)	(100,433)	(117,468)
Profit/(Loss) from operations	18,250	(5,981)	22,760	4,994
Finance costs	(1,087)	(935)	(4,506)	(5,118)
Share of results of associates and joint venture	(836)	(212)	(65)	(718)
Profit/(Loss) before tax	16,327	(7,128)	18,189	(842)
Income tax expense	997	(2,916)	(2,932)	(6,719)
Net profit/(loss) for the financial period/year	17,324	(10,044)	15,257	(7,561)
Attributable to:				
Owners of the parent	8,579	(10,840)	4,073	(11,591)
Non-controlling interests	8,745	796	11,184	4,030
	17,324	(10,044)	15,257	(7,561)
Earning/(Loss) per share attributable to owners of the parent:				
Basic (sen)	1.29	(1.63)	0.61	(1.75)
Diluted (sen)	0.93	(1.63)	0.47	(1.75)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 12 months ended	
	31.12.2016 RM'000	**31.12.2015 RM'000**	**31.12.2016 RM'000**	**31.12.2015 RM'000**
Net profit/(loss) for the financial period/year	17,324	(10,044)	15,257	(7,561)
Other comprehensive income/(expenses):				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment	8,478	-	8,478	-
Total items that will not be reclassified subsequently to profit or loss	8,478	-	8,478	-
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	(241)	(805)	(1,045)	(1,608)
Share of other comprehensive income of associates, net of tax	-	-	109	54
Foreign currency translation differences for foreign operations	4,823	(3,032)	3,722	11,729
Total items that are or may be reclassified subsequently to profit or loss	4,582	(3,837)	2,786	10,175
Other comprehensive income/(loss) for the financial period/year	13,060	(3,837)	11,264	10,175
Total comprehensive income/(loss) for the financial period/year	30,384	(13,881)	26,521	2,614
Attributable to:				
Owners of the parent	22,408	(14,764)	16,915	(1,638)
Non-controlling interests	7,976	883	9,606	4,252
Total comprehensive income/(loss) for the financial period/year	30,384	(13,881)	26,521	2,614

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 31.12.2016 RM'000	Audited as at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,155	127,736
Investment properties	8,060	8,870
Investment in associates	46,937	54,575
Investment securities	33,899	24,051
Investment in joint venture	-	9
Goodwill on consolidation	92,761	92,761
Intangible assets	4,411	4,887
Deferred tax assets	535	665
	342,758	313,554
Current assets		
Progress billings	18,243	20,489
Inventories	41,926	59,420
Trade and other receivables	157,008	74,217
Tax recoverable	3,490	2,411
Investment securities	460	433
Financial assets held for trading	429	411
Short term deposits	84,321	106,987
Cash and bank balances	57,226	52,777
	363,103	317,145
TOTAL ASSETS	705,861	630,699
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	199,216	199,216
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	64,803	64,861
Reserves	190,365	175,922
	454,384	439,999
Non-controlling interests	61,610	39,155
Total equity	515,994	479,154
Non-current liabilities		
Borrowings	78,139	42,844
ICULS - liability component	1,593	2,976
Deferred tax liabilities	4,866	2,659
Provision for retirement benefit obligations	1,609	1,427
	86,207	49,906
Current liabilities		
Trade and other payables	77,754	63,942
Borrowings	25,104	37,203
Tax payable	802	494
	103,660	101,639
Total Liabilities	189,867	151,545
TOTAL EQUITY AND LIABILITIES	705,861	630,699

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the parent									
			Non-distributable				*Distributable*			
	Share Capital RM'000	**ICULS-Equity Component RM'000**	**Share Premium RM'000**	**Revaluation Reserve RM'000**	**Exchange Translation Reserve RM'000**	**Available-For-Sale Reserve RM'000**	**Retained Profits RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Balance as at 1 January 2016	199,216	64,861	117,317	15,998	8,699	4,987	28,921	439,999	39,155	479,154
Net profit/(loss) for the financial year	-	-	-	-	-	-	4,073	4,073	11,184	15,257
Fair value of available-for-sale financial assets	-	-	-	-	-	(1,045)	-	(1,045)	-	(1,045)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	109	-	109	-	109
Revaluation of properties	-	-	-	8,478	-	-	-	8,478	-	8,478
Foreign currency translation differences for foreign operations	-	-	-	-	5,300	-	-	5,300	(1,578)	3,722
Total comprehensive income/(loss) for the financial year	-	-	-	8,478	5,300	(936)	4,073	16,915	9,606	26,521
Transactions with owners in their capacity as owners:										
Disposal of interest in a subsidiary	-	-	-	(183)	43	-	280	140	-	140
Disposal of partial interest in a subsidiary	-	-	-	-	-	-	-	-	443	443
Issue of new shares to a non-controlling of a subsidiary	-	-	-	-	-	-	-	-	1,546	1,546
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	(952)	(952)	(192)	(1,144)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	12,064	12,064
Dividends paid	-	-	-	-	-	-	(1,660)	(1,660)	-	(1,660)
Issue of new ordinary shares pursuant to the conversion of ICULS and changes in income tax rate	-	(58)	-	-	-	-	-	(58)	-	(58)
	-	(58)	-	(183)	43	-	(2,332)	(2,530)	13,861	11,331
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(1,012)	(1,012)
Balance as at 31 December 2016	199,216	64,803	117,317	24,293	14,042	4,051	30,662	454,384	61,610	515,994

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

	Attributable to owners of the parent									
			Non-distributable				Distributable			
	Share Capital RM'000	ICULS-Equity Component RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Available-For-Sale Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity 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 year	-	-	-	-	-	-	(11,591)	(11,591)	4,030	(7,561)
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	-	-	-	-	11,507	-	-	11,507	222	11,729
Total comprehensive income/(loss) for the financial year	-	-	-	-	11,456	(1,503)	(11,591)	(1,638)	4,252	2,614
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 interest of a subsidiary	-	-	-	-	-	-	-	-	(1,595)	(1,595)
Balance as at 31 December 2015	199,216	64,861	117,317	15,998	8,699	4,987	28,921	439,999	39,155	479,154

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	12 months ended 31.12.2016 RM'000	12 months ended 31.12.2015 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	18,189	(842)
Adjustments for :-		
Non-cash items	(759)	12,980
Other investing and financing items	1,558	1,737
Operating profit before working capital changes	18,988	13,875
Changes in working capital		
Inventories	11,772	5,750
Receivables	(49,658)	(1,392)
Financial assets held for trading	(1)	(396)
Payables	15,251	(7,987)
Net cash (used in)/from operations	(3,648)	9,850
Retirement benefit paid	(8)	(30)
Tax paid	(6,394)	(6,033)
Net cash (used in)/generated from operating activities	(10,050)	3,787
Cash flows from investing activities		
Acquisition of intangible assets	(1,719)	(1,209)
Acquisition of a subsidiary, net of cash acquired	(8,131)	(725)
Investment in associates	(1,459)	(3,807)
Acquisition of additional shares in an associate	-	(1,000)
Acquisition of investment securities	(6,698)	(4,576)
Interest received	2,948	3,381
Proceeds from disposal of partial interest in a subsidiary	481	-
Proceeds from disposal of investment security	4,999	
Proceeds from disposal of an associate	-	4,848
Proceeds from disposal of property, plant and equipment	130	23,499
Proceeds from disposal of a subsidiary, net of cash disposed	5,298	-
Proceeds from disposal of lease rights	-	4,986
Purchase of property, plant and equipment	(3,803)	(4,076)
Net cash (used in)/generated from investing activities	(7,954)	21,321

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

	12 months ended 31.12.2016 RM'000	12 months ended 31.12.2015 RM'000
Cash flows from financing activities		
Dividends paid	(1,660)	(1,660)
Dividends paid to non-controlling interests of a subsidiary	(1,012)	(1,595)
Drawdown of hire purchase	341	-
Drawdown of term loans and revolving credit	11,350	30,000
Interest paid	(6,078)	(5,908)
Issue of new subsidiary's shares to non-controlling interest	351	-
Payment to hire purchase	(105)	(87)
Pledged of short term deposits	(3,011)	(527)
Repayment of term loans and revolving credit	(5,469)	(23,180)
Net cash used in financing activities	(5,293)	(2,957)
Effect of exchange rate changes	235	(1,254)
Net (decrease)/increase in cash and cash equivalents	(23,062)	20,897
Cash and cash equivalents as at beginning of financial year		
As previously reported	125,989	94,592
Effect of exchange rate changes	1,833	10,500
As restated	127,822	105,092
Cash and cash equivalents as at end of financial year *	104,760	125,989

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

Short term deposits	84,321	106,987
Cash and bank balances	57,226	52,777
	141,547	159,764
Less : Deposits placed with lease creditors as security deposit for lease payments	(23,851)	(22,996)
Cash held under Housing Development Accounts	(584)	(565)
Deposits pledged to licensed banks	(12,352)	(10,214)
	(36,787)	(33,775)
	104,760	125,989

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 2015.

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 2015, 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:

Amendments/Improvements to MFRSs

MFRS 5	Non-current Asset Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments to MFRSs and IC Int 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:

New MFRS		**Effective for financial periods beginning on or after**
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018

3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2015 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 December 2016 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

There were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial year ended 31 December 2016.

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 2015 was paid on 23 August 2016 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 31 May 2016.

9. Segmental Information

For the financial year ended 31 December 2016

	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	642	61,871	70,035	22,164	101,431	20,632	-	276,775
Inter-segment	11,762	-	-	-	381	-	(12,143)	-
Total revenue	12,404	61,871	70,035	22,164	101,812	20,632	(12,143)	276,775
Results								
Segment results	361	7,489	22,126	4,240	4,295	(10,957)	(9,300)	18,254
Share of results of associates and joint venture	299	(692)	(12)	-	340	-	-	(65)
Consolidated profit/(loss) before tax	660	6,797	22,114	4,240	4,635	(10,957)	(9,300)	18,189
Income tax expense								(2,932)
Consolidated profit/(loss) after tax								15,257
Non-controlling interests								(11,184)
Net profit/(loss) for the financial period attributable to owners of the parent								4,073

9. Segmental Information (Continued)

For the financial year ended 31 December 2016

	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	55,416	254,413	201,092	66,935	25,233	51,810	-	654,899
Investment in associates and joint venture	33,927	6,578	5,668	-	764	-	-	46,937
Unallocated corporate assets								4,025
Total assets								705,861
Segment liabilities	32,471	88,959	33,407	5,557	5,039	18,766	-	184,199
Unallocated corporate liabilities								5,668
Total liabilities								189,867
Capital expenditure:								
- Property, plant & equipment	169	1,585	1,090	2	16	941	-	3,803
- Software development expenditure	-	-	1,536	-	-	-	-	1,536
- Licenses	-	-	-	-	-	183	-	183

9. Segmental Information (Continued)

For the financial year 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	13,904	(12,722)	11,103	4,464	4,276	(9,731)	(11,418)	(124)
Share of results of associates	1,626	(2,048)	(12)	-	(284)	-	-	(718)
Consolidated profit/(loss) before tax	15,530	(14,770)	11,091	4,464	3,992	(9,731)	(11,418)	(842)
Income tax expense								(6,719)
Consolidated profit/(loss) after tax								(7,561)
Non-controlling interests								(4,030)
Net profit/(loss) for the financial period attributable to owners of the parent								(11,591)

9. Segmental Information (Continued)

For the financial year 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	59,055	196,175	167,867	69,741	21,186	59,015	-	573,039
Investment in associates	33,520	17,373	9	-	3,682	-	-	54,584
Unallocated corporate assets								3,076
Total assets								630,699
Segment liabilities	35,651	58,406	13,062	8,452	7,109	25,712	-	148,392
Unallocated corporate liabilities								3,153
Total liabilities								151,545
Capital expenditure								
- Property, plant and equipment	150	1,313	1,041	13	186	1,373	-	4,076
- Software development expenditure	-	-	809	-	-	-	-	809
- Licenses	-	-	-	-	-	400	-	400

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 2015.

11. Significant events after the reporting period

On 23 January 2017, Holiday Villa Assets Sdn Bhd ("HVA"), an indirect wholly-owned subsidiary of the Company (held via Alangka-Suka Hotels & Resorts Sdn Bhd, a wholly-owned subsidiary of the Company), completed its acquisition of the 226 shares in Posthotel Arosa AG ("Arosa") from Jacques Rüdisser and Verena Maria Rüdisser for a cash consideration of CHF1,095,715 (equivalent to RM4,644,737) and thus increased its equity interest from 62.49% to 65.00%. Consequently, Arosa became a 65.00%-owned subsidiary of HVA.

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

12. Changes in the composition of the Group

(a) On 5 February 2016, Pacific Prime Ventures Pty. Ltd., as trustee for the E Naidu Trust ("Purchaser") 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 million) ("Proposed Disposal") as part of the Group's plan to divest non-core business. Following the completion of the Proposed Disposal on 18 March 2016, Advansa Pty. Ltd. ceased to be a subsidiary of Calmford and the Company.

The summary effects on the disposal of Advansa Pty. Ltd. are as follows:

	RM'000
Property, plant and equipment	229
Intangible asset	235
Inventories	5,512
Receivables	2,632
Cash and bank balances	1,758
Payables	(2,722)
Exchange translation reserve	296
Net assets disposed	7,940
Net proceeds from disposal	(7,056)
Loss on disposal of the subsidiary	884
Realisation of foreign exchange reserve on disposal	737
Net loss on the disposal of the subsidiary	1,621
Net proceeds from disposal	7,056
Cash and bank balances of the subsidiary disposed	(1,758)
Net cash inflows	5,298

(b) Pursuant to the Share Sale Agreement dated 12 August 2015 which was entered into by Alangka-Suka International Limited ("ASIL"), an indirect wholly-owned subsidiary of the Company, to dispose 75 ordinary shares of USD200.00 each, representing its 10% equity interest in P.T. Diwangkara Holiday Villa Bali ("PT Diwangkara") to Triadi Putranta Soewondo for a total cash consideration of USD115,415.00, PT Diwangkara became an indirect 90%-owned subsidiary of the Company held via ASIL. Following an increase in the share capital of PT Diwangkara, ASIL's equity interest in PT Diwangkara increased to 94.81% effective from 12 February 2016.

(c) On 8 March 2016, Captii Limited, an indirect 58.3%-owned subsidiary of the Company, announced that its wholly-owned subsidiary, Captii Ventures Pte. Ltd., completed its investment in 50,000 convertible preference shares in OOPA Pte. Ltd. ("OOPA"), which in turn is convertible into ordinary shares of OOPA representing a 25% stake in OOPA on a fully convertible basis.

(d) On 15 August 2016, Captii Limited, an indirect 58.3%-owned subsidiary of the Company, announced that its indirect 51%-owned subsidiary, GlobeOSS Pte. Ltd., has incorporated a wholly-owned subsidiary, GlobeOSS (Brunei) Sdn Bhd ("GlobeOSS Brunei"), in Brunei on 15 August 2016 with an initial paid-up capital of Brunei Dollars 10,000. The principal activiy of GlobeOSS Brunei is to undertake the provision of global roaming quality of services management solution in Brunei.

(e) On 1 September 2016, the Company received notification that pursuant to Section 751 of the Companies Ordinance, Hong Kong and by notice published on 26 August 2016 under Gazette Notice No. 4804, Excellent Result Investments Limited, a dormant indirect wholly-owned subsidiary of the Company [held via Advance Synergy Properties Sdn Bhd, a wholly-owned subsidiary of the Company] incorporated in Hong Kong, has been deregistered and is accordingly dissolved as from the date of publication of the said Gazette Notice.

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

(f) On 14 September 2016, 4,650 new shares of CHF500 each in the share capital of Arosa were allotted and issued to HVA for a cash consideration of CHF2,325,000 (equivalent to approximately RM10 million) following the approval obtained at the extraordinary general assembly of Arosa held on 29 August 2016 for Arosa to increase its capital from CHF1,000,000 to CHF4,500,000 by issuance of 7,000 new shares of nominal value CHF500 each at an issue price of CHF500 per share.

Consequently, Arosa is now a 62.49%-owned subsidiary of HVA as HVA's equity interest in Arosa increased from 48.70% to 62.49%.

The summary effects on the acquisition of Arosa are as follows:

	RM'000
Property, plant and equipment	51,666
Inventories	185
Receivables	618
Cash and bank balances	1,987
Payables	(1,398)
Borrowings	(16,917)
Deferred tax liabilities	(3,979)
Net assets	32,162
Net assets acquired	20,098
Goodwill on consolidation	107
	20,205
Carrying amount of 48.70% equity interest in Arosa held by the Group immediately before the acquisition	(10,087)
Consideration paid for the additional 13.79% equity interest in Arosa	10,118
Cash and cash equivalent of the subsidiary acquired	(1,987)
Net cash outflows	8,131

(g) On 8 December 2016, the Company received notification that pursuant to Section 751 of the Companies Ordinance, Hong Kong and by notice published on 2 December 2016 under Gazette Notice No. 6898, Best Alpha Investments Limited , a dormant indirect wholly-owned subsidiary of the Company (held via Advance Synergy Properties Sdn Bhd, a wholly-owned subsidiary of the Company) incorporated in Hong Kong, has been deregistered and is accordingly dissolved as from the date of publication of the said Gazette Notice.

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 2015.

14. Review of performance

Overall performance

For the current year ended 31 December 2016 ("FY2016"), the Group recorded a higher revenue of RM276.8 million compared to a revenue of RM268.8 million recorded last year ("FY2015"), an increase of RM7.9 million or 3.0%. This was mainly due to Information & Communications Technology ("ICT"), Travel & Tours and Hotels & Resorts divisions showing an increase in revenue of RM15.3 million, RM7.7 million and RM1.4 million respectively for FY2016 compared to FY2015. The flow down effect of the improved revenue of these three divisions contributed to the Group showing a profit in FY2016 compared to a loss in FY2015. The divisions which recorded lower revenue in FY2016 compared to FY2015 are the Property Development division with a decrease in revenue of RM5.2 million and Others division with a decrease in revenue of RM10.9 million. Overall there is an improvement in the Group costs resulting in an increase of gross profit of 35.2% in FY2016 compared to 34.9% in FY2015 and a decrease in operating expenses of RM17.0 million partly offset by a decrease in other operating income of RM2.7 million. In FY2016, included in the other operating income are the higher other gains recorded by the ICT division compared to FY2015 arising mainly from a fair value gain assessed on the ICT's venture investment portfolio and the Hotels & Resorts division recording a gain from insurance claim arising from the fire incident in Arosa in FY2016 whilst the Investment Holding division recorded a gain on disposal of a property in FY2015. The combined effects of improvement in revenue and reduction in expenses resulted in the Group showing a profit before tax of RM18.2 million in FY2016 compared to a loss before tax of RM0.8 million in FY2015.

Investment Holding

The division recorded a lower profit before tax of RM0.7 million for FY2016 compared to RM15.5 million for FY2015. This is mainly attributable to the gain on disposal of a property of RM12.2 million in FY2015 and higher dividends from the subsidiaries in FY2015 compared to FY2016 which have no impact to the Group results.

14. Review of performance (Continued)

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue for FY2016 of RM61.9 million compared to RM60.5 million for FY2015 and a higher profit before tax of RM6.8 million in FY2016 compared to a loss of RM14.8 million in FY2015. For the year under review, overall, the Hotels & Resorts division achieved a higher average occupancy rate and average room rate for FY2016 compared to FY2015 partly offset by a lower fee income. Excluding the gain from insurance claim arising from the fire incident in Arosa in FY2016 of RM4.2 million and the loss on termination of lease for an overseas hotel in FY2015 of RM11.7 million, this division recorded a profit before tax for FY2016 of RM2.6 million compared to a loss before tax of RM3.0 million in FY2015.

Information & Communications Technology

The higher revenue from ICT division was attributable mainly to higher system sale contract and maintenance contract revenue recorded by GlobeOSS business unit ("BU") partly offset by lower revenue share contract revenue and system sale contract revenue recorded by Unifiedcomms BU.

The division recorded a higher profit before tax of RM22.1 million for FY2016 compared to RM11.1 million for FY2015 mainly due to the flowdown effect of higher revenue for FY2016 and a fair value gain assessed on the division's venture investment portfolio.

Property Development

The Property Development division registered a lower revenue for FY2016 of RM22.2 million compared to RM27.4 million for FY2015 mainly due to less units sold from the Federal Park project and a delay in Federal Park Phase 2 launching. With the lower revenue, this division made a profit before tax of RM4.2 million for FY2016 compared to a profit before tax of RM4.5 million for FY2015.

Travel & Tours

For the year under review, our Travel & Tours division achieved a higher revenue of RM101.8 million as compared to a revenue of RM94.1 million for FY2015, an increase of RM7.7 million mainly from ticketing and outbound travel sales. With the higher revenue, this division recorded a higher profit before tax of RM4.6 million for FY2016 compared to RM4.0 million for FY2015.

Others

The Others division registered a lower revenue of RM20.6 million in FY2016 compared to a revenue of RM31.6 million achieved in FY2015, a decrease of RM10.9 million. The reduction in revenue was due to the absence of revenue from a loss making manufacturing subsidiary which was disposed in early 2016 as part of the restructuring plan to improve the Group's performance. This was mitigated by an increase in revenue from the Coach Building unit. Excluding the net loss on disposal of the loss making manufacturing subsidiary of RM1.6 million in FY2016, this division recorded a lower loss before tax for FY2016 of RM9.3 million compared to RM9.7 million for FY2015.

15. Comparison of results with preceding quarter

Overall performance

The Group achieved a revenue of RM90.7 million for the current quarter ended 31 December 2016 ("Q4 2016") which was higher compared to the revenue in the previous quarter ended 30 September 2016 ("Q3 2016") of RM62.1 million, an increase of RM28.6 million or 46.0%. During the quarter under review, the Group posted a higher other operating income of RM17.4 million compared to RM3.1 million in Q3 2016. This was mainly contributed by a fair value gain assessed on ICT's venture investment portfolio in Q4 2016 and a gain in insurance claim arising from a fire incident in Arosa. Operating expenses however increased in Q4 2016 compared to Q3 2016 by RM7.3 million mainly due to increase in expenses of Hotels & Resorts and ICT divisions. With the higher revenue and increase in other operating income offset by the increase in operating expenses, the Group recorded a higher profit before tax of RM16.3 million in the current quarter under review compared to a profit of RM1.9 million in the preceding quarter.

Investment Holding

The Investment Holding division recorded a proift before tax of RM5.9 million for Q4 2016 as compared to loss before tax of RM2.0 million for Q3 2016. The results for Q4 2016 included dividends from subsidiaries (eliminated at group level). This is partly offset by lower contribution from an associated company due to impairment loss on receivables recognised in Q4 2016.

Hotels & Resorts

The Hotels & Resorts division registered a slight improvement in revenue for Q4 2016 of RM17.0 million compared to a revenue of RM16.5 million in the preceding quarter. Excluding the gain on insurance claim arising from a fire incident in Arosa of RM4.2 million, despite the higher revenue in the current quarter under review compared to preceding quarter, the division recorded a lower profit before tax of RM0.7 million compared to a profit before tax of RM1.6 million in Q3 2016 mainly due to higher expenses incurred in Q4 2016.

Information & Communications Technology

The ICT division registered a higher revenue for Q4 2016 of RM30.0 million compared to a revenue of RM12.5 million for the preceding quarter mainly due to higher system sale contracts revenue from GlobeOSS BU and revenue share contract revenue from Unifiedcomms BU. With the higher revenue and a fair value gain assessed on the division's venture investment portfolio in Q4 2016, the division reported a higher profit before tax of RM14.4 million for Q4 2016 compared to RM2.2 million for Q3 2016.

15. Comparison of results with preceding quarter (Continued)

Property Development

The Property Development division recorded a higher revenue of RM5.3 million for Q4 2016 compared to RM4.8 million in Q3 2016. With the higher revenue, a higher profit before tax of RM1.2 million was recorded for Q4 2016 compared to RM1.0 million for Q3 2016.

Travel & Tours

The Travel & Tours division recorded a higher revenue of RM30.1 million in the quarter under review compared to RM22.2 million in the previous quarter, an increase of RM7.9 million or 35.4%. The higher revenue was mainly attributable to higher outbound travel and ticketing businesses partly offset by lower inbound travel business. With the higher revenue, the division recorded a higher profit before tax of RM1.3 million in Q4 2016 compared to RM0.8 million in Q3 2016.

Others

The Others division recorded a higher revenue for Q4 2016 of RM8.2 million compared to RM5.9 million in the preceding quarter. The increase in revenue was attributable mainly to higher sales in the Coach Building unit. With the higher revenue in the current quarter under review, a lower loss before tax was recorded in Q4 2016 of RM1.6 million compared to loss before tax of RM2.0 million in the preceding quarter.

16. Prospects

Our Board expects the 2017 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 expected challengeing environment, our Board is cautiously optimistic on the implementation of our business plans. Our Group will continue its focus on measures to improve operational efficiencies and productivity coupled with cost reduction efforts. To deliver substainable growth in revenues and profits of our major divisions, the Group will pursue its strategic plans which are already in place to grow our established core businesses and explore opportunities of new markets. For the non-core loss-making businesses, we will focus on restructuring or divestment plans.

Although the Hotels & Resorts division views the business outlook for 2017 to be challenging, the division is cautiously optimistic taking into consideration of packaged holidays which are making a resurgence and the anticipated increased online sales from direct online bookings on our newly launched upgraded website. The division will also focus on developing business from Asia region, working with tour operators, local corporate business and securing more residential meetings.

The Information & Communications Technology (“ICT”) division expects 2017 to continue to be challenging but remains optimistic about the growth prospect. The division's need to continue strengthening the managed service contract portfolio for delivering steady and sustainable growth remains the focus for growth in 2017. The growing interest and opportunity in internet-driven application services, new media and applications delivered on an advertisement-supported or advertisement-funded model continues to be recognised by the management. The division’s strategic investment plan in the year ahead will continue to focus primarily on these growth businesses in the South East Asia and South Asia regions and will complement the growth initiatives plans of the existing businesses.

Our Property Development division expects to face continued challenges in 2017 due to the softening of the property market in Kuching and the cooling measures on the property market. The division will focus on its on-going development project namely, Federal Park, to drive the earnings of the division for 2017.

Our travel and tours division is cautiously optimistic of their performance for 2017 as they continue to remain focused on building its corporate client base for the ticketing business and in developing and adapting its products to sustain growth in the leisure and corporate group markets for both inbound and outbound travel and tours.

The Others division will remain focused on its key strategies to drive the revenue growth plan although the continued challenges in 2017 may cause significant uncertainty in the achievement of such revenue growth plan this year. In addition, the division will focus on improving the execution process and implementing cost saving measures to address the challenge of rising cost pressure. Further restructuring plan for non-performing businesses which may include divestment (the Manufacturing unit was divested in early 2016) will be implemented to improve the performance of this division.

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 31.12.2016 RM'000	Year-to-date ended 31.12.2016 RM'000
On current quarter results		
- Malaysian income tax	1,733	5,644
- Overseas taxation	(16)	(10)
Under provision in prior years	(30)	(46)
Transfer (to)/from deferred taxation	(2,684)	(2,656)
	(997)	2,932

The effective tax rate of the Group for the financial year ended 31 December 2016 is lower than the statutory tax rate. This is mainly due to crystalisation of deferred tax liabilities.

20. Status of corporate proposals

There were no corporate proposals announced but not completed.

21. Group borrowings

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

	As At 31.12.2016 RM'000	As At 31.12.2015 RM'000
Short term - secured		
- Term loans	2,699	1,920
- Hire purchase payables	56	15
- Finance lease payable	1,599	23,084
- Revolving credit	20,750	9,400
Short term - unsecured		
- Term loans	-	2,784
	25,104	37,203
Long term - secured		
- Term loans	56,536	42,844
- Hire purchase payables	194	-
- Finance lease payable	21,409	-
	78,139	42,844
Total borrowings	103,243	80,047

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

	As At 31.12.2016 RM'000	As At 31.12.2015 RM'000
Australian Dollars	-	2,784
Swiss Franc	17,142	-

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

The Plaintiff's claims principally included among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease the 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 had ended and the trial continued with Response of the Parties for the claim and Defendant I had responded by filing its claims to Denpasar District Court, Indonesia which principally included 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 Rp24,304,854,643 and USD1,313,860.13 (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.

On 5 May 2016, the Company announced the Court's judgement which principally states that Jaya Makmur has conducted an unlawful act by taking over the Hotel and office building and the management of the Hotel from PT. Diwangkara Holiday Villa Bali prior to the expiry of the lease under Deed No. 38 and No. 39 and therefore Jaya Makmur shall return the operations of the Hotel to PT. Diwangkara Holiday Villa, and pay material and immaterial losses of PT. Diwangkara Holiday Villa in the amount of Rp5,384,507,763 (equivalent of approximately RM1.7 million) plus costs incurred in this case in the amount of Rp1,706,000 (equivalent of approximately RM530).

With regard to the Court's Judgement, both parties have submitted an appeal to the High Court of Denpasar, Indonesia.

24. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	12 months ended 31.12.2016 RM'000	12 months ended 31.12.2015 RM'000
Amortisation of intangible assets	(2,003)	(2,560)
Depreciation of property, plant and equipment	(7,454)	(9,852)
Bad debts written off	-	(546)
Net gain/(loss) on disposal of:		
- an associate	389	(596)
- lease rights	-	4,986
- partial interest in a subsidiary	38	-
- property, plant and equipment	72	12,350
- a subsidiary	(884)	-
Gain on insurance claim	4,242	-
Impairment loss on:		
- available-for-sale investment	-	(1)
- development expenditure	(300)	-
- goodwill	(107)	-
- loan and receivables	(108)	(355)
- property, plant and equipment	(93)	(489)
Fair value change in financial assets held for trading	17	15
Fair value change in held for trading investments	28	15
Write back/(down) of inventories	(160)	25
Interest expenses	(4,506)	(5,118)
Interest income	2,948	3,381
Write back of payables	-	397
Net unrealised (loss)/gain on foreign exchange	(60)	655
Property, plant and equipment written off	(95)	(16,816)
Fair value change in investment property	(810)	-
Provision for retirement plan	(190)	(173)
Write back of impairment loss on:		
- available-for-sale investment	98	-
- loan and receivables	172	683
Fair value change in investment in an associate	3,341	-
Fair value change in fair value through profit or loss investments	5,428	-
Realisation of foreign exchange reserve	(737)	-

25. Retained Earnings

	As At 31.12.2016 RM'000	As At 31.12.2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(520,552)	(505,472)
- Unrealised	50,276	38,586
Total share of retained profits/(accumulated losses) from associates		
- Realised	4,480	(3,286)
- Unrealised	-	-
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(1,015)	(973)
- Unrealised	-	-
	(466,811)	(471,145)
Consolidation adjustments	497,473	500,066
Total Group retained profits as per consolidated statements of financial position	30,662	28,921

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 2016.

27. Earning/(Loss) per share

Basic earning/(loss) per share

The basic earning/(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 RM8,579,000 and RM4,073,000 respectively, divided by the weighted average number of ordinary shares of 664,052,332 and 664,052,332 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	664,052,332	664,052,332	662,255,682
Weighted average number of new ordinary shares arising from ICULS converted todate	-	-	-	1,293,517
Weighted average number of ordinary shares	664,052,332	664,052,332	664,052,332	663,549,199

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Basic earning/(loss) per share (sen)	1.29	(1.63)	0.61	(1.75)

Diluted earning/(loss) per share

The diluted earning/(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 RM8,662,000 and RM4,354,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,953 and 929,194,953 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	8,579	(10,840)	4,073	(11,591)
Profit impact of assumed conversion-interest on ICULS	83	102	281	406
	8,662	(10,738)	4,354	(11,185)

Weighted average number of ordinary shares (diluted)

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	664,052,332	664,052,332	662,255,682
Weighted average number of new ordinary shares arising from ICULS converted todate	-	-	-	1,293,517
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	265,142,621	265,142,621	265,142,621	265,645,754
Weighted average number of ordinary shares	929,194,953	929,194,953	929,194,953	929,194,953

	3 months ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Diluted earning/(loss) per share (sen)	0.93	(1.63)	0.47	(1.75)

The diluted loss per share and basic loss per share for the 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
27 February 2017