ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017

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 2017.

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 2016.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		12 months ended	
	31.12.2017 Unaudited RM'000	31.12.2016 Unaudited RM'000	31.12.2017 Unaudited RM'000	31.12.2016 Restated * RM'000
Revenue	88,933	90,655	265,923	276,775
Cost of sales	(62,083)	(59,957)	(176,091)	(179,299)
Gross profit	26,850	30,698	89,832	97,476
Other operating income	10,257	54,975	20,762	63,392
Operating expenses	(27,469)	(77,884)	(96,164)	(148,569)
Profit/(Loss) from operations	9,638	7,789	14,430	12,299
Finance costs	(1,301)	(1,160)	(5,245)	(4,579)
Share of results of associates and joint venture	(171)	(836)	(826)	(65)
Profit/(Loss) before tax	8,166	5,793	8,359	7,655
Income tax expense	(851)	5,013	(4,609)	1,084
Net profit/(loss) for the financial period/year	7,315	10,806	3,750	8,739
Attributable to:				
Owners of the parent	5,571	2,068	(664)	(2,438)
Non-controlling interests	1,744	8,738	4,414	11,177
	7,315	10,806	3,750	8,739
Earnings/(Loss) per share attributable to owners of the parent:				
Basic (sen)	0.82	0.31	(0.10)	(0.37)
Diluted (sen)	0.60	0.23	(0.10)	(0.37)

* Certain comparative figures are restated following the completion of the purchase price allocation exercise.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2017 Unaudited RM'000	**31.12.2016 Unaudited RM'000**	**31.12.2017 Unaudited RM'000**	**31.12.2016 Restated * RM'000**
Net profit/(loss) for the financial period/year	7,315	10,806	3,750	8,739
Other comprehensive income/(expenses):				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment	-	7,695	-	7,695
Total items that will not be reclassified subsequently to profit or loss	-	7,695	-	7,695
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	(2,170)	(241)	(2,170)	(1,045)
Share of other comprehensive income of associates, net of tax	-	-	-	109
Foreign currency translation differences for foreign operations	(3,504)	4,312	(7,797)	3,211
Total items that are or may be reclassified subsequently to profit or loss	(5,674)	4,071	(9,967)	2,275
Other comprehensive income/(loss) for the financial period/year	(5,674)	11,766	(9,967)	9,970
Total comprehensive income/(loss) for the financial period/year	1,641	22,572	(6,217)	18,709
Attributable to:				
Owners of the parent	1,313	14,607	(9,180)	9,114
Non-controlling interests	328	7,965	2,963	9,595
Total comprehensive income/(loss) for the financial period/year	1,641	22,572	(6,217)	18,709

* Certain comparative figures are restated following the completion of the purchase price allocation exercise.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 31.12.2017 RM'000	Restated * as at 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,848	153,289
Investment properties	8,060	8,060
Investment in associates	46,742	46,937
Investment securities	42,565	33,899
Goodwill on consolidation	92,221	92,761
Intangible assets	3,647	4,411
Deferred tax assets	3,191	1,850
	353,274	341,207
Current assets		
Progress billings	5,887	18,243
Inventories	40,086	42,016
Trade and other receivables	139,912	157,611
Tax recoverable	1,946	2,459
Investment securities	459	460
Financial assets held for trading	361	429
Short term deposits	78,655	83,229
Cash and bank balances	79,392	56,620
	346,698	361,067
TOTAL ASSETS	699,972	702,274
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	203,333	199,216
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	60,724	64,803
Reserves	168,798	183,708
	432,855	447,727
Non-controlling interests	63,214	63,763
Total equity	496,069	511,490
Non-current liabilities		
Borrowings	60,978	79,745
ICULS - liability component	108	1,593
Deferred tax liabilities	5,362	5,926
Provision for retirement benefit obligations	1,747	1,609
	68,195	88,873
Current liabilities		
Trade and other payables	96,838	77,625
Borrowings	38,824	23,499
Tax payable	46	787
	135,708	101,911
Total Liabilities	203,903	190,784
TOTAL EQUITY AND LIABILITIES	699,972	702,274

* Certain comparative figures are restated following the completion of the purchase price allocation exercise.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	← *Attributable to owners of the parent* →									
							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 2017 as previous reported	199,216	64,803	117,317	23,510	13,535	4,051	31,591	454,023	60,053	514,076
Effects of completion of purchase price allocation	-	-	-	-	-	-	(6,296)	(6,296)	3,710	(2,586)
Balance as at 1 January 2017, as restated	199,216	64,803	117,317	23,510	13,535	4,051	25,295	447,727	63,763	511,490
Net profit/(loss) for the financial year	-	-	-	-	-	-	(664)	(664)	4,414	3,750
Fair value of available-for-sale financial assets	-	-	-	-	-	(2,170)	-	(2,170)	-	(2,170)
Foreign currency translation differences for foreign operations	-	-	-	-	(6,346)	-	-	(6,346)	(1,451)	(7,797)
Total comprehensive income/(loss) for the financial year	-	-	-	-	(6,346)	(2,170)	(664)	(9,180)	2,963	(6,217)
Transactions with owners in their capacity as owners:										
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	(4,037)	(4,037)	(974)	(5,011)
Issue of new ordinary shares pursuant to the conversion of ICULS and to the conversion of ICULS	4,117	(4,079)	-	-	-	-	-	38	-	38
Dividends paid	-	-	-	-	-	-	(1,693)	(1,693)	-	(1,693)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(2,538)	(2,538)
	4,117	(4,079)	-	-	-	-	(5,730)	(5,692)	(3,512)	(9,204)
Balance as at 31 December 2017	203,333	60,724	117,317	23,510	7,189	1,881	18,901	432,855	63,214	496,069

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

	← *Attributable to owners of the parent* →									
							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 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	-	-	-	-	-	-	(2,438)	(2,438)	11,177	8,739
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 property, plant and equipment	-	-	-	7,695	-	-	-	7,695	-	7,695
Foreign currency translation differences for foreign operations	-	-	-	-	4,793	-	-	4,793	(1,582)	3,211
Total comprehensive income/(loss) for the financial year	-	-	-	7,695	4,793	(936)	(2,438)	9,114	9,595	18,709
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
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	192	192	(192)	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	15,774	15,774
Changes in income tax rate	-	(58)	-	-	-	-	-	(58)	-	(58)
Dividends paid	-	-	-	-	-	-	(1,660)	(1,660)	-	(1,660)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(1,012)	(1,012)
	-	(58)	-	(183)	43	-	(1,188)	(1,386)	15,013	13,627
Balance as at 31 December 2016, as restated	199,216	64,803	117,317	23,510	13,535	4,051	25,295	447,727	63,763	511,490

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	12 months ended 31.12.2017 Unaudited RM'000	12 months ended 31.12.2016 Restated * RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	8,359	7,655
Adjustments for :-		
Non-cash items	1,543	10,802
Other investing and financing items	2,225	1,630
Operating profit before working capital changes	12,127	20,087
Changes in working capital		
Inventories	1,918	11,682
Receivables	6,117	(59,350)
Financial assets held for trading	60	(1)
Payables	2,037	15,122
Net cash from/(used in) operations	22,259	(12,460)
Retirement benefit paid	(68)	(8)
Tax paid	(6,740)	(5,643)
Net cash generated from/(used in) operating activities	15,451	(18,111)
Cash flows from investing activities		
Acquisition of intangible assets	(1,007)	(1,719)
Acquisition of a subsidiary, net of cash acquired	-	1,158
Acquisition of additional shares in a subsidiary	(5,010)	-
Investment in associates	(1,916)	(1,459)
Acquisition of investment securities	(13,975)	(6,698)
Dividend income received	5	-
Interest received	3,015	2,949
Proceeds from disposal of partial interest in a subsidiary	-	481
Capital repayment from investment securities	1,320	-
Proceeds from disposal of investment securities	-	4,999
Proceeds from disposal of property, plant and equipment	24	130
Proceeds from disposal of a subsidiary, net of cash disposed	-	5,298
Proceeds from insurance claim compensation	52,822	-
Purchase of property, plant and equipment	(11,990)	(3,803)
Net cash generated from investing activities	23,288	1,336

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

	12 months ended 31.12.2017 Unaudited RM'000	12 months ended 31.12.2016 Restated * RM'000
Cash flows from financing activities		
Dividends paid	(1,693)	(1,660)
Dividends paid to non-controlling interests of a subsidiary	(2,538)	(1,012)
Drawdown of hire purchase	-	341
Drawdown of term loans and revolving credit	14,250	11,350
Interest paid	(6,757)	(6,150)
Payment to hire purchase	(56)	(105)
Pledged of short term deposits	(5,180)	(3,076)
Repayment of term loans and revolving credit	(19,660)	(5,469)
Net cash used in financing activities	(21,634)	(5,781)
Effect of exchange rate changes	(3,258)	(2,268)
Net increase/(decrease) in cash and cash equivalents	13,847	(24,824)
Cash and cash equivalents as at beginning of financial year		
As previously reported	102,998	125,989
Effect of exchange rate changes	(2,556)	1,833
As restated	100,442	127,822
Cash and cash equivalents as at end of financial year #	114,289	102,998
# Cash and cash equivalents at the end of the financial year comprising the following :		
Short term deposits	78,655	83,229
Cash and bank balances	79,392	56,620
Bank overdrafts	(1,728)	-
	156,319	139,849
Less : Deposits placed with lease creditors as security deposit for lease payments	(24,745)	(23,851)
Cash held under Housing Development Accounts	(602)	(584)
Deposits pledged to licensed banks	(16,683)	(12,416)
	(42,030)	(36,851)
	114,289	102,998

* Certain comparative figures are restated following the completion of the purchase price allocation exercise.

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 2016.

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 2016, 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 12	Disclosures of Interests in Other Entities
MFRS 107	Statements of Cash Flows
MFRS 112	Income Taxes

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

New MFRSs and IC Int and Amendments/Improvements to MFRSs issued but not yet effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2016 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 December 2017 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 2017, a total of 27,447,200 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 13,723,600 new ordinary shares in the Company by surrendering for cancellation two ICULS for every one new ordinary share of 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 2017.

8 Dividends paid

A single tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2016 was paid on 18 August 2017 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 24 May 2017.

9. Segmental Information

For the financial year ended 31 December 2017

	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	673	60,461	77,448	1,145	111,606	14,590	-	265,923
Inter-segment	11,348	-	-	-	567	-	(11,915)	-
Total revenue	12,021	60,461	77,448	1,145	112,173	14,590	(11,915)	265,923
Results								
Segment results	641	15,711	8,783	134	2,088	(8,551)	(9,621)	9,185
Share of results of associates and joint venture	(726)	(79)	-	-	(21)	-	-	(826)
Profit/(Loss) before tax	(85)	15,632	8,783	134	2,067	(8,551)	(9,621)	8,359
Income tax expense								(4,609)
Net profit/(loss) for the financial period								3,750
Non-controlling interests								(4,414)
Net profit/(loss) for the financial period attributable to owners of the parent								(664)

9. Segmental Information (Continued)

For the financial year ended 31 December 2017

	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	62,600	243,987	208,136	54,725	25,859	52,786	-	648,093
Investment in associates and joint venture	34,167	6,499	5,639	-	437	-	-	46,742
Unallocated corporate assets								5,137
Total assets								699,972
Segment liabilities	30,012	96,038	39,639	4,028	7,997	20,781	-	198,495
Unallocated corporate liabilities								5,408
Total liabilities								203,903
Capital expenditure:								
- Property, plant & equipment	2	8,832	3,005	40	9	102	-	11,990
- Software development expenditure	-	-	844	-	-	-	-	844
- Licenses	-	-	-	-	-	163	-	163

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
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	621	(3,279)	22,126	4,240	4,295	(10,983)	(9,300)	7,720
Share of results of associates	299	(692)	(12)	-	340	-	-	(65)
Profit/(Loss) before tax	920	(3,971)	22,114	4,240	4,635	(10,983)	(9,300)	7,655
Income tax expense								1,084
Net profit/(loss) for the financial period								8,739
Non-controlling interests								(11,177)
Net profit/(loss) for the financial period attributable to owners of the parent								(2,438)

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	55,682	250,188	201,092	66,935	25,306	51,825	-	651,028
Investment in associates	33,927	6,578	5,668	-	764	-	-	46,937
Unallocated corporate assets								4,309
Total assets								702,274
Segment liabilities	32,476	88,710	33,407	5,557	5,112	18,809	-	184,071
Unallocated corporate liabilities								6,713
Total liabilities								190,784
Capital expenditure								
- Property, plant and equipment	169	1,585	1,090	2	16	941	-	3,803
- Software development expenditure	-	-	1,537	-	-	-	-	1,537
- Licenses	-	-	-	-	-	182	-	182

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 2016.

11. Significant events after the reporting period

(a) On 8 January 2018, a total of 686,500 ICULS have been converted into 343,250 new ordinary shares in the Company by surrendering for cancellation two ICULS for every one new ordinary share of the Company.

(b) The ICULS matured on 26 January 2018 and all outstanding ICULS were compulsorily and automatically converted into fully paid new ordinary shares of the Company. Following the conversion of all outstanding 502,151,541 ICULS on 30 January 2018, a total of 251,075,761 new ordinary shares in the Company was allotted .

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

12. Changes in the composition of the Group

(a) 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 remaining 226 shares in Posthotel Arosa AG ("Arosa") held by Jacques Rüdisser and Verena Maria Rüdisser for a cash consideration of CHF1,095,715 (equivalent to RM5.0 million) and thus increased its equity interest from 62.49% to 65.00%. Consequently, Arosa became a 65.00%-owned subsidiary of HVA.

(b) On 1 November 2017, Alangka-Suka Hotels & Resorts Sdn Bhd ("ASHR"), a wholly-owned subsidiary of the Company, entered into a share sale agreement to dispose of its entire 6,811,628 shares representing 40% equity interest in Holiday Villa Kuala Lumpur Sdn Bhd ("HVKL") to Ri-Yaz Assets (Kuala Lumpur) Sdn Bhd (formerly known as Aurora Arena Sdn Bhd) for a cash consideration of RM11,200,000.00. Upon completion of the proposed disposal, HVKL will cease to be a 40%-owned associated company of ASHR.

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

13. Changes in contingent liabilities

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2016.

14. Review of performance

	12 months ended		
	31.12.2017 Unaudited RM'000	31.12.2016 Restated RM'000	Changes %
Revenue	265,923	276,775	-3.9%
Profit/(Loss) from operations	14,430	12,299	17.3%
Profit/(Loss) before tax	8,359	7,655	9.2%
Net profit/(loss) for the financial year	3,750	8,739	-57.1%
Net profit/(loss) for the financial year attributable to the Owners of the Parent	(664)	(2,438)	72.8%

Overall performance

For the current year ended 31 December 2017 ("FY2017"), the Group recorded a lower revenue of RM265.9 million compared to a revenue of RM276.8 million recorded last year ("FY2016"). The revenue of Property Development and Hotels & Resorts divisions showed a decrease of RM21.0 million and RM1.4 million respectively for FY2017 compared to FY2016 offset by increase in revenue for Information & Communications Technology ("ICT") and Travel & Tours divisions by RM7.4 million and RM10.4 million respectively. The Group's profit before tax increased from RM7.7 million in FY2016 to RM8.4 million in FY2017 mainly due to lower operating expenses in FY2017 for the Group of RM96.2 million in FY2017 compared to RM148.6 million in FY2016 offset by lower revenue in FY2017 compared to FY2016 coupled with lower gross profit margin of 33.8% compared to 35.2% in the previous year which resulted in the decline of gross profit of RM7.6 million. In addition, other operating income was lower in FY2017 by RM42.6 million. The lower other operating income in FY2017 was mainly due to fair value loss assessed on the ICT's venture investment portfolio in FY2017 compared to fair value gain in FY2016 and lower insurance claim compensation recognition in FY2017 arising from the fire incident in Arosa in FY2016. The lower operating expenses in FY2017 was mainly due to a write off of the hotel property in FY2016 due to the fire incident in Arosa.

14. Review of performance (Continued)

Investment Holding

The division recorded a loss before tax of RM0.1 million for FY2017 compared to a profit before tax of RM0.9 million for FY2016 mainly attributable to the lower results of the associated companies.

Hotels & Resorts

The Hotels & Resorts division registered a lower revenue for FY2017 of RM60.5 million compared to RM61.9 million for FY2016. The better performance from Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Hotel & Suites London were offset mainly by the lower revenue from other local hotels, namely, Holiday Villa Beach Resort & Spa Cherating and Holiday Villa City Centre Alor Setar, and the lower management fee from Holiday Villa Hotel & Residence Doha City Centre. However, this division recorded a profit before tax of RM15.6 million in FY2017 compared to a loss before tax of RM4.0 million for FY2016 mainly due to the insurance claim compensation recognised in FY2017 compared to net loss effect in FY2016 whereby the insurance claim compensation recognised in FY2016 arising from the fire incident in Arosa in FY2016 was offset by the write off of the hotel property and fixed assets in FY2016.

Information & Communications Technology

The division recorded a higher revenue of RM77.4 million for the FY2017 compared to the revenue of RM70.0 million in FY2016 mainly attributable to higher system sale contract revenue recorded by GlobeOSS business unit (“BU”) and higher managed service contract revenue recorded by Unifiedcomms BU, offset by lower system sale contract revenue recorded by Unifiedcomms BU.

The division recorded a lower profit before tax (“PBT”) of RM8.8 million for FY2017 as compared to a PBT of RM22.1 million in FY2016. The reduction in PBT was mainly attributable to an overall reduction in its gross profit margin primarily due to higher proportionate contribution of system sale contract revenue by GlobeOSS BU, which generally delivers lower gross profit margin, and higher revenue contribution of Unifiedcomms BU's lower gross profit margin revenue share contracts coupled with a fair value loss recorded in FY2017 of RM1.1 million in relation to the division's venture investment portfolio as compared to a fair value gain recorded in FY2016 of RM8.8 million.

The fair value loss, which is unrealised, is a result of lower estimated fair valuation of the Group's venture investment portfolio following the adoption of the most appropriate valuation techniques for each investment and may not be reflective of the actual return upon disposal of these investment in the medium to long term.

Property Development

The Property Development division registered a lower revenue for FY2017 of RM1.1 million compared to RM22.2 million for FY2016. In FY2016, there were development and sales in Phase 1 Federal Park which contributed to the revenue in FY2016. Phase 1 Federal Park was completed in June 2016. The next phase, Phase 2 Federal Park, comprising mainly townhouses is slated to be launched in 2018 pending the necessary approvals for the amendment in the approved plan. With the lower revenue, this division recorded a lower profit before tax of RM0.1 million for FY2017 compared to a profit before tax of RM4.2 million for FY2016.

Travel & Tours

For the current year under review, our Travel & Tours division achieved a higher revenue of RM112.2 million as compared to a revenue of RM101.8 million for last year, an increase of RM10.4 million which was mainly from ticketing and outbound travel sales offset by the lower revenue in the inbound tours division. Despite the higher revenue, this division recorded a lower profit before tax of RM2.1 million for FY2017 compared to RM4.6 million for FY2016 mainly due to lower gross profit margin and a higher loss from the inbound tours division due to the flowdown effect of a reduction in revenue.

Others

The Others division registered a lower revenue of RM14.6 million for FY2017 compared to the revenue of RM20.6 million for FY2016. Despite the lower revenue, this division recorded a lower loss before tax of RM8.6 million for FY2017 as compared to a loss of RM11.0 million for FY2016 mainly due to improved results from the educational business unit in FY2017 coupled with the loss on disposal of the loss making manufacturing subsidiary of RM1.6 million recognised in FY2016.

15. Comparison of results with preceding quarter

	3 months ended		
	31.12.2017	30.09.2017	Changes
	RM'000	RM'000	%
Revenue	88,933	59,352	49.8%
Profit/(Loss) from operations	9,638	3,363	186.6%
Profit/(Loss) before tax	8,166	1,846	342.4%
Net profit/(loss) for the financial period	7,315	512	1328.7%
Net profit/(loss) for the financial period attributable to the Owners of the Parent	5,571	(553)	n/a

Overall performance

The Group achieved a revenue of RM88.9 million for the current quarter ended 31 December 2017 ("Q4 2017") which was higher compared to the revenue in the previous quarter ended 30 September 2017 ("Q3 2017") of RM59.4 million, an increase of RM29.6 million or 49.8%. Despite the lower gross profit margin of 30.2% in Q4 2017 compared to 37.8% in Q3 2017, with the flowdown effect of higher revenue coupled with higher other operating income, the Group's profit before tax increased to RM8.2 million in the current quarter under review compared to a profit before tax of RM1.8 million in the preceding quarter. The higher other operating income for the current quarter under review of RM10.3 million compared to RM3.8 million in the previous quarter included the insurance claim compensation recognition in Q4 2017 arising from the fire incident in Arosa in FY2016.

Investment Holding

The Investment Holding division recorded a profit before tax of RM7.0 million for Q4 2017 as compared to loss before tax of RM2.7 million for Q3 2017. The results for Q4 2017 included dividends from subsidiaries (eliminated at group level). This is partly offset by lower contribution from associated companies.

Hotels & Resorts

The Hotels & Resorts division's revenue for Q4 2017 was lower at RM14.7 million compared to a revenue of RM16.2 million in the preceding quarter, a decrease of RM1.5 million or 9.1%. In Q4 2017, Holiday Villa Beach Resort & Spa Langkawi, Holiday Villa Hotel & Suites London and Holiday Villa City Centre Alor Setar recorded lower revenue compared to their revenues in Q3 2017 while Holiday Villa Beach Resort & Spa Cherating and City Villa Kuala Lumpur recorded higher revenues in Q4 2017 compared to their revenues in the preceding quarter. Despite the lower revenue, the division recorded a higher profit before tax of RM10.6 million in Q4 2017 compared to a profit before tax of RM1.9 million in Q3 2017 mainly due to the insurance claim compensation recognition in Q4 2017 arising from the fire incident in Arosa in FY2016.

Information & Communications Technology

The ICT division registered a higher revenue for Q4 2017 of RM34.3 million compared to a revenue of RM13.7 million for the preceding quarter. Despite the higher revenue, the division reported a lower profit before tax of RM1.0 million for Q4 2017 compared to RM3.9 million for Q3 2017. This was mainly attributable to a higher proportionate GlobeOSS system sale contribution to the Group's revenue in the quarter under review which generally delivers lower gross profit margin as a result of higher third party cost incurred and a fair value loss assessed on the venture investment portfolio of the division recognised in Q4 2017 as opposed to a fair value gain in Q3 2017.

Property Development

The Property Development division recorded only a slightly higher revenue of RM176,000 for Q4 2017 compared to RM150,000 in Q3 2017. There were no significant sales recorded due to the delay in the launching of Phase 2, Federal Park, comprising mainly townhouses which were slated to commence in 2018 after the completion of Phase 1, Federal Park, in 2016 as approvals are still pending from the relevant authorities on the proposed amendment to the approved plan for Phase 2. The division recorded a profit before tax of RM157,000 in Q4 2017 and a loss before tax of RM89,000 in Q3 2017.

Travel & Tours

The Travel & Tours division recorded a higher revenue of RM37.3 million in the quarter under review compared to RM23.8 million in the previous quarter, an increase of RM13.5 million or 56.8%. Outbound travel and ticketing businesses recorded higher revenue in the quarter under review while inbound travel recorded lower revenue. With the higher revenue, the division recorded a higher profit before tax of RM0.9 million in Q4 2017 compared to RM0.5 million in Q3 2017.

Others

The Others division recorded a lower revenue for Q4 2017 of RM2.5 million compared to the revenue of RM5.6 million in the preceding quarter. The decrease in revenue was attributable mainly to lower sales in the Coach Building unit. With the lower revenue in the current quarter under review, a higher loss before tax was recorded in Q4 2017 of RM1.8 million compared to a loss before tax of RM1.6 million in the preceding quarter.

16. Prospects

Our Board expects the financial year 2018 to continue to be challenging for the Group. However, with our focus on turning around any loss-making business units within a target period, 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 sustainable 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 attractive opportunities to expand operations. For the non-core loss-making businesses, we will focus on turnaround restructuring plans failing which the business unit will cease operations and/or be divested.

Although the Hotels & Resorts division views the business outlook for 2018 to be challenging, the division is cautiously optimistic taking into consideration our focus on certain encouraging trends in the industry and the anticipated increased online sales from direct online bookings on our recently launched upgraded website. The division will also focus on developing business from the Asia region by working with tour operators, local corporate businesses, and be innovative in securing more residential meetings. Our focus to grow the hotels and resorts businesses regionally with the anticipated opening of new Holiday Villa hotels this year will partly mitigate the expected weak local meetings, incentives, conferences and exhibitions (MICE) market for 2018 and the political events in Qatar which will continue to have an adverse impact on our hotel performance in Doha, Qatar.

The Information & Communications Technology ("ICT") division expects financial year 2018 to be challenging but remains optimistic about growth prospect. Although 2017 proved to be another unexpectedly good year for business generated from system sale contracts, the division does not expect this to be a trend that can be readily extended into 2018. Significant uncertainty and hence lumpiness is still to be expected in the contribution of system sale contracts to the performance of both Unifiedcomms and GlobeOSS businesses. The management of this division will continue to work on improving execution in respect of strategies and tactics to grow the division's managed service contract revenue and profit and further build on the improvement achieved so for this year. 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 division. The division's strategic and venture investment plans 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 of existing businesses.

Our Property Development division expects to face continued challenges in 2018 due to the continued delay in the launching of Phase 2, Federal Park but remains optimistic about its prospects once Phase 2, Federal Park is launched although there may be some weaknesses due to the softening of the property market in Kuching and the cooling measures on the property market. The division will focus on developing and launching Phase 2 of its Federal Park project, to drive the earnings of the division for 2018 and will explore properties management projects.

Our travel and tours division is cautiously optimistic of their performance for 2018 as they continue to remain focused on building its corporate client base and the wholesale market segment 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 2018 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 plans to turnaround non-performing businesses (which may include cessation of such business and/or divestment if the restructuring is not successful within a targeted period) will be implemented to improve the performance of this division. In this respect, our Traditional Chinese Medicine ("TCM") business has ceased operations at the end of 2017 due to the continued weak sales generated by the business.

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 31.12.2017 RM'000	12 months ended 31.12.2017 RM'000
On current quarter results		
- Malaysian income tax	3,298	6,473
- Overseas taxation	44	44
Under provision in prior years	6	(5)
Transfer (to)/from deferred taxation	(2,497)	(1,903)
	851	4,609

The effective tax rate of the Group for the financial year ended 31 December 2017 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. The effective tax rate of the Group for the quarter ended 31 December 2017 is lower than the statutory tax rate. This is mainly due to crystalisation of deferred tax liabilities.

20. Status of corporate proposals

The status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report are summarised below:

(a) Advance Synergy Capital Sdn Bhd ("ASCAP"), a wholly-owned subsidiary of the Company has on 5 December 2017 entered into a Memorandum of Understanding ("MOU") with AppAsia Berhad ("AppAsia") for the purpose of recording their intention to enter into a share sale agreement and other ancillary agreements (collectively, "Definitive Agreements") in relation to the proposed disposal by ASCAP of its 80% equity interest in Synergy Cards Sdn Bhd ("SCSB") to AppAsia ("Proposed Disposal"). The Definitive Agreements shall be executed by 28 February 2018 or such other period as may be mutually agreed between the parties ("Execution Deadline"). The Definitive Agreements have yet to be entered into by the parties.

(b) On 16 January 2018, Advance Synergy Realty Sdn Bhd ("ASR"), a wholly-owned subsidiary of the Company, entered into two (2) Sale and Purchase Agreements which are pending completion:-

(i) Sale and Purchase Agreement with Petaling Garden Sdn Bhd for the proposed acquisition of 70% interest in a detached commercial 5-storey building block with carpark bearing postal address No. 17, Jalan Yap Ah Shak, 50300 Kuala Lumpur for a cash purchase consideration of RM18.90 million; and

(i) Sale and Purchase Agreement with Temasya Development Co. Sdn. Bhd. for the proposed acquisition of 70% interest in a detached commercial 4-storey building block bearing postal address No. 9, Jalan Kajibumi U1/70, Seksyen U1, Temasya Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan for a cash purchase consideration of RM22.05 million.

21. Group borrowings

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

	As At 31.12.2017 RM'000	As At 31.12.2016 RM'000
Short term - secured		
- Term loans	2,037	2,693
- Bank overdraft	1,728	-
- Hire purchase payables	59	56
- Revolving credit	35,000	20,750
	38,824	23,499
Long term - secured		
- Term loans	37,827	56,542
- Hire purchase payables	134	194
- Finance lease payable	23,017	23,009
	60,978	79,745
Total borrowings	99,802	103,244

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

	As At 31.12.2017 RM'000	As At 31.12.2016 RM'000
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 year.

23. Material litigation

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" 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 were not successful and the trial continued with Response of the Parties for the claim and Defendant I had responded by filing its counter 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 judgment is enforceable and all costs incurred in this case.

On 5 May 2016, the Company announced the Denpasar District Court's judgment on 3 May 2016 which principally states that Jaya Makmur's lawsuit is declined by Denpasar District Court and 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) ("Denpasar District Court's Judgment").

With regards to the Denpasar District Court's Judgment, both parties have submitted an appeal to the High Court of Denpasar, Indonesia, and judgment was given on 3 October 2017 which strengthen Denpasar District Court's Judgment dated 3 May 2016. Therefore Denpasar District Court's Judgment remains valid for both parties.

In regards with High Court of Denpasar's judgment, Jaya Makmur has submitted a cassation appeal to the Supreme Court. PT Diwangkara Holiday Villa Bali also submitted a cassation appeal to the Supreme Court.

24. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	12 months ended 31.12.2017 Unaudited RM'000	12 months ended 31.12.2016 Restated RM'000
Amortisation of intangible assets	(1,825)	(2,003)
Depreciation of property, plant and equipment	(6,411)	(7,454)
Bad debts written off	(151)	-
Net gain/(loss) on disposal of:		
- an associate	-	389
- partial interest in a subsidiary	-	38
- property, plant and equipment	(13)	72
- a subsidiary	-	(884)
Gross dividend income	5	-
Impairment loss on:		
- available-for-sale investment	-	(1)
- development expenditure	-	(300)
- goodwill	(540)	(4,319)
- loan and receivables	(637)	(8)
- property, plant and equipment	-	(93)
Fair value change in financial assets held for trading	(8)	17
Fair value change in held for trading investments	(2)	28
Write down of inventories	(12)	(160)
Interest expenses	(5,245)	(4,579)
Interest income	3,015	2,949
Write back of payables	198	-
Net unrealised loss on foreign exchange	(1,828)	(2,026)
Property, plant and equipment written off	(101)	(44,474)
Fair value change in investment property	-	(810)
Provision for retirement benefits plan	(206)	(190)
Insurance claim compensation	12,161	32,646
Write back of impairment loss on:		
- available-for-sale investment securities	-	99
- loan and receivables	60	272
Fair value change in investment in associates	(744)	13,733
Fair value change in fair value through profit or loss investment securities	(658)	5,428
Realisation of foreign exchange reserve	-	(737)

25. Retained Earnings

	As At 31.12.2017 Unaudited RM'000	As At 31.12.2016 Restated RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(520,685)	(518,564)
- Unrealised	37,392	49,660
Total share of retained profits/(accumulated losses) from associates		
- Realised	4,440	4,480
- Unrealised	-	-
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(990)	(1,015)
- Unrealised	-	-
	(479,843)	(465,439)
Consolidation adjustments	498,744	490,734
Total Group retained profits as per consolidated statements of financial position	18,901	25,295

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 2017.

27. Earnings/(Loss) per share

Basic earnings/(Loss) per share

The basic earnings/(loss) per share for the current quarter and current year under review are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM5,571,000 and RM(664,000) respectively, divided by the weighted average number of ordinary shares of 677,588,943 and 672,338,569 for the current quarter and current year under review respectively as follows:

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	677,016,432	664,052,332	664,052,332	664,052,332
Weighted average number of new ordinary shares arising from ICULS converted todate	572,511	-	8,286,237	-
Weighted average number of ordinary shares	677,588,943	664,052,332	672,338,569	664,052,332

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited	Unaudited	Unaudited	Restated
Basic earnings/(loss) per share (sen)	0.82	0.31	(0.10)	(0.37)

Diluted earnings/(loss) per share

The diluted earnings/(loss) per share for the current quarter and current year under review are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM5,616,000 and RM(467,000), 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 under review respectively assuming conversion of the remaining ICULS as follows:

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited	Unaudited	Unaudited	Restated
	RM'000		RM'000	
Net profit attributable to equity holders	5,571	2,068	(664)	(2,438)
Profit impact of assumed conversion-interest on ICULS	45	83	197	281
	5,616	2,151	(467)	(2,157)

Weighted average number of ordinary shares (diluted)

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	677,016,432	664,052,332	664,052,332	664,052,332
Weighted average number of new ordinary shares arising from ICULS converted todate	572,511	-	8,286,237	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	251,606,010	265,142,621	256,856,384	265,142,621
Weighted average number of ordinary shares	929,194,953	929,194,953	929,194,953	929,194,953

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited	Unaudited	Unaudited	Restated
Diluted earnings/(loss) per share (sen)	0.60	0.23	(0.10)	(0.37)

The diluted earnings/(loss) per share and basic earnings/(loss) per share for the current year under review and 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
28 February 2018