

ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED
30 JUNE 2008

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the three months ended 30 June 2008.

This interim report is prepared in accordance with Financial Reporting Standards (“FRS”) No. 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2007.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Unaudited</u>		<u>Unaudited</u>	
	<u>3 months ended</u>		<u>Year to date</u>	
	<u>30.6.2008</u>	<u>30.6.2007</u>	<u>30.6.2008</u>	<u>30.6.2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	40,947	48,105	91,017	96,537
Cost of sales	<u>(22,188)</u>	<u>(28,947)</u>	<u>(50,740)</u>	<u>(59,896)</u>
Gross profit	18,759	19,158	40,277	36,641
Other operating income	2,661	1,562	5,254	3,282
Operating expenses	<u>(24,678)</u>	<u>(20,961)</u>	<u>(49,062)</u>	<u>(43,224)</u>
Profit/(Loss) from operations	(3,258)	(241)	(3,531)	(3,301)
Finance costs	(1,833)	(3,049)	(4,148)	(5,988)
Share of results of associates	(859)	504	4,268	3,193
Profit/(Loss) before taxation	(5,950)	(2,786)	(3,411)	(6,096)
Taxation	(393)	(944)	(1,022)	(2,426)
Net profit/(Loss) for the financial period	<u>(6,343)</u>	<u>(3,730)</u>	<u>(4,433)</u>	<u>(8,522)</u>
Attributable to:				
Equity holders of the Company	(3,409)	(3,316)	(2,374)	(6,144)
Minority interests	(2,934)	(414)	(2,059)	(2,378)
	<u>(6,343)</u>	<u>(3,730)</u>	<u>(4,433)</u>	<u>(8,522)</u>
Earnings/(Loss) per share attributable to equity holders of the Company				
(i) Basic (sen)	<u>(0.74)</u>	<u>(0.98)</u>	<u>(0.56)</u>	<u>(1.82)</u>
(ii) Fully diluted (sen)	<u>(0.34)</u>	<u>N/A</u>	<u>(0.22)</u>	<u>N/A</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>30.6.2008</u> RM'000	Audited As at <u>31.12.2007</u> RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	208,740	215,501
Prepaid lease payments for land	975	984
Investment in associates	73,161	73,132
Investment securities	62,872	62,224
Goodwill on consolidation	103,541	103,541
Intangible assets	3,101	2,982
Receivables	3,187	3,035
Deferred tax assets	3,461	1,595
	459,038	462,994
<u>Current assets</u>		
Property development costs	22,114	34,201
Progress billings	2,219	3,441
Inventories	39,599	24,633
Receivables	89,307	90,638
Tax recoverable	3,091	4,040
Marketable securities	1,489	2,019
Short term deposits	52,403	35,533
Cash and bank balances	36,498	27,174
	246,720	221,679
Non-current assets held for sale	497	741
TOTAL ASSETS	<u>706,255</u>	<u>685,414</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	138,572	337,794
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	122,210	-
Reserves	117,493	(19,380)
	<u>378,275</u>	<u>318,414</u>
Minority interests	<u>138,963</u>	<u>140,836</u>
Total equity	517,238	459,250
<u>Non-current liabilities</u>		
Term loans	63,079	67,578
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability portion	19,093	-
Finance lease creditor	20,643	20,643
Hire purchase creditors	558	742
Deferred tax liabilities	3,130	3,396
Retirement benefits	446	412
Deferred income	29	30
	<u>106,978</u>	<u>92,801</u>
<u>Current liabilities</u>		
Payables	67,868	76,881
Bank overdrafts	1,063	600
Short term borrowings	12,174	54,736
Taxation	934	1,146
	<u>82,039</u>	<u>133,363</u>
Total Liabilities	189,017	226,164
TOTAL EQUITY AND LIABILITIES	<u>706,255</u>	<u>685,414</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2008

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS- Equity portion	← Non-distributable →			Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Fluctuation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2007	337,794	-	430,437	12,721	6,006	(468,544)	318,414	140,836	459,250
Translation gain/(loss)	-	-	-	(1)	(285)	-	(286)	186	(100)
Par value reduction	(236,456)	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	216,122	-	-	-
Issue of new ICULS	-	154,688	(94,582)	-	-	-	60,106	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,234	(32,478)	-	-	-	-	4,756	-	4,756
Expenses incurred in connection with issue of right issue	-	-	(2,341)	-	-	-	(2,341)	-	(2,341)
Net gain/(loss) recognised in equity statements	(199,222)	122,210	(313,045)	(1)	(285)	452,578	62,235	186	62,421
Net profit/(loss) for the financial period	-	-	-	-	-	(2,374)	(2,374)	(2,059)	(4,433)
Balance as at 30 June 2008	138,572	122,210	117,392	12,720	5,721	(18,340)	378,275	138,963	517,238

FOR THE PERIOD ENDED 30 JUNE 2007

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS- Equity portion	← Non-distributable →			Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Fluctuation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2006	337,794	-	430,437	43,436	(1,250)	(461,194)	349,223	144,653	493,876
Prior year's adjustment	-	-	-	(30,711)	-	6,865	(23,846)	(114)	(23,960)
31 December 2006 (Restated)	337,794	-	430,437	12,725	(1,250)	(454,329)	325,377	144,539	469,916
Translation gain/(loss)	-	-	-	-	650	-	650	(363)	287
Net gain/(loss) recognised in equity statements	-	-	-	-	650	-	650	(363)	287
Net profit/(loss) for the financial period	-	-	-	-	-	(6,144)	(6,144)	(2,378)	(8,522)
Balance as at 30 June 2007	337,794	-	430,437	12,725	(600)	(460,473)	319,883	141,798	461,681

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008**

	Unaudited 6 months ended 30.6.2008 RM'000	Unaudited 6 months ended 30.6.2007 RM'000
Operating Activities		
Profit/(Loss) before taxation	(3,411)	(6,096)
Adjustments for :-		
Depreciation / Amortisation	7,492	9,993
Other investing and financing items and non-cash items	3,528	698
Operating profit/(loss) before working capital changes	<u>7,609</u>	<u>4,595</u>
Net changes in working capital		
(Increase)/Decrease in current assets	(2,799)	21,256
Increase/(Decrease) in current liabilities	(9,593)	(2,622)
Cash (used in)/generated from operating activities	<u>(4,783)</u>	<u>23,229</u>
Taxes (paid)/refunded	(674)	10,024
Net cash (used in)/from operating activities	<u><u>(5,457)</u></u>	<u><u>33,253</u></u>
Investing Activities		
Equity investments	2,864	11,792
Property, plant and equipment	(1,299)	(6,163)
Other investments	(1,257)	873
Net cash from/(used in) investing activities	<u><u>308</u></u>	<u><u>6,502</u></u>
Financing Activities		
Proceeds from issuance of ICULS	82,759	-
Repayment of borrowings	(47,072)	(8,626)
Other payments	(4,147)	(5,994)
Net cash from/(used in) financing activities	<u><u>31,540</u></u>	<u><u>(14,620)</u></u>
Effect of exchange rate changes	(785)	887
Net increase in cash and cash equivalents	<u><u>25,606</u></u>	<u><u>26,022</u></u>
Cash and cash equivalents as at beginning of financial period		
As previously reported	<u>39,532</u>	<u>24,568</u>
Effect of exchange rate changes	<u>125</u>	<u>(40)</u>
As restated	39,657	24,528
Cash and cash equivalents as at end of financial period *	<u><u>65,263</u></u>	<u><u>50,550</u></u>
* Cash and cash equivalents at the end of the financial period comprising the following :		
Short term deposits	52,403	34,023
Cash and bank balances	36,498	37,158
Bank overdrafts	(1,063)	(399)
	<u>87,838</u>	<u>70,782</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(16,049)</u>	<u>(15,301)</u>
Deposits pledged to licensed banks	<u>(6,526)</u>	<u>(4,931)</u>
	<u>(22,575)</u>	<u>(20,232)</u>
	<u><u>65,263</u></u>	<u><u>50,550</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with FRS 134 - "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. 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 2007.

Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2007 except for the following new/revised FRS in Malaysia which were issued on 1 July 2007 and adopted by the Group and the Company, where applicable, effective for the financial period beginning 1 January 2008 :

- FRS 107 : Cash Flow Statements
- FRS 111 : Construction Costs
- FRS 112 : Income Taxes
- FRS 118 : Revenue
- FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134 : Interim Financial Statements
- FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above new and revised FRS have no significant impact on the financial statements of the Group and the Company.

2. Audit report

The auditors' report on the financial statements for the year ended 31 December 2007 was not subject to any qualification.

3. Seasonal or cyclical factors

The operations of the Group for the quarter ended 30 June 2008 were not materially affected by any seasonal or cyclical factors except for the transportation operations under Advance Synergy Capital Berhad ("ASC") Group, whereby ASC Group normally benefits from the higher levels of passenger loading during the festive seasons and school holidays in Malaysia.

4. Unusual items

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

5. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

6. Debt and equity securities

On 31 January 2008, the 1,182,277,666 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") issued on 29 January 2008 pursuant to the Renounceable Two (2)-Call Rights Issue of ICULS ("Rights Issue") were listed on the Main Board of Bursa Malaysia Securities Berhad.

As at 30 June 2008, a total of 248,229,516 ICULS have been converted into 124,114,758 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two ICULS for every one new ordinary share of RM0.30 each in the Company.

Apart from the above, there were no issuance, cancellation, repurchase, resale and/or repayment of debt and equity securities during the financial period ended 30 June 2008.

7. Dividends paid

There was no payment of any dividend during the financial period ended 30 June 2008.

8. Segmental Reporting

For the period ended 30 June 2008

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

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	174,636	64,098	222,439	127,804	9,586	8,414	19,565	-	626,542
Investment in associated companies	73,161	-	-	-	-	-	-	-	73,161
Unallocated corporate assets									6,552
Total assets									706,255
Segment liabilities	33,504	8,876	99,143	21,641	1,801	3,524	16,464	-	184,953
Unallocated corporate liabilities									4,064
Total liabilities									189,017
Capital expenditure	343	4	1,545	496	158	103	36	-	2,685
Depreciation	613	95	2,441	1,663	1,350	48	396	-	6,606
Impairment loss on:									
- property, plant and equipment	-	-	-	-	1,226	-	-	-	1,226
- investment security	1,045	-	-	-	-	-	-	-	1,045
- associated companies	1,466	-	-	-	-	-	-	-	1,466
- investment in marketable securities	489	-	-	-	-	-	-	-	489
Amortisation on intangible assets	-	-	-	886	-	-	-	-	886
Other non cash expenses	628	-	34	336	1,220	-	-	-	2,218

8.Segmental Reporting (Continued)
For the period ended 30 June 2007

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	365	15,275	39,379	17,080	5,999	10,409	8,030	-	96,537
Inter-segment	1,856	39	-	-	-	111	-	(2,006)	-
Total revenue	2,221	15,314	39,379	17,080	5,999	10,520	8,030	(2,006)	96,537
Results									
Segment results	(5,869)	391	6,043	(4,607)	(5,387)	231	(3,322)	3,231	(9,289)
Share of results of associated companies	3,193								3,193
Consolidated profit/(loss) before taxation									(6,096)
Taxation									(2,426)
Consolidated profit/(loss) after taxation									(8,522)
Minority interests									2,378
Net profit/(loss) for the financial period									(6,144)

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Restated)									
Other information									
Segment assets	186,584	68,957	215,166	122,616	24,713	5,937	20,292	-	644,265
Investment in associated companies	64,329	-	-	-	-	-	-	-	64,329
Unallocated corporate assets									5,560
Total assets									714,154
Segment liabilities	79,358	13,272	109,402	15,547	2,736	2,153	20,005	-	242,473
Unallocated corporate liabilities									10,000
Total liabilities									252,473
Capital expenditure	450	21	5,403	755	541	36	5	-	7,211
Depreciation	677	113	2,242	2,312	3,149	40	570	-	9,103
Impairment loss on:									
- property, plant and equipment	-	-	-	-	325	-	-	-	325
- investment security	-	-	-	-	-	-	-	-	-
- associated companies	1,692	-	-	-	-	-	-	-	1,692
Write back impairment loss on:									
- investment in quoted securities	2,572	-	-	-	-	-	-	-	2,572
- investment in marketable securities	647	-	-	-	-	-	-	-	647
Amortisation on intangible assets	-	-	-	890	-	-	-	-	890
Other non cash expenses	60	-	31	167	-	-	1	-	259

9. Property, plant and equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

10. Events subsequent to the balance sheet date

On 3 July 2008, the Company announced that its wholly-owned subsidiary, Calmford Incorporated ("Calmford"), has acquired the entire issued and paid-up share capital of Visage Synergy Sdn Bhd ("VSSB"), another wholly-owned subsidiary held via Excellent Display Sdn Bhd which in turn is wholly-owned by the Company, comprising 100 ordinary shares of RM1.00 each at par. Consequently, VSSB became a wholly-owned subsidiary of Calmford.

11. Changes in the composition of the Group

On 1 February 2008, Unified Communications Pte Ltd ("UCPL"), a wholly-owned subsidiary of Unified Communications Holdings Limited, which in turn is a 58.30%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company), acquired 50% equity interest in Unified Telecom Private Limited ("UTPL") for a cash consideration of Indian Rupees 250,000, comprising 25,000 issued and paid-up ordinary shares of Indian Rupees 10.00 each .

On 5 February 2008, the Company had announced that Alangka-Suka International Limited, a wholly-owned subsidiary of Alangka-Suka Hotels & Resorts Berhad, which in turn is a 99.63%-owned subsidiary of the Company, acquired 100% equity interest in a shelf company, Launceston Developments Limited, comprising 2 issued and paid-up ordinary shares of USD1.00 each.

On 9 May 2008, ASC, a 52.76%-owned subsidiary of the Company announced that its wholly owned subsidiary, Triton Synergy Holdings Sdn Bhd ("TSH"), had on 8 May 2008 entered into a Share Sale Agreement with Asia Media Sdn Bhd for the disposal of TSH's 70% equity interest in Transit Vision Holdings Sdn Bhd ("THV"), comprising 784,000 ordinary shares of RM1.00 each for a total consideration of RM500,000. The disposal was completed on 15 June 2008. Consequently, TVH ceased to be a subsidiary of ASC.

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

12. Changes in contingent liabilities

There were no changes in contingent liabilities since 31 December 2007.

13. Review of performance

The Group recorded a lower loss after taxation of RM4.4 million for the six-month period ended 30 June 2008 compared to RM8.5 million loss after taxation for the corresponding period in the previous year. The improved result is mainly attributable to higher contribution from the Information and Communications Technology division and associated companies, lower loss from Bus Transportation Services division and lower finance costs. However, this was partly offset by higher impairment loss on investment securities and investment in associated companies which are marked to market amounting to RM2.5 million for the six-month period ended 30 June 2008.

14. Comparison of results with preceding quarter

The Group recorded a loss after taxation of RM6.3 million for the quarter as compared to a profit after taxation of RM1.9 million in the preceding quarter ended 31 March 2008. During the quarter under review, there were lower contribution from associated companies and hotels and resorts division, and higher impairment loss and write-off for property, plant and equipment. However, these were partly offset by lower impairment loss on investments securities and lower finance costs in this quarter.

15. Prospects

Barring unforeseen circumstances, the Directors expect the Group's operating environment to remain challenging for the remaining period of the financial year ending 31 December 2008.

16. Board of Directors' opinion on revenue or profit estimate, forecast, projection or internal targets

The Group did not previously announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document.

17. Profit variance and shortfall in profit guarantee

Not Applicable.

18. Taxation

	3 months ended <u>30.6.2008</u> RM'000	Year to date <u>30.6.2008</u> RM'000
On current year's results		
- Malaysian income tax	328	985
- Overseas taxation	(6)	134
(Over) / under provision in prior year	(36)	(34)
Transfer from deferred taxation	107	(63)
	<u>393</u>	<u>1,022</u>

The effective tax rate of the Group for the financial period under review is higher than the statutory tax rate. This is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies.

19. Profit/ (loss) on Sale of Unquoted Investments and/or Properties

During the quarter under review, there was a disposal of property with net book value of RM 0.244 million by a subsidiary. The gain on disposal of the property was RM0.1 million

Other than the above, there were no other sales of unquoted investments and/or properties for the current quarter and financial period ended 30 June 2008.

20. Quoted securities

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

	3 months ended <u>30.6.2008</u> RM'000	Year to date <u>30.6.2008</u> RM'000
Total purchases	<u>167</u>	<u>167</u>
Total disposals	<u>208</u>	<u>208</u>
Total loss on disposals	<u>20</u>	<u>20</u>

Details of investment in quoted securities by the Group as at 30 June 2008 are as follows :-

	RM'000
- at cost	<u>22,267</u>
- at carrying value	<u>12,680</u>
- at market value	<u>13,001</u>

21. Status of corporate proposals

On 25 March 1996, the Company announced that it had accepted the offer from Perbadanan Kemajuan Negeri Kedah ("PKNK") to purchase from the Company 52,500,000 ordinary shares of RM1.00 each representing 70% equity interest in Kedah Marble Sdn Bhd ("KMSB") for a total cash consideration of RM59,797,500 ("Proposed Sale of KMSB"). In the meantime, a Winding-Up Petition dated 25 March 2002 was served on KMSB, on or about 19 April 2002, by Malaysia Airports Sdn Bhd, a trade creditor of KMSB. On 11 June 2003, a Winding-Up Order was granted by the Kuala Lumpur High Court and the Official Receiver was appointed the Provisional Liquidator.

The Company had on 14 June 2004 instituted legal action vide Alor Setar High Court Civil Suit No. 22-95-2004 against PKNK to recover its investment in KMSB. Details of this legal suit are set out in Note 25(b).

22 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 30 June 2008 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilized RM'000	Timeframe for Utilisation
Repayment of Bank Borrowings	50,259	49,283	976	24 months from
Working Capital Expenses	30,000	5,283	24,717	the date of
	2,500	2,341	159	listing of ICULS
	<u>82,759</u>	<u>56,907</u>	<u>25,852</u>	

23 Group borrowings

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

	As At 30.6.2008 RM'000	As At 31.12.2007 RM'000
Short term - secured	11,661	53,733
- unsecured	65	91
Long term - secured	58,698	63,107
- unsecured	4,939	5,213
ICULS- liability portion	19,093	-
Finance lease creditor - Short term	1,512	1,512
- Long term	20,643	20,643
	<u>116,610</u>	<u>144,299</u>

(b)

	As At 30.6.2008 RM'000	As At 31.12.2007 RM'000
Australian Dollars	4,939	5,213
Sterling Pounds	2,428	2,570
Singapore Dollars	284	226

24 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

25 Material litigation

(a) A third party action was filed by American Home Assurance Company ("AHA") on 24 October 2002 against Rewardstreet.com (Malaysia) Sdn Bhd ("Rewardstreet.com"), a wholly-owned subsidiary of iSynergy. AHA is sued as a Defendant in the main suit filed by Ultra Dimension Sdn Bhd as Plaintiff for, inter alia, the alleged infringement of their copyright via the AHA Privilege Cash-In Rebate Cards. AHA's claim is for general damages, exemplary damages and aggravated damages which are to be assessed by the Court, together with interest at 8% per annum. An application filed by Rewardstreet.com to strike-out the third party action by AHA on the basis that AHA was responsible for the design and that no cause of action lay against Rewardstreet.com, was not successful. The file has been transferred to Court (D5). The case is fixed for mention on 11 September 2008. The solicitors acting for Rewardstreet.com are of the opinion that they may negate liability, which is alleged by the Defendant in this suit.

- (b) The Company had on 14 June 2004 instituted legal action against PKNK to recover its investment of RM52,500,000 in KMSB together with other sums, damages, interests and costs. The Company's solicitors had obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the Court for the sum of RM52,500,000, interest thereon at the rate of 8% per annum from the date of Judgment to the date of realisation and cost of RM225. On 10 November 2004, PKNK applied to the Court to set aside the Default Judgment. On 3 August 2005, the Court allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitor had on 29 December 2005 forwarded to the Court for filing of the Notice to Attend Pre-Trial Case Management and the Pre-Trial Case Management was fixed for hearing on 17 May 2006. Due to a change in PKNK's solicitors, PKNK's new solicitors had asked for an adjournment on the grounds that they require time to take their client's instructions and there is a likelihood for an application to amend the Statement of Defense. The Court had fixed the Pre-Trial Case Management for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defense and the application was also fixed for hearing on 21 November 2006. On 21 November 2006, the Court granted leave to PKNK to amend their Statement of Defense. The Court has fixed for further Case Management on 25 September 2008 to enable the parties to comply with the Court's directions. The Company's solicitors for the litigation are of the opinion that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

26 Dividend

The Directors do not recommend the payment of any dividend for the financial period ended 30 June 2008.

27 Earnings/(Loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the current quarter and current year-to-date are based on the Group's net loss attributable to equity holders of the Company of RM3,409,000 and RM2,374,000 respectively divided by the weighted average number of ordinary shares of 461,706,454 and 424,308,991 for the current quarter and current year to date respectively as follows:

	Current quarter ended <u>30.6.2008</u> No. of shares	Year To Date to date <u>30.6.2008</u> No. of shares
Issued ordinary shares at beginning of the period	461,470,877	337,793,619
Weighted average number of new ordinary shares arising from ICULS converted to date	235,577	86,515,372
Weighted average number of ordinary shares	461,706,454	424,308,991
	Current quarter ended <u>30.6.2008</u>	Year To Date to date <u>30.6.2008</u>
Basic earnings/(loss) per share (sen)	(0.74)	(0.56)

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share for the current quarter and current year to date are based on the Group's net loss attributable to equity holders of the Company of RM3,139,000 and RM1,857,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 928,932,452 and 861,299,123 for the current quarter and current year-to-date respectively as follows:

	Current quarter ended <u>30.6.2008</u> RM'000	Year To Date to date <u>30.6.2008</u> RM'000
Net profit/(loss) attributable to equity holders	(3,409)	(2,374)
Profit impact of assumed conversion- Interest on ICULS	270	517
	(3,139)	(1,857)

Weighted average number of ordinary shares (diluted)

	Current quarter ended <u>30.6.2008</u> No. of shares	Year To Date to date <u>30.6.2008</u> No. of shares
Issued ordinary shares at beginning of the period	461,470,877	337,793,619
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	467,225,998	436,990,132
Weighted average number of new ordinary shares arising from ICULS converted to date	235,577	86,515,372
Weighted average number of ordinary shares	<u>928,932,452</u>	<u>861,299,123</u>
	Current quarter ended <u>30.6.2008</u>	Year To Date to date <u>30.6.2008</u>
Diluted earnings/(loss) per share (sen)	<u>(0.34)</u>	<u>(0.22)</u>

27. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
Date: 27 August 2008