

ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THREE MONTH ENDED
31 DECEMBER 2008

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the three months ended 31 December 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

	3 months ended		Year to date	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	Unaudited		Unaudited	Audited
	RM’000	RM’000	RM’000	RM’000
Revenue	61,815	75,879	210,994	223,715
Cost of sales	<u>(41,946)</u>	<u>(40,971)</u>	<u>(126,178)</u>	<u>(132,382)</u>
Gross profit	19,869	34,908	84,816	91,333
Other operating income	10,100	1,024	19,567	5,749
Operating expenses	<u>(32,126)</u>	<u>(36,356)</u>	<u>(112,456)</u>	<u>(109,923)</u>
Loss from operations	(2,157)	(424)	(8,073)	(12,841)
Finance costs	(779)	(2,794)	(7,164)	(12,074)
Share of results of associates	<u>2,439</u>	<u>5,235</u>	<u>11,815</u>	<u>10,243</u>
(Loss)/Profit before taxation	(497)	2,017	(3,422)	(14,672)
Taxation	<u>(2,501)</u>	<u>(42)</u>	<u>(4,197)</u>	<u>(3,131)</u>
Net (loss)/profit for the financial period/year	<u><u>(2,998)</u></u>	<u><u>1,975</u></u>	<u><u>(7,619)</u></u>	<u><u>(17,803)</u></u>
Attributable to:				
Equity holders of the Company	(3,773)	(1,847)	(6,896)	(14,215)
Minority interests	<u>775</u>	<u>3,822</u>	<u>(723)</u>	<u>(3,588)</u>
	<u><u>(2,998)</u></u>	<u><u>1,975</u></u>	<u><u>(7,619)</u></u>	<u><u>(17,803)</u></u>
Loss per share attributable to equity holders of the Company				
(i) Basic (sen)	<u><u>(0.82)</u></u>	<u><u>(0.55)</u></u>	<u><u>(1.56)</u></u>	<u><u>(4.21)</u></u>
(ii) Fully diluted (sen)	<u><u>(0.37)</u></u>	<u><u>N/A</u></u>	<u><u>(0.64)</u></u>	<u><u>N/A</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>31.12.2008</u> RM'000	Audited As at <u>31.12.2007</u> RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	201,092	215,501
Prepaid lease payments for land	2,529	2,554
Investment in associates	107,326	73,132
Investment securities	56,175	62,224
Goodwill on consolidation	59,356	103,541
Intangible assets	4,469	2,982
Receivables	761	3,035
Deferred tax assets	2,749	1,595
	434,457	464,564
<u>Current assets</u>		
Property development costs	26,924	34,201
Progress billings	1,835	3,441
Inventories	39,213	24,633
Receivables	62,900	89,068
Tax recoverable	1,432	4,040
Marketable securities	1,314	2,019
Short term deposits	56,207	35,533
Cash and bank balances	42,309	27,174
	232,134	220,109
Non-current assets held for sale	1,176	741
TOTAL ASSETS	<u>667,767</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	146,424	(19,380)
	407,206	318,414
Minority interests	52,732	140,836
Total equity	459,938	459,250
<u>Non-current liabilities</u>		
Term loans	58,237	67,578
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability component	18,377	-
Finance lease creditor	20,789	20,643
Hire purchase creditors	445	742
Deferred tax liabilities	2,452	3,396
Retirement benefits	500	412
Deferred income	28	30
	100,828	92,801
<u>Current liabilities</u>		
Payables	71,896	76,881
Bank overdrafts	226	600
Short term borrowings	33,574	54,736
Taxation	1,305	1,146
	107,001	133,363
Total Liabilities	207,829	226,164
TOTAL EQUITY AND LIABILITIES	<u>667,767</u>	<u>685,414</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 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)	-	-	-	4	(3,318)	-	(3,314)	157	(3,157)
Par value reduction	(236,456)	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	216,122	-	-	-
Acquisition of additional interest from minority shareholders	-	-	-	-	-	36,556	36,556	(78,975)	(42,419)
Effect of share buy back	-	-	-	-	-	-	-	(8,554)	(8,554)
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 the rights issue	-	-	(2,416)	-	-	-	(2,416)	-	(2,416)
Net (loss)/gain recognised in equity statements	(199,222)	122,210	(313,120)	4	(3,318)	489,134	95,688	(87,372)	8,316
Net loss for the financial year	-	-	-	-	-	(6,896)	(6,896)	(723)	(7,619)
Dividend paid to minority interest of a subsidiary	-	-	-	-	-	-	-	(9)	(9)
Balance as at									
31 December 2008	138,572	122,210	117,317	12,725	2,688	13,694	407,206	52,732	459,938

FOR THE YEAR ENDED 31 DECEMBER 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 as previously stated	337,794	-	430,437	43,436	(1,250)	(461,194)	349,223	144,653	493,876
Prior year's adjustments	-	-	-	(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 (loss)/gain	-	-	-	(4)	7,256	-	7,252	43	7,295
Net (loss)/gain recognised in equity statements	-	-	-	(4)	7,256	-	7,252	43	7,295
Net loss for the financial year	-	-	-	-	-	(14,215)	(14,215)	(3,588)	(17,803)
Total recognised income and expenses for the financial year	-	-	-	(4)	7,256	(14,215)	(6,963)	(3,545)	(10,508)
Dividend paid to minority interest of a subsidiary	-	-	-	-	-	-	-	(158)	(158)
Balance as at									
31 December 2007	337,794	-	430,437	12,721	6,006	(468,544)	318,414	140,836	459,250

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Unaudited 12 months ended <u>31.12.2008</u> RM'000	Audited 12 months ended <u>31.12.2007</u> RM'000
Operating Activities		
Loss before taxation	(3,422)	(14,672)
Adjustments for :-		
Depreciation / Amortisation	14,009	18,973
Other investing and financing items and non-cash items	(3,485)	9,485
Operating profit before working capital changes	<u>7,102</u>	<u>13,786</u>
Net changes in working capital		
(Increase)/Decrease in current assets	21,040	(5,877)
Increase/(Decrease) in current liabilities	(6,331)	(1,422)
Cash generated from operating activities	<u>21,811</u>	<u>6,487</u>
Taxes (paid)/refunded	(1,709)	6,499
Net cash from operating activities	<u><u>20,102</u></u>	<u><u>12,986</u></u>
Investing Activities		
(Increase)/ Decrease in equity investments	(20,942)	18,303
(Increase)/ Decrease in property, plant and equipment	(2,448)	(3,537)
(Increase)/ Decrease in other investments	(1,590)	10,450
Net cash (used in)/from investing activities	<u><u>(24,980)</u></u>	<u><u>25,216</u></u>
Financing Activities		
Acquisition of treasury shares	(4,092)	-
Proceeds from issuance of ICULS	82,758	-
Repayment of borrowings	(30,643)	(14,883)
Other payments	(7,016)	(11,799)
Net cash from/(used in) financing activities	<u><u>41,007</u></u>	<u><u>(26,682)</u></u>
Effect of exchange rate changes	(2,355)	3,484
Net increase in cash and cash equivalents	<u><u>33,774</u></u>	<u><u>15,004</u></u>
Cash and cash equivalents as at beginning of financial year		
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 year *	<u><u>73,431</u></u>	<u><u>39,532</u></u>
* Cash and cash equivalents at the end of the financial year comprising the following :		
Short term deposits	56,207	35,533
Cash and bank balances	42,309	27,174
Bank overdrafts	(226)	(600)
	<u>98,290</u>	<u>62,107</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(16,844)</u>	<u>(16,049)</u>
Deposits pledged to licensed banks	<u>(8,015)</u>	<u>(6,526)</u>
	<u>(24,859)</u>	<u>(22,575)</u>
	<u><u>73,431</u></u>	<u><u>39,532</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 31 December 2008 were not materially affected by any seasonal or cyclical factors except for the transportation operation 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 year 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 Securities.

As at 31 December 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.

During this financial year-to-date, ASC repurchased a total of 8,966,800 of its issued ordinary shares from the open market for a total consideration of RM4,092,273. The shares repurchased are being held as treasury shares.

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 2008.

7. Dividends paid

There was no payment of any dividend during the financial year ended 31 December 2008.

8. Segmental Reporting

For the year ended 31 December 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	4,558	10,692	76,692	46,866	8,338	45,989	17,859	-	210,994
Inter-segment	4,205	68	-	-	-	355	-	(4,628)	-
Total revenue	8,763	10,760	76,692	46,866	8,338	46,344	17,859	(4,628)	210,994
Results									
Segment results	(20,383)	539	8,630	2,707	(4,929)	1,171	(10,541)	7,569	(15,237)
Share of results of associated companies	11,815	-	-	-	-	-	-	-	11,815
Consolidated loss before taxation									(3,422)
Taxation									(4,197)
Consolidated loss after taxation									(7,619)
Minority interests									723
Net loss for the financial year									(6,896)

	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	94,860	67,615	218,002	129,729	11,674	11,964	22,416	-	556,260
Investment in associated companies	107,326	-	-	-	-	-	-	-	107,326
Unallocated corporate assets									4,181
Total assets									667,767
Segment liabilities	50,745	9,990	99,294	20,567	3,128	3,546	16,802	-	204,072
Unallocated corporate liabilities									3,757
Total liabilities									207,829
Capital expenditure	609	5	2,690	1,754	296	167	47	-	5,568
Depreciation	2,128	163	5,290	3,315	704	138	752	-	12,490
Amortisation	-	-	92	1,409	18	-	-	-	1,519
Impairment loss on:									
- property, plant and equipment	3,824	-	-	-	1,371	-	-	-	5,195
- investment securities	7,742	-	-	-	-	-	-	-	7,742
- associated company	990	-	-	-	-	-	-	-	990
- investment in marketable securities	692	-	135	-	-	-	-	-	827
Other non cash expenses	1,398	-	89	2,538	1,774	35	-	-	5,834

8.Segmental Reporting (Continued)
For the year ended 31 December 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	6,195	22,871	82,299	56,713	10,511	28,093	17,033	-	223,715
Inter-segment	680	78	-	-	-	336	1	(1,095)	-
Total revenue	6,875	22,949	82,299	56,713	10,511	28,429	17,034	(1,095)	223,715
Results									
Segment results	2,531	913	12,896	(10,372)	(20,342)	1,099	(11,257)	(383)	(24,915)
Share of results of associated companies	10,243	-	-	-	-	-	-	-	10,243
Consolidated loss before taxation									(14,672)
Taxation									(3,131)
Consolidated loss after taxation									(17,803)
Minority interests									3,588
Net loss for the financial year									(14,215)

	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	157,138	65,125	214,112	132,298	12,231	6,660	19,083	-	606,647
Investment in associated companies	73,132	-	-	-	-	-	-	-	73,132
Unallocated corporate assets									5,635
Total assets									685,414
Segment liabilities	59,285	10,131	100,390	30,369	1,597	2,507	17,343	-	221,622
Unallocated corporate liabilities									4,542
Total liabilities									226,164
Capital expenditure	1,190	923	3,575	1,882	546	38	116	-	8,270
Depreciation	1,362	213	5,422	4,135	5,475	84	480	-	17,171
Amortisation	-	-	-	1,782	20	-	-	-	1,802
Impairment loss on:									
- property, plant and equipment	-	-	-	-	7,540	-	-	-	7,540
- purchased goodwill	-	-	-	-	-	-	1,346	-	1,346
Write back impairment loss on:									
- investment securities	3,375	-	-	-	-	-	-	-	3,375
- investment in marketable securities	965	-	-	-	-	-	-	-	965
Other non cash expenses	127	-	259	10,035	2,065	56	495	-	13,037

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 5 January 2009, Unified Communications Sdn Bhd ("UCSB") acquired the entire issued and paid-up share capital of Attrix Technology Pte Ltd ("ATPL") from Unified Communications Pte Ltd ("UCPL"), comprising 100,000 ordinary shares for a consideration of Singapore Dollar 1.00 only. Both UCSB and UCPL are wholly-owned subsidiaries of Unified Communications Holdings Limited ("UHL"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, another wholly-owned subsidiary of the Company). Consequently, ATPL became a wholly-owned subsidiary of UCSB.

On 15 January 2009, the Company announced that UHL had incorporated three wholly-owned subsidiaries in Malaysia, namely Unified Communications (VAS) Sdn Bhd ("UC(VAS)") (held via UCPL), Unified Communications (OSS) Sdn Bhd ("UC(OSS)") and Unified Communications (OHQ) Sdn Bhd ("UC(OHQ)") all with an issued and paid-up share capital of RM100.00. UC(VAS) was incorporated on 12 January 2009 while UC(OSS) and UC(OHQ) were both incorporated on 13 January 2009.

On 12 February 2009, UC(OSS) acquired 51,000 ordinary shares of RM1.00 each representing 51% equity interest in GlobeOSS Sdn Bhd ("GlobeOSS"), from UCSB for a total cash consideration of RM236,573.00. Consequently, GlobeOSS became a 51%-owned subsidiary of UC(OSS).

For other events subsequent to the balance sheet date, please refer to Note 21(c).

11. Changes in the composition of the Group

On 1 February 2008, UCPL acquired 50% equity interest in Unified Telecom Private Limited ("UTPL") comprising 25,000 ordinary shares of Indian Rupees 10.00 each for a cash consideration of Indian Rupees 250,000. Following the new allotment of shares by UTPL, UCPL's 50% equity interest is now represented by 3,750,000 ordinary shares of Indian Rupees 10.00 each.

On 5 February 2008, the Company 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 at par.

On 9 May 2008, ASC, a 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 ("TVH"), comprising 784,000 ordinary shares of RM1.00 each for a total cash consideration of RM500,000. The disposal was completed on 15 June 2008. Consequently, TVH ceased to be a subsidiary of ASC.

On 3 July 2008, the Company announced that its wholly-owned subsidiary, Calmford Incorporated ("Calmford"), 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 is also wholly-owned by the Company, comprising 100 ordinary shares of RM1.00 each at par. Consequently, VSSB became a wholly-owned subsidiary of Calmford.

The Company had on 16 October 2008 announced that UCPL had on 15 October 2008 incorporated a wholly-owned subsidiary in Pakistan, known as Unified Communications (Private) Limited, with an issued and paid-up share capital of Pakistan Rupee 500,000.

During the year, the Company acquired further ASC shares and as at 31 December 2008, the Company holds a total of 125,921,952 ASCAP shares representing 88.71% of the total issued and paid-up share capital of ASC (excluding ASC shares held as treasury shares).

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

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 RM7.6 million for the year ended 31 December 2008 compared to RM17.8 million loss after taxation for the year ended 31 December 2007. The improved result was 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 lower contribution from Hotels and Resorts division and higher impairment loss on investment securities and investment in associated company amounting to RM8.6 million and RM1.0 million respectively for the year ended 31 December 2008.

14. Comparison of results with preceding quarter

The Group recorded a loss after taxation of RM3.0 million for the current quarter as compared to a loss after taxation of RM0.2 million in the preceding quarter ended 30 September 2008. The higher loss was mainly due to lower contribution from associated companies, higher loss from Bus Transportation Services division and lower dividend income from investment securities, partly offset by lower impairment loss on property, plant and equipment, investment securities and investment in associated company.

15. Prospects

Barring unforeseen circumstances, the Directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2009.

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>31.12.2008</u> RM'000	Year ended <u>31.12.2008</u> RM'000
On current year's results		
- Malaysian income tax	931	2,552
- Overseas taxation	1,059	1,278
Under provision in prior year	1,164	1,116
Transfer (to)/from deferred taxation	(653)	(749)
	<u>2,501</u>	<u>4,197</u>

The effective tax rate of the Group for the financial year 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 second quarter ended 30 June 2008, there was a disposal of property with net book value of RM 0.244 million by a subsidiary of the Company. 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 year ended 31 December 2008.

20. Quoted securities

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

	3 months ended <u>31.12.2008</u> RM'000	Year ended <u>31.12.2008</u> RM'000
Total purchases	-	167
Total disposals	-	208
Total loss on disposals	-	20

Details of investment in quoted securities by the Group as at 31 December 2008 are as follows :-

	RM'000
- at cost	22,429
- at carrying value	8,807
- at market value	8,835

21. Status of corporate proposals

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

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

- (b) On 26 September 2008, Aseambankers Malaysia Berhad ("Aseambankers") announced on the Company's behalf that the Company had served a notice to the Board of Directors of ASC to carry out a voluntary take-over to acquire all the remaining ordinary shares of RM1.00 each in ASC ("ASC Shares") which are not already owned by the Company (excluding ASC Shares held as treasury shares) at a cash offer price of RM0.60 per ASC Shares ("Offer").

The Offer is conditional upon approvals being obtained from the following:-

- (i) Minister of Finance via Bank Negara Malaysia;
- (ii) shareholders of the Company at an Extraordinary General Meeting ("EGM") to be convened; and
- (ii) the Equity Compliance Unit of the Securities Commission ("SC") pursuant to the Foreign Investment Committee's Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

The SC had vide its letter dated 15 October 2008 approved the Offer subject to the following conditions:-

- (i) Aseambankers should inform the SC upon completion of the Offer; and
- (ii) Aseambankers should submit a list of acceptances for every category of shareholders (Bumiputera, Non-Bumiputera and Foreign) together with the effective equity structure of ASC before and after the completion of the Offer. In this respect, further equity condition may be imposed on ASC subsequent to a review on the list of acceptances.

The shareholders of the Company approved the resolution pertaining to the Offer, the delisting of ASC and the acquisition of ASC Shares at the EGM held on 14 November 2008.

The Offer was declared unconditional as at 27 November 2008 upon obtaining the approval from the Minister of Finance via Bank Negara Malaysia.

The Offer was closed on 15 December 2008. The final valid acceptances received by the Company of 29,052,952 ASC Shares and 6,062,500 ASC Shares acquired by the Company during the Offer period have resulted in the Company holding a total 125,846,952 ASC Shares representing 88.66% of the total issued and paid-up share capital of ASC (excluding ASC Shares held as treasury shares).

21. Status of corporate proposals (Continued)

- (c) On 5 February 2009, the Company served a proposal to the Board of Directors of ASC for ASC to undertake a voluntary withdrawal of its listing from the Official List of Bursa Securities pursuant to Paragraph 16.04 of the Listing Requirements of Bursa Securities ("Proposed De-Listing"). In order to facilitate the Proposed De-Listing, the Company will extend a voluntary general offer to acquire all the remaining ASC Shares which are not already owned by the Company, at an offer price of RM0.60 per ASC Shares in accordance with Paragraph 16.05 of the Listing Requirements of Bursa Securities upon approval of the shareholders of ASC for the Proposed De-Listing.

The Board of ASC, after having reviewed the proposal, agreed to carry out the Proposed De-Listing to resolve its non-compliance with the public spread requirements under the Listing Requirements of Bursa Securities and accordingly, an Extraordinary General Meeting is scheduled to be held on 27 February 2009 to obtain the approval of ASC's shareholders for the Proposed De-Listing.

As at 5 February 2009, the Company holds a total of 125,921,952 ASC Shares representing approximately 88.71% of the total issued and paid-up share capital of ASC (excluding ASC Shares held as treasury shares).

22 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 31 December 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	50,259	-	24 months from the date of listing of ICULS
Working Capital Expenses	30,000	23,584	6,416	
	2,500	2,416	84	
	<u>82,759</u>	<u>76,259</u>	<u>6,500</u>	

23 Group borrowings

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

	As At 31.12.2008 RM'000	As At 31.12.2007 RM'000
Short term - secured	32,277	53,733
- unsecured	-	91
Long term - secured	53,703	63,107
- unsecured	4,979	5,213
ICULS- liability portion	18,377	-
Finance lease creditor - Short term	1,523	1,512
- Long term	20,789	20,643
	<u>131,648</u>	<u>144,299</u>

- (b)

	As At 31.12.2008 RM'000	As At 31.12.2007 RM'000
Australian Dollars	4,979	5,213
Sterling Pounds	1,773	2,570
Singapore Dollars	226	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 Trial on 4th to 7th May 2009. 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 have obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the High Court of Alor Setar 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 had allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitors 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 required time to take their client's instructions and there was a likelihood for an application to amend the Statement of Defence.

The court had fixed the Pre-Trial Case Management ("PTCM") for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defence 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 Defence.

The court has fixed the case for further PTCM on 31 March 2009 for full compliance of the PTCM 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 year ended 31 December 2008.

27 Loss per share

Basic loss per share

The basic loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM3,773,000 and RM6,896,000 respectively divided by the weighted average number of ordinary shares of 461,908,377 and 443,211,416 for the current quarter and current year-to-date respectively as follows:

	3 months ended <u>31.12.2008</u> No. of shares	Year ended <u>31.12.2008</u> No. of shares
Issued ordinary shares at beginning of the period	461,908,377	337,793,619
Weighted average number of new ordinary shares arising from ICULS converted to date	-	105,417,797
Weighted average number of ordinary shares	<u>461,908,377</u>	<u>443,211,416</u>
	3 months ended <u>31.12.2008</u>	Year ended <u>31.12.2008</u>
Basic loss per share (sen)	<u>(0.82)</u>	<u>(1.56)</u>

27 Loss per share (Continued)**Diluted loss per share**

The diluted loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM3,458,000 and RM5,749,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 928,932,452 and 896,648,707 for the current quarter and current year-to-date respectively as follows:

	3 months ended <u>31.12.2008</u> RM'000	Year ended <u>31.12.2008</u> RM'000
Net profit/(loss) attributable to equity holders	(3,773)	(6,896)
Profit impact of assumed conversion- Interest on ICULS	315	1,147
	<u>(3,458)</u>	<u>(5,749)</u>

Weighted average number of ordinary shares (diluted)

	3 months ended <u>31.12.2008</u> No. of shares	Year ended <u>31.12.2008</u> No. of shares
Issued ordinary shares at beginning of the period	461,908,377	337,793,619
Weighted average number of new ordinary shares arising from ICULS converted to date	-	105,417,797
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	467,024,075	453,437,291
Weighted average number of ordinary shares	<u>928,932,452</u>	<u>896,648,707</u>

	3 months ended <u>31.12.2008</u>	Year ended <u>31.12.2008</u>
Diluted loss per share (sen)	<u>(0.37)</u>	<u>(0.64)</u>

27. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
Date: 26 February 2009