ADVANCE SYNERGY BERHAD

(Company No: 1225-D)

COMPANY ANNOUNCEMENT UNAUDITED INTERIM FINANCIAL REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2007

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 2007.

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 2006.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months		Year to 6 months	ended ended
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	48,105	55,060	96,537	104,367
Cost of sales	(28,947)	(33,923)	(59,896)	(64,352)
Gross profit	19,158	21,137	36,641	40,015
Other operating income	1,562	1,650	3,282	13,485
Operating expenses	(19,281)	(25,633)	(40,103)	(53,344)
Profit/(Loss) from operations	1,439	(2,846)	(180)	156
Finance costs	(4,730)	(4,595)	(9,109)	(9,280)
Share of results of associated companies	505	678	3,193	3,441
Loss before taxation	(2,786)	(6,763)	(6,096)	(5,683)
Taxation	(944)	(322)	(2,426)	(1,227)
Net loss for the financial period	(3,730)	(7,085)	(8,522)	(6,910)
Attributable to:				
Equity holders of the parent	(3,316)	(5,538)	(6,144)	(3,151)
Minority Interests	(414)	(1,547)	(2,378)	(3,759)
	(3,730)	(7,085)	(8,522)	(6,910)
Loss per share				
(i) Basic (based on 337,793,619 shares)	(0.98) sen	(1.64) sen	(1.82) sen	(0.93) sen
(ii) Fully diluted	N/A	N/A	N/A	N/A

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

Restated Restated		8M'000	RM'000
Non current assets		KIJI 000	
Property, plant and equipment	ASSETS		(Hestatea)
Property, plant and equipment			
Prepaid lease payment 8,674 8,707 Investment in associated companies 64,329 74,598 Land held for development - 5,893 Investment securities 76,456 73,884 Goodwill on consolidation 103,542 103,542 Purchased goodwill 1,409 1,346 Intangible assets 3,868 4,758 Receivables 3,146 4,435 Deferred tax assets 1,709 1,711 God,837 624,343 Current assets Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,000 29,019 Receivables 69,027 64,216 As recoverable 3,852 15,156 Marketable securities 3,020 29,019 Receivables 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 337,158 24,312 Equity attributable to equity holder	Non current assets		
Investment in associated companies	Property, plant and equipment	341,704	
Land held for development Investment securities 7,6456 73,884 Goodwill on consolidation 103,542 103,542 Purchased goodwill 1,409 1,346 Intangible assetts 3,868 4,758 Receivables 1,1709 1,711 Deferred tax assets 1,1709 1,741 Deferred tax assets 1,709 1,711 Current assets 1,709 1,711 Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 337,794 337,794 Share capital<		8,674	8,707
Investment securities 76,456 73,884 103,542 10		64,329	
Goodwill on consolidation 103,542 103,542 Purchased goodwill 1,409 1,346 Intangible assets 3,868 4,758 Receivables 3,146 4,435 Deferred tax assets 1,709 1,711 Current assets Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,779 Cash and bank balances 37,158 24,312 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 149,277 225,716 Share capital 37,794 337,794 349,223 Minority interests 5,935 <		-	
Purchased goodwill 1,409 1,346 Intangible assets 3,868 4,758 Receivables 3,146 4,435 Deferred tax assets 1,709 1,711 Current assets Property development costs 34,218 39,028 Progers shillings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 337,794 337,794 Share capital 337,794 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876		,	
Intangible assets 3,868 4,758 Receivables 3,146 4,435 Deferred tax assets 1,709 1,711 604,837 624,343 Current assets Progres billings 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Reccivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 Equity attributable to equity holders of the parent Security 824,114 850,059 Equity attributable to equity holders of the parent Security 337,794 337,794 337,794 337,794 337,794 337,794 349,223 Minority interests 11,429 343,3729 349,223 Minority interests 141,912 144,653 144,653 144,653 144,653			
Receivables 3,146 4,435 Deferred tax assets 1,709 1,711 Current assets 604,837 624,343 Current assets 604,837 624,343 Property development costs 34,218 39,028 Property development costs 34,229 17,210 Receivables 69,027 64,216 Marketable securities 3,822 15,156 Marketable securities 3,003 30,03 Short term deposits 34,023 33,772 Cash and bank balances 31,158 24,312 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 44,003 337,794 Reserves 5,935 11,429 Reserves 5,935 11,429 Reserves 5,935 11,			
Deferred tax assets		-	
Current assets 604,837 624,343 Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 Equity attributable to equity holders of the parent Security attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred income 466 31 Deferred income 179,752 195,893 Current liabilities			
Current assets Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 337,794 337,794 Share capital 337,794 334,729 349,223 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Finance lease creditor 108,008 108,008 Finance lease creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303	Deferred tax assets		
Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 5,935 11,429 Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits <td< td=""><td></td><td>604,837</td><td>624,343</td></td<>		604,837	624,343
Property development costs 34,218 39,028 Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 5,935 11,429 Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits <td< td=""><td>Current accets</td><td></td><td></td></td<>	Current accets		
Progress billings 8,239 17,210 Inventories 30,200 29,019 Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 3,003 30,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities Furn loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred incom		34 218	30.028
Inventories 30,200 29,019 Receivables 66,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 30,005 30,005			
Receivables 69,027 64,216 Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities Term loans 64,480 108,008 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities Payables 76,334 78,786			
Tax recoverable 3,852 15,156 Marketable securities 2,560 3,003 Short term deposits 34,023 33,772 Cash and bank balances 219,277 225,716 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES 824,114 850,059 Equity attributable to equity holders of the parent 337,794 337,794 Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Finance lease creditor 108,008 108,008 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred at liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities 76,334 78,786 Bank overdrafts 39			
Marketable securities 2,560 3,003 33,722 233,7158 24,312 219,277 225,716 707AL ASSETS 219,277 225,716 824,114 850,059 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 337,794 337,794 337,794 343,729 349,223 Minority interests 141,912 144,653 144,653 144,653 144,653 144,653 144,653 144,653 144,653 144,653 164,480 80,328 80,328 80,328 168,008 108,008			
Short term deposits 34,023 33,772 Cash and bank balances 37,158 24,312 TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 158,721 160,290			
Cash and bank balances 37,158 24,312 TOTAL ASSETS 219,277 225,716 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183			
TOTAL ASSETS			
TOTAL ASSETS 824,114 850,059 EQUITY AND LIABILITIES Equity attributable to equity holders of the parent Share capital 337,794 337,794 Reserves 5,935 11,429 Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 108,008 108,008 108,008 108,008 108,008 108,008 108,008 109,007 Cerered tax hiabilities 6,204 6,216 2,169 303 202 2,583 Current liabilities 76,334 78,786			
Share capital 337,794 337,794 Reserves 5,935 11,429 343,729 349,223 Minority interests 141,912 144,653 144,653	TOTAL ASSETS		
Reserves 5,935 and 343,729 and 349,223 11,429 and 343,729 and 349,223 Minority interests 141,912 and 144,653 Total equity 485,641 and 493,876 Non current liabilities 80,328 and 108,008 a			
Reserves 5,935 and 343,729 and 349,223 11,429 and 343,729 and 349,223 Minority interests 141,912 and 144,653 Total equity 485,641 and 493,876 Non current liabilities 80,328 and 108,008 a			
Minority interests 343,729 144,653 349,223 144,653 Total equity 485,641 493,876 Non current liabilities 5 485,641 493,876 Non current liabilities 64,480 108,008 80,328 108,008 Finance lease creditor 108,008 108,008 108,008 108,008 Hire purchase creditors 695 1,007 1,007 Deferred tax liabilities 319 303 303 Retirement benefits 319 303 303 Deferred income 46 31 31 Current liabilities 76,334 399 8,367 Short term borrowings 78,192 70,522 70,522 70,522 Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183			
Minority interests 141,912 144,653 Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Term loans 108,008 108,008 Finance lease creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 T97,752 195,893 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183	Reserves		
Total equity 485,641 493,876 Non current liabilities 64,480 80,328 Term loans 64,480 108,008 108,008 Finance lease creditor 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities 179,752 195,893 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183	Min with internal		
Non current liabilities Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 179,752 195,893 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183	Minority interests	141,912	144,033
Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183	Total equity	485,641	493,876
Term loans 64,480 80,328 Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183	Non aument liabilities		
Finance lease creditor 108,008 108,008 Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183		64.480	80 328
Hire purchase creditors 695 1,007 Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183			
Deferred tax liabilities 6,204 6,216 Retirement benefits 319 303 Deferred income 46 31 Typ,752 195,893 Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183		-	
Retirement benefits 319 303 Deferred income 46 31 179,752 195,893 Current liabilities 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183			
Deferred income 46 31 Current liabilities 179,752 195,893 Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183			
Current liabilities Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183	Deferred income		
Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183			195,893
Payables 76,334 78,786 Bank overdrafts 399 8,367 Short term borrowings 78,192 70,522 Taxation 3,796 2,615 Total Liabilities 338,473 356,183	Current liabilities		,
Short term borrowings 78,192 70,522 Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183		76,334	78,786
Taxation 3,796 2,615 158,721 160,290 Total Liabilities 338,473 356,183		399	8,367
Total Liabilities 158,721 160,290 338,473 356,183	Short term borrowings	78,192	70,522
Total Liabilities 338,473 356,183		3,796	2,615
TOTAL EQUITY AND LIABILITIES 824,114 850,059	Total Liabilities	338,473	356,183
	TOTAL EQUITY AND LIABILITIES	824,114	850,059

AS AT

<u>30.06.2007</u>

AS AT

31.12.2006

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	•		Attr	ibutable to eq	of the parent					
	•	•	Non	-distributable		•				
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Exchange Fluctuation Reserve RM'000	Reserve on Consolidation RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at										
'1 January 2007	337,794	430,437	-	43,436	(1,250)	-	(461,194)	349,223	144,653	493,876
Translation gain/(loss)		-	-	-	650	-	-	650	(363)	287
Net gain/(loss) recognised in equity statements	-	-	-	-	650	-	-	650	(363)	287
Net loss for the period	-	-	-	-	-	-	(6,144)	(6,144)	(2,378)	(8,522)
Balance as at '30 June 2007	337,794	430,437	-	43,436	(600)	-	(467,338)	343,729	141,912	485,641

FOR THE SIX MONTHS ENDED 30 JUNE 2006 Attributable to equity holders of the parent

			Attrib	utable to equit	ty holders of t	the parent				
	•	4	No	n-distributab	le					
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000		Reserve on Consolidation RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 January 2006 as previously stated Effect of adopting	337,794	430,437	(1,792)	50,866	12,214	9,219	(442,046)	396,692	173,901	570,593
FRS 3	-	-	-	-	-	(9,219)	9,219	-	-	-
Balance as at										
1 January 2006 (Restated)	337,794	430,437	(1,792)	50,866	12,214	-	(432,827)	396,692	173,901	570,593
Translation (loss)/gain	-	-	-	(2)	(5,644)	-	-	(5,646)	20	(5,626)
Effect of new acquisition	-	-	-	-	-	-	-	-	673	673
Effect of share buy-back	-	-	-	-	-	-	-	-	(86)	(86)
Share of dividend receivable	-	-	-	-	-	-	-	-	(513)	(513)
Realisation of exchange fluctuation reserve	-	-	-	-	(1,328)	-	1,328	-	-	-
Net (loss)/gain recognised in equity statements	-	-	-	(2)	(6,972)	-	1,328	(5,646)	94	(5,552)
Net loss for the period	-	-	-	-	-	-	(3,151)	(3,151)	(3,759)	(6,910)
Balance as at 30 June 2006	337,794	430,437	(1,792)	50,864	5,242	-	(434,650)	387,895	170,236	558,131

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Departing Activities	FOR THE SIX MONTHS ENDED 30 JUNE 2007		
Descripting Activities			
Adjustments for Depreciation / Amortisation 9,993 9,562 Other non-cash expenses 3,819 (5,095) Operating profit/floss) before working capital changes 7,716 (1,216) Operating profit/floss) before working capital changes 7,716 (1,216) Operating in working capital Decrease in current assets 21,256 6,297 Operating from operating activities 26,350 10,645 Cash generated from operating activities 36,374 6,853 Investing Activities 11,792 23,542 Equity investments 11,792 23,542 Property, plant and equipiment (6,163) 9,630 Other investing activities 8,73 8,2 Net cash from investing activities 6,502 13,988 Financing Activities 7,000 Acquisition of treasury shares 6,502 13,988 Financing Activities 7,000 7,000 Acquisition of treasury shares 6,502 2,934 Other payments 9,015 9,0280 Other payments 9,015 9,0280 Net cash used in financing activities (17,741) (6,362) Effect of exchange rate changes 8,87 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 24,568 34,409 Effect of exchange rate changes 4,400 8,00 As restated 24,528 34,329 Cash and cash equivalents as at end of financial period 24,568 34,409 Effect of exchange rate changes 37,158 25,316 Cash and cash equivalents as at end of the financial period comprise the following : Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,316 And bank balances 37,158 25,316 Cash and bank balances 37,158	Operating Activities	KIVI UUU	KWI 000
Depreciation / Amortisation Other non-cash expenses 3,819 (5,095) Operating profit/(loss) before working capital changes 7,716 (1,216) Net changes in working capital Decrease in current assets (26,22) (5,564) 21,256 (6,227) (5,564) Cash generated from operating activities (26,22) (5,564) 26,350 (10,645) (10,024) (3,792) Net cash from operating activities (3,374) (10,024) (3,792) 36,374 (6,853) Investing Activities 36,374 (6,653) (2,924) (2,622) (3,656) Equity investments (6,163) (6,16	Loss before taxation	(6,096)	(5,683)
Depreciation / Amortisation Other non-cash expenses 3,819 (5,095) Operating profit/(loss) before working capital changes 7,716 (1,216) Net changes in working capital Decrease in current assets (26,22) (5,564) 21,256 (6,227) (5,564) Cash generated from operating activities (26,22) (5,564) 26,350 (10,645) (10,024) (3,792) Net cash from operating activities (3,374) (10,024) (3,792) 36,374 (6,853) Investing Activities 36,374 (6,653) (2,924) (2,622) (3,656) Equity investments (6,163) (6,16	Adjustments for :-		
Net changes in working capital Decrease in current assets		9,993	9,562
Net changes in working capital Decrease in current assets 21,256 6,297 (Decrease) Increase in current liabilities (2,622) 5,564 (Decrease) Increase in current liabilities (2,622) 5,564 (Decrease) Increase in current liabilities (2,6350 10,645 10,024 (3,792) (3,792	Other non-cash expenses	3,819	(5,095)
Decrease in current assets	Operating profit/(loss) before working capital changes	7,716	(1,216)
Cocreases/Increase in current liabilities	Net changes in working capital		
Cash generated from operating activities 26,350 10,645 Taxes refunded/(paid) 10,024 (3,792) Net cash from operating activities 36,374 6,853 Investing Activities Equity investments 11,792 23,542 Property, plant and equipment (6,163) (9,636) Other investments 873 82 Net cash from investing activities 6,502 13,988 Financing Activities (6,603) (9,036) Acquisition of treasury shares (16) (8,626) 2,934 Other payments (8,022) 3,692 Effect of exchange rate changes 887 (10,784) As previously reporte	Decrease in current assets	21,256	6,297
Taxes refunded/(paid) 10.024 (3.792) Net cash from operating activities 36.374 6.853 Investing Activities 11.792 23.542 Equity investments 11.792 23.542 Property, plant and equipment (6.163) (9.636) Other investments 873 82 Net cash from investing activities 6.502 13.988 Financing Activities 4.60 2.934 Acquisition of treasury shares - (16) (Repayment) (8.626) 2.934 Other payments (9,115) (9.280) (9.280) (9.115) (9.280) Net cash used in financing activities (17,741) (6.362) 2.934 (9.115) (9.280) Net increase in cash and cash equivalents 887 (10,784) (10,784) Net increase in cash and cash equivalents 26.022 3.695 Cash and cash equivalents as at beginning of financial period 24,568 34,409 Effect of exchange rate changes 24,528 34,329 Cash and cash equivalents as at end of financial period *	(Decrease)/Increase in current liabilities	(2,622)	5,564
Taxes refunded/(paid) 10,024 (3,792) Net cash from operating activities 36,374 6,853 Investing Activities 4,853 11,792 23,542 22,3542 22,3542 24,706 20,636 20,636 20,636 20,636 20,636 20,636 20,636 20,636 20,636 20,636 20,636 20,734<	Cash generated from operating activities	26,350	10,645
Equity investments		10,024	(3,792)
Equity investments 11,792 23,542 Property, plant and equipment Other investments (6,163) (9,636) Other investments 873 82 Net cash from investing activities 6,502 13,988 Financing Activities Acquisition of treasury shares - (16) (Repayment)/ Drawdown of borrowings (8,626) 2,934 Other payments (9,115) (9,280) Net cash used in financing activities (17,741) (6,362) Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period As previously reported 24,568 34,409 Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38,024 **Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 <td>Net cash from operating activities</td> <td>36,374</td> <td>6,853</td>	Net cash from operating activities	36,374	6,853
Property, plant and equipment Other investments (6,163) 873 82 Other investments 873 82 Net cash from investing activities 6,502 13,988 Financing Activities Acquisition of treasury shares (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment) (16) (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment) (17,741) (Repayment) (9,280) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities 887 (Repayment) (10,784) (Repayment) 3,695 (Repayment) Cash and cash equivalents as at beginning of financial period 24,568 (Repayment) 34,409 (Repayment) Effect of exchange rate changes 24,568 (Repayment) 34,409 (Repayment) As restated 24,528 (Repayment) 34,239 (Repayment) Cash and cash equivalents as at end of financial period ** 50,550 (Repayment) 38,024 (Repayment)	Investing Activities		
Property, plant and equipment Other investments (6,163) 873 82 Other investments 873 82 Net cash from investing activities 6,502 13,988 Financing Activities Acquisition of treasury shares (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment) (16) (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (Repayment) (17,741) (Repayment) (9,280) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities (17,741) (Repayment) (8,626) (Repayment) 2,934 (Repayment) Net cash used in financing activities 887 (Repayment) (10,784) (Repayment) 3,695 (Repayment) Cash and cash equivalents as at beginning of financial period 24,568 (Repayment) 34,409 (Repayment) Effect of exchange rate changes 24,568 (Repayment) 34,409 (Repayment) As restated 24,528 (Repayment) 34,239 (Repayment) Cash and cash equivalents as at end of financial period ** 50,550 (Repayment) 38,024 (Repayment)	Equity investments	11,792	23,542
Net cash from investing activities 6.502 13.988 Financing Activities Calculation of treasury shares - (16) (16) (16) (17.741) (2.934 (2.934) (2.934) (2.934) Other payments (9.115) (9.280) (2.934) (2.934) Other payments (9.115) (9.280) Net cash used in financing activities (17.741) (6.362) Effect of exchange rate changes 887 (10.784) Net increase in cash and cash equivalents 26.022 3.695 Cash and cash equivalents as at beginning of financial period 24.568 34.409 Effect of exchange rate changes (40) (80) As restated 24.528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38.024 **Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts 399 8,100 Less: Deposits placed with finance lease creditor Deposits placed with finance lease creditor Deposits placed with finance lease creditor Constraints (20,232) 3,735			
Financing Activities Acquisition of treasury shares (8.626) 2.934 Other payments (9,115) (9,280) Net cash used in financing activities (17,741) (6.362) Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 44,568 34,409 Effect of exchange rate changes (40) (80) As previously reported 24,568 34,409 Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: 50,550 38,024 * Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor (15,301) 70,782 41,759 Less: Deposits pledged to licensed banks (20,232) (3,735)	Other investments	873	82
Acquisition of treasury shares (Repayment)/ Drawdown of borrowings (Repayment)/ Drawdown of borrowings (P.934) (Repayment)/ Drawdown of borrowings (P.934) (Repayment)/ Drawdown of borrowings (P.934) (P.934) <t< td=""><td>Net cash from investing activities</td><td>6,502</td><td>13,988</td></t<>	Net cash from investing activities	6,502	13,988
(Repayment)/ Drawdown of borrowings Other payments (8,626) (9,135) 2,934 (9,280) Net cash used in financing activities (17,741) (6,362) Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 24,568 (40) 34,409 (80) Effect of exchange rate changes (40) (80) As previously reported Effect of exchange rate changes 24,528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38,024 *Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (3,735) (20,232) -	Financing Activities		
(Repayment)/ Drawdown of borrowings Other payments (8,626) (9,135) 2,934 (9,280) Net cash used in financing activities (17,741) (6,362) Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 24,568 (40) 34,409 (80) Effect of exchange rate changes (40) (80) As previously reported Effect of exchange rate changes 24,528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38,024 *Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (3,735) (20,232) -	Acquisition of treasury shares	_	(16)
Other payments (9,115) (9,280) Net cash used in financing activities (17,741) (6,362) Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 34,409 800 As previously reported Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 *Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor Deposits placed with finance lease creditor (15,301) - Deposits pledged to licensed banks (4,931) (3,735)		(8,626)	
Effect of exchange rate changes 887 (10,784) Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period 34,409 887 Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) To,782 41,759 Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735) (3,735)		(9,115)	(9,280)
Net increase in cash and cash equivalents 26,022 3,695 Cash and cash equivalents as at beginning of financial period As previously reported Effect of exchange rate changes 24,568 (40) 34,409 (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) T0,782 41,759 Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (3,735) (3,735) Less: Question of the finance lease creditor (20,232) (3,735)	Net cash used in financing activities	(17,741)	(6,362)
Cash and cash equivalents as at beginning of financial period As previously reported Effect of exchange rate changes 24,568 (40) 34,409 (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following : Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less : Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (3,735) (3,735) - Deposits pledged to licensed banks (20,232) (3,735) -	Effect of exchange rate changes	887	(10,784)
As previously reported Effect of exchange rate changes 24,568 (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: Short term deposits 34,023 24,534 (23) 25,331 (39) (8,106) East : Deposits placed with finance lease creditor Deposits pledged to licensed banks (4,931) (3,735) (3,735) (20,232) (3,735)	Net increase in cash and cash equivalents	26,022	3,695
Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - Less: Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735)	Cash and cash equivalents as at beginning of financial period		
Effect of exchange rate changes (40) (80) As restated 24,528 34,329 Cash and cash equivalents as at end of financial period* 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following: 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - Less: Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735)	As previously reported	24,568	34,409
Cash and cash equivalents as at end of financial period * 50,550 38,024 * Cash and cash equivalents at the end of the financial period comprise the following : Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) Less : Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - Less : Deposits pledged to licensed banks (3,735) (3,735)			The state of the s
* Cash and cash equivalents at the end of the financial period comprise the following: Short term deposits Cash and bank balances Bank overdrafts 34,023 34,534 25,331 37,158 25,331 80 37,158 37,158 37,158 37,158 37,158 37,158 37,158 41,759 Less: Deposits placed with finance lease creditor Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (15,301) (15,301) (20,232) (3,735)	As restated	24,528	34,329
financial period comprise the following: Short term deposits 34,023 24,534 Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) To,782 41,759 Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - Less: Deposits pledged to licensed banks (4,931) (3,735)	Cash and cash equivalents as at end of financial period *	50,550	38,024
Cash and bank balances 37,158 25,331 Bank overdrafts (399) (8,106) To 70,782 41,759 Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - (4,931) (3,735) (20,232) (3,735)			
Bank overdrafts (399) (8,106) 70,782 41,759 Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) - (4,931) (3,735) (20,232) (3,735)	Short term deposits	34,023	24,534
Less: Deposits placed with finance lease creditor Deposits pledged to licensed banks (15,301) (15,301) (4,931) (3,735) (20,232) (3,735)		,	
Less: Deposits placed with finance lease creditor (15,301) - Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735)	Bank overdrafts	(399)	(8,106)
Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735)		70,782	41,759
Deposits pledged to licensed banks (4,931) (3,735) (20,232) (3,735)	Less: Deposits placed with finance lease creditor	(15,301)	-
			(3,735)
50,550 38,024			
		50,550	38,024

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 2006.

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 2006 except for the adoption of the new/revised Financial Reporting Standards ("FRS") 124 (Related Party Disclosures) and 117 (Leases) effective for the financial period beginning 1 January 2007 and 1 April 2007 respectively.

The adoption of revised FRS 124 does not result in significant changes in accounting policies of the Group and the Company. The principal change in the accounting policies and their effect resulting from the adoption of FRS 117 are discussed below:-

FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The upfront payment made for the leasehold land represents prepaid lease payment and are amortised on a straight line basis over the lease term.

Prior to 1 April 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment loss.

Upon adoption of the revised FRS 117 as at 1 April 2007, the reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively as follows:-

	Previously	FRS 117	Restated
	stated	reclassification	
	RM'000	RM'000	RM'000
As at 31 December 2006			
Property, plant and equipment	354,176	(8,707)	345,469
Prepaid lease payment	-	8,707	8,707
As at 31 March 2007			
Property, plant and equipment	354,311	(8,690)	345,621
Prepaid lease payment	-	8,690	8,690

2. Audit report

The auditors' report on the financial statements for the year ended 31 December 2006 was not subject to any qualification.

3. Seasonal or cyclical factors

The operations of the Group for the quarter ended 30 June 2007 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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2007.

7. Dividends paid

There was no payment of any dividend during the six months ended 30 June 2007.

8. Segmental Reporting

For the six months ended 30 June 2007

	Investment	Property	Hotels and	Information and Communications	Bus Transportation			
	Holding	Development	Resorts	Technology	Services	Others	Eliminations	Total
_	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	18,439	-	96,537
Inter-segment	1,856	39	-	-	-	111	(2,006)	-
Total revenue	2,221	15,314	39,379	17,080	5,999	18,550	(2,006)	96,537
Results								
Segment results	(5,869)	391	6,043	(4,607)	(5,387)	(3,091)	3,231	(9,289)
Share of results of								
associated companies	3,193	-	-	-	-	-	-	3,193
Consolidated loss before taxation								(6,096)
Taxation								(2,426)
Consolidated loss after taxation								(8,522)
Minority interests								2,378
Net loss for the financial period								(6,144)

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	186,584	68,957	325,126	122,616	24,713	26,229	-	754,225
Investment in associated companies	64,329	-	-	-	-	-	-	64,329
Unallocated corporate assets								5,560
Total assets								824,114
Segment liabilities	79,358	13,272	195,402	15,547	2,736	22,158	-	328,473
Unallocated corporate liabilities								10,000
Total liabilities								338,473
Capital expenditure	450	21	5,403	755	541	41	-	7,211
Depreciation	677	113	2,242	2,312	3,149	610	-	9,103
Non cash expenses other than depreciation	1,752	-	31	1,057	325	1	-	3,166

8. Segmental Reporting (Continued)

For the six monhts ended 30 June 2006

	Investment Holding RM'000	Property Development RM'000	Hotels and Resorts RM'000	Information and Communications Technology RM'000	Bus Transportation Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue								
External	3,610	13,182	39,484	14,606	10,547	22,938		104,367
Inter-segment	2,396	7	-				(2,403)	-
Total revenue	6,006	13,189	39,484	14,606	10,547	22,938	(2,403)	104,367
Results Segment results	(7,287)	781	17,249	(4,896)	(10,505)	944	(5,410)	(9,124)
Share of results of associated companies	3,441							3,441
Consolidated loss before taxation								(5,683)
Taxation								(1,227)
Consolidated loss after taxation								(6,910)
Minority interests								3,759
Net loss for the financial period								(3,151)

	Investment Holding RM'000	Property Development RM'000	Hotels and Resorts RM'000	Information and Communications Technology RM'000	Bus Transportation Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Other information								
Segment assets	206,725	84,065	324,624	131,116	50,102	26,880	-	823,512
Investment in associated companies	75,924	-	-	-	-	-	-	75,924
Unallocated corporate assets								15,510
Total assets								914,946
Segment liabilities	87,751	22,719	187,596	13,604	4,504	26,582	-	342,756
Unallocated corporate liabilities								14,059
Total liabilities								356,815
Capital expenditure	3,432	220	1,624	565	4,024	157	-	10,022
Depreciation	610	121	2,494	2,392	2,638	715	-	8,970
Non cash expenses other than depreciation	172	-	140	1,363	-	4	-	1,679

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 2006.

10. Events subsequent to the balance sheet date

There are no events subsequent to the balance sheet date.

11. Changes in the composition of the Group

On 12 April 2007, Alangka-Suka Hotels & Resorts Berhad ("ASHR"), a 99.63%-owned subsidiary of the Company, acquired 40% equity interest in Greenvox Development Sdn Bhd ("Greenvox"), comprising 4 issued and paid-up ordinary shares of RM1.00 each. On 17 May 2007, Greenvox changed its name to Holiday Villa Kuala Lumpur Sdn Bhd.

ASHR had received the Certificate of Incorporation of Private Company dated 20 April 2007 for the incorporation of a 40%-owned associated company in Malaysia, known as Holiday Villa Hotels & Resorts Sdn Bhd.

There were no other changes in the composition of the Group for the current financial period todate.

12. Changes in contingent liabilities

There were no changes in contingent liabilities since 31 December 2006.

13. Review of performance

The Group generated a total revenue of RM96.5 million for the six months ended 30 June 2007 compared to RM104.4 million for the corresponding period in the previous year, a decline of 7.5%. Although operating expenses of the Group have reduced considerably for the six months under review compared to the same period last year, the Group recorded a higher loss after taxation of RM8.5 million compared to a loss after taxation of RM6.9 million for the corresponding period in the previous year. The results for the six months ended 30 June 2006 includes a gain of RM10.8 million arising from the disposal of assets.

14. Comparison of results with preceding quarter

Notwithstanding a reduced profit contribution from the associated companies, the Group improved its financial performance by recording a lower loss after taxation of RM3.7 million for the quarter under review compared to a loss after taxation of RM4.8 million for the preceding quarter ended 31 March 2007. The improved results for the quarter under review was mainly due to better results recorded by the information and communications technology division.

15. Current year prospects

Barring unforeseen circumstances, the Directors expect the Group's performance for the financial year ending 31 December 2007 to be satisfactory.

16. Profit variance and shortfall in profit guarantee

Not applicable.

17. Taxation

	3 months ended <u>30.06.2007</u> RM'000	Year to date <u>30.06.2007</u> RM'000
On current period's results		
- Malaysian income tax	(668)	(1,893)
- Overseas taxation	(301)	(570)
Transfer from deferred taxation	25	37
	(944)	(2,426)

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.

18. Unquoted investments and properties

There were no sales of unquoted investments and/or properties for the current quarter and financial period to date.

19. Quoted securities

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

	3 months ended 30.06.2007 RM'000	Year to date <u>30.06.2007</u> RM'000
Total purchases	720	1,029
Total disposals	217	2,120
Total gain on disposals	225	572
Details of investment in quoted securities by the Group as at 30 June 2007 are as	follows :-	

	RM'000
- at cost	22,528
- at carrying value	13,009
- at market value	13,009

20. Status of corporate proposals

(a) On 25 March 1996, the Company had 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"). While the Proposed Sale of KMSB is still pending implementation, 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 23(b).

- (b) On 20 February 2006, 22 June 2006 and 5 April 2007, CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) announced on the Company's behalf that the Company is proposing to implement the following:-
 - (i) Proposed Capital Reduction which comprises :-
 - proposed reduction of the issued and paid-up share capital of the Company from a maximum of RM506,690,428 comprising 506,690,428 ordinary stock units in the Company ("ASB Stock Units") of RM1.00 each (assuming that all of the Company's 168,896,809 warrants constituted by Deed Poll dated 28 April 2000 and Supplemental Deed Poll dated 24 July 2003 ("ASB Warrants") are exercised and 168,896,809 new ASB Stock Units arising therefrom are issued before the cut-off date for the Proposed Capital Reduction) to RM152,007,128 comprising 506,690,428 ASB Stock Units of RM0.30 each, by cancelling RM0.70 of par value from every ASB Stock Unit of RM1.00 each to reduce the accumulated losses in the Company ("Proposed Par Value Reduction"); and
 - proposed reduction of up to the entire amount in the share premium account of the Company to reduce the accumulated losses in the Company ("Proposed Share Premium Account Reduction").

(Collectively, referred to as the "Proposed Capital Reduction")

- (ii) Proposed renounceable rights issue of up to RM266,012,475 nominal value of 2% 10-year irredeemable convertible unsecured loan stocks ("ICULS") at 100% of the nominal amount of RM0.15 each (or equivalent of up to 1,773,416,498 ICULS) on the basis of RM0.525 nominal value of ICULS (or equivalent to 3.5 ICULS) for every one (1) ASB Stock Unit held, which may be implemented on a two (2)-call basis (where the first call will be settled via cash payment while the second call will be settled via capitalisation of the Company's share premium account) on an entitlement date and at a cash call amount to be determined and announced later ("Proposed Rights Issue");
- (iii) Proposed increase in the authorised share capital of the Company from RM800,000,000 divided into 800,000,000 ordinary shares of RM1.00 each to RM900,000,000 divided into 900,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital"); and

(iv) Proposed conversion of stock units to ordinary shares ("Proposed Conversion")

(Collectively, referred to as the "Proposals")

The Proposed Rights Issue and the Proposed Capital Reduction are inter-conditional upon one another. The Proposed Increase in Authorised Share Capital and the Proposed Conversion are not conditional on any other proposals.

The proceeds to be raised from the Proposed Rights Issue will be primarily used for repayment of bank borrowings and working capital of the Group.

The Proposals are subject to the approvals to be obtained from the following parties:-

- The SC for the Proposed Rights Issue and the listing of and quotation for the ICULS and new ASB Stock Units to be issued pursuant to the conversion of ICULS;
- The High Court of Malaya for the Proposed Capital Reduction and the utilisation of share premium account of the Company to pay up the second call for the Proposed Rights Issue if implemented on two-call basis;
- (iii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the admission and listing of and quotation for the ICULS and new ASB Stock Units to be issued pursuant to the conversion of ICULS;
- (iv) The shareholders of the Company for the Proposals at a general meeting to be convened; and
- Any other relevant parties and/or authorities.

On 18 April 2007, the Company announced that the SC had, vide its letter dated 17 April 2007, granted its approval for the following subject to the conditions as set out in the said announcement:-

- the Proposed Rights Issue; and
- (ii) the listing of and quotation for the ICULS and new ASB Stock Units to be issued pursuant to the conversion of ICULS on the Main Board of Bursa Securities.

On 29 June 2007, the shareholders of the Company have approved all the resolutions pertaining to the Proposals at the Extraordinary General Meeting held on the same date. Consequently, the Proposed Increase in Authorised Share Capital and the Proposed Conversion are effected.

On 28 August 2007, the Company was informed that Bursa Securities had, vide its letter dated 27 August 2007 granted its approval- in-principle for the admission and listing of and quotation for the ICULS and new ASB Shares to be issued pursuant to the conversion of the ICULS.

The Proposed Capital Reduction and Proposed Rights Issue are now subject to the other approvals as mentioned above.

(c) On 22 May 2007, ASC announced that it shall be seeking the approvals of Bank Negara Malaysia/Minister of Finance to allow ASC to enter into a Share Sale Agreement with HLG Credit Sdn Bhd, an indirect subsidiary of Hong Leong Financial Group Berhad, to dispose of its 20% equity interest in SIBB.

Further details of the proposed disposal of SIBB will be announced in due course.

21. Group borrowings

Details of the bank borrowings by the Group are as follows:-

(a) Details of the call contentings of the Group are as follows:	As At <u>30.06.2007</u> RM'000	As At 30.06.2007 RM'000
Short term - secured - unsecured	70,776 7,815	70,945 7,944
Long term - secured	64,480	80,328
	143,071	159,217

(b) The Ringgit equivalent of Group borrowings denominated in foreign currencies are as follows:-

	As At <u>30.06.2007</u> RM'000	As At <u>30.06.2007</u> RM'000
US Dollars	625	757
Australian Dollars	8,620	9,332
Sterling Pounds	2,803	2,917
Singapore Dollars	1,301	771

22. 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.

23. 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 Court has fixed the 19th till the 22nd November 2007 as the trial dates. The solicitors acting for Rewardstreet.com are of the opinion that they may negate any 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 Defence. 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 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 suit is now fixed for mention on 19 September 2007. 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.

24. Dividend

The Directors do not recommend the payment of any interim dividend.

25. Loss per share

The calculation of basic loss per share for the three months ended 30 June 2007 is based on the Group's net loss attributable to equity holders of the parent for the financial period of RM3,316,000 divided by the number of shares in issue during the period of 337,793,619.

26. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD ADVANCE SYNERGY BERHAD

HO TSAE FENG Company Secretary Date: 29 August 2007