

ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED
30 SEPTEMBER 2011

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and period ended 30 September 2011.

This interim report is prepared in accordance with Financial Reporting Standards (“FRS”) No. 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year-to-date	
	Unaudited		Unaudited	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	55,460	57,046	164,616	162,018
Cost of sales	(35,044)	(38,244)	(105,429)	(102,138)
Gross profit	20,416	18,802	59,187	59,880
Other operating income	4,101	3,191	13,150	7,787
Operating expenses	(21,736)	(18,927)	(66,137)	(63,911)
Profit from operations	2,781	3,066	6,200	3,756
Finance costs	(2,115)	(2,117)	(6,212)	(6,048)
Share of results of associates	864	2,711	5,974	11,858
Profit before tax	1,530	3,660	5,962	9,566
Income tax expense	(620)	(448)	(1,427)	(680)
Net profit for the financial period	910	3,212	4,535	8,886
Attributable to:				
Owners of the parent	286	2,715	2,617	6,638
Non-controlling interests	624	497	1,918	2,248
	910	3,212	4,535	8,886
Earnings per share attributable to owners of the parent:				
Basic (sen)	0.06	0.57	0.53	1.40
Diluted (sen)	0.06	0.33	0.38	0.83

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>3 months ended</u>		<u>Year-to-date</u>	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
	<u>Unaudited</u>		<u>Unaudited</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit for the financial period	910	3,212	4,535	8,886
Other comprehensive income/(expenses):				
Fair value of available-for-sale financial assets	(724)	643	(804)	1,125
Realisation of Available-For-Sale Reserve	-	-	(1,139)	-
Share of other comprehensive income of associates, net of tax	-	239	8	855
Foreign currency translation differences for foreign operations	1,900	(1,570)	(1,834)	(10,166)
	<u>1,176</u>	<u>(688)</u>	<u>(3,769)</u>	<u>(8,186)</u>
Other comprehensive income/(loss) for the financial period				
Total comprehensive income for the financial period	<u>2,086</u>	<u>2,524</u>	<u>766</u>	<u>700</u>
Attributable to:				
Owners of the parent	1,541	1,886	(1,068)	(1,213)
Non-controlling interests	545	638	1,834	1,913
	<u>2,086</u>	<u>2,524</u>	<u>766</u>	<u>700</u>
Total comprehensive income for the financial period				

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at <u>30.09.2011</u> RM'000	Audited As at <u>31.12.2010</u> RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	205,033	202,182
Investment in associates	21,783	30,759
Investment securities	31,869	32,673
Goodwill on consolidation	59,423	59,423
Intangible assets	17,969	16,168
Trade and other receivables	2,150	6,400
Deferred tax assets	2,709	2,870
	<u>340,936</u>	<u>350,475</u>
<u>Current assets</u>		
Property development costs	28,859	24,552
Progress billings	1,235	1,225
Inventories	26,069	32,950
Trade and other receivables	52,927	52,777
Tax recoverable	2,497	2,721
Investment securities	883	919
Short term deposits	65,736	64,135
Cash and bank balances	161,843	46,535
	<u>340,049</u>	<u>225,814</u>
Non-current assets classified as held for sale	358	114,955
TOTAL ASSETS	<u><u>681,343</u></u>	<u><u>691,244</u></u>
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the parent</u>		
Share capital	151,317	146,448
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	111,162	115,340
Reserves	194,020	195,088
	<u>456,499</u>	<u>456,876</u>
Non-controlling interests	31,008	29,670
Total equity	<u>487,507</u>	<u>486,546</u>
<u>Non-current liabilities</u>		
Borrowings	77,154	81,469
ICULS - liability component	12,605	14,391
Deferred tax liabilities	2,740	2,748
Provision for retirement benefit obligations	821	747
	<u>93,320</u>	<u>99,355</u>
<u>Current liabilities</u>		
Trade and other payables	60,775	68,187
Borrowings	38,871	36,168
Tax payable	870	988
	<u>100,516</u>	<u>105,343</u>
Total Liabilities	<u>193,836</u>	<u>204,698</u>
TOTAL EQUITY AND LIABILITIES	<u><u>681,343</u></u>	<u><u>691,244</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	← <i>Attributable to owners of the parent</i> →										
	Share Capital	ICULS- Equity Component	Share Premium	← <i>Non-distributable</i> →		Available- For-Sale Reserve	→ <i>Distributable</i>		Total	Non- Controlling Interests	Total Equity
				Revaluation Reserve	Exchange Translation Reserve		Retained Profits	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at											
1 January 2011	146,448	115,340	117,317	12,767	(9,476)	4,064	70,416	456,876	29,670	486,546	
Net profit for the financial period	-	-	-	-	-	-	2,617	2,617	1,918	4,535	
Fair value of available-for-sale financial assets	-	-	-	-	-	(804)	-	(804)	-	(804)	
Realisation of available-for-sale reserve	-	-	-	-	-	(1,139)	-	(1,139)	-	(1,139)	
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	8	-	8	-	8	
Foreign currency translation differences for foreign operations	-	-	-	3	(1,753)	-	-	(1,750)	(84)	(1,834)	
Total comprehensive income/(loss) for the financial period	-	-	-	3	(1,753)	(1,935)	2,617	(1,068)	1,834	766	
Transactions with owners in their capacity as owners:											
Issue of new ordinary shares pursuant to the conversion of ICULS	4,790	(4,178)	-	-	-	-	-	612	-	612	
Issue of new ordinary shares	79	-	-	-	-	-	-	79	-	79	
	4,869	(4,178)	-	-	-	-	-	691	-	691	
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(496)	(496)	
Balance as at											
30 September 2011	151,317	111,162	117,317	12,770	(11,229)	2,129	73,033	456,499	31,008	487,507	

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (CONTINUED)

	← Attributable to owners of the parent →									
	Share Capital	ICULS- Equity component	Share Premium	← Non-distributable →		→ Distributable ←		Total	Non- Controlling Interests	Total Equity
				Revaluation Reserve	Exchange Translation Reserve	Available- For-Sale Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2010	142,014	119,208	117,317	12,591	5,862	-	67,054	464,046	27,422	491,468
Effect arising on adoption of FRS139	-	-	-	-	-	1,280	35	1,315	-	1,315
Balance as at 1 January 2010, as restated	142,014	119,208	117,317	12,591	5,862	1,280	67,089	465,361	27,422	492,783
Net profit for the financial period	-	-	-	-	-	-	6,638	6,638	2,248	8,886
Fair value of available-for-sale financial assets	-	-	-	-	-	1,125	-	1,125	-	1,125
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	855	-	855	-	855
Foreign currency translation differences for foreign operations	-	-	-	(4)	(9,827)	-	-	(9,831)	(335)	(10,166)
Total comprehensive income/(loss) for the financial period	-	-	-	(4)	(9,827)	1,980	6,638	(1,213)	1,913	700
Transactions with owners in their capacity as owners:										
Issue of new ordinary shares pursuant to the conversion of ICULS	195	(170)	-	-	-	-	-	25	-	25
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(418)	(418)
Balance as at 30 September 2010	142,209	119,038	117,317	12,587	(3,965)	3,260	73,727	464,173	28,917	493,090

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Unaudited 9 months ended 30.09.2011 RM'000	Unaudited 9 months ended 30.09.2010 RM'000
Operating Activities		
Profit before tax	5,962	9,566
Adjustments for :-		
Depreciation/Amortisation	6,779	6,387
Other investing and financing items and non-cash items	(7,504)	(5,314)
Operating profit before working capital changes	<u>5,237</u>	<u>10,639</u>
Net changes in working capital		
(Increase)/Decrease in current assets	5,921	17,589
Increase/(Decrease) in current liabilities	(3,924)	6,488
Cash generated from/(used in) operating activities	<u>7,234</u>	<u>34,716</u>
Tax paid	(1,246)	(1,152)
Net cash from/(used in) operating activities	<u><u>5,988</u></u>	<u><u>33,564</u></u>
Investing Activities		
(Increase)/ Decrease in equity investments	131,641	4,045
(Increase)/ Decrease in property, plant and equipment	(8,948)	(9,111)
(Increase)/ Decrease in other investments	873	(884)
Net cash from/(used in) investing activities	<u>123,566</u>	<u>(5,950)</u>
Financing Activities		
Proceeds from issuance of new ordinary shares	79	-
Net drawdown/(repayment) of borrowings	(3,681)	(4,506)
Other payments	(10,971)	(8,153)
Net cash from/(used in) financing activities	<u>(14,573)</u>	<u>(12,659)</u>
Effect of exchange rate changes	(95)	(913)
Net increase in cash and cash equivalents	<u>114,886</u>	<u>14,042</u>
Cash and cash equivalents as at beginning of financial year		
As previously reported	<u>83,747</u>	<u>77,967</u>
Effect of exchange rate changes	135	(3,283)
As restated	<u>83,882</u>	<u>74,684</u>
Cash and cash equivalents as at end of financial period *	<u><u>198,768</u></u>	<u><u>88,726</u></u>
* Cash and cash equivalents at the end of the financial period comprising the following :		
Short term deposits	65,736	69,566
Cash and bank balances	161,843	47,456
Bank overdrafts	(1,136)	(2,162)
	<u>226,443</u>	<u>114,860</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(18,567)</u>	<u>(17,826)</u>
Deposits pledged to licensed banks	<u>(9,108)</u>	<u>(8,308)</u>
	<u>(27,675)</u>	<u>(26,134)</u>
	<u><u>198,768</u></u>	<u><u>88,726</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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

2. Significant accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following revised Financial Reporting Standards ("FRSs"), amendments/improvements to FRSs, IC Interpretations ("IC Int") and amendments to IC Int:

Revised FRSs

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations
- FRS 127 Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 7 Financial Instruments: Disclosure
- FRS 101 Presentation of Financial Statements
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 128 Investment in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Presentation
- FRS 134 Interim Financial Reporting
- FRS 138 Intangible Assets
- FRS 139 Financial Instruments : Recognition and Measurement

IC Int

- IC Int 4 Determining Whether an Arrangement Contains a Lease
- IC Int 12 Service Concession Arrangements
- IC Int 16 Hedges of a Net Investment in a Foreign Operation
- IC Int 17 Distributions of Non-cash Assets to Owners
- IC Int 18 Transfers of Assets from Customers

Amendment to IC Int

- IC Int 9 Reassessment of Embedded Derivatives
- IC Int 13 Customer Loyalty Programmes

2. Significant accounting policies (Continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described as below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements.

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interest in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

Revised FRSS, Amendments/Improvements to FRSS, IC Int and Amendments to IC Int that are issued, but are not yet effective, and have yet to be adopted by the Group:

Revised FRSS

FRS 124 Related Party Disclosures

IC Int

IC Int 15 Agreements for the Construction of Real Estate

IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

Amendment to IC Int

IC Int 14 Prepayments of a Minimum Funding Requirements

3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2010 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 30 September 2011 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

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

6. Changes in estimates

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

7 Debt and equity securities

For the 9-month period ended 30 September 2011:-

- (a) a total of 31,413,000 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 15,706,000 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; and
- (b) a total of 525,000 ordinary shares of RM0.30 each were issued consequential to a conversion by surrendering for cancellation one ICULS of nominal value of RM0.15 and cash payment of RM0.15 for one new ordinary share of RM0.30 each in the Company.

Apart from the above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 September 2011.

8 Dividends paid

There was no payment of any dividend during the financial period ended 30 September 2011.

9. Segmental Information

For the financial period ended 30 September 2011

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	774	4,953	55,279	25,419	2,203	60,929	15,059	-	164,616
Inter-segment	546	7	-	-	-	306	-	(859)	-
Total revenue	1,320	4,960	55,279	25,419	2,203	61,235	15,059	(859)	164,616
Results									
Segment results	(6,156)	248	5,782	1,833	(1,605)	991	(1,697)	592	(12)
Share of results of associates	3,937	-	(25)	2,062	-	-	-	-	5,974
Consolidated profit/(loss) before tax	(2,219)	248	5,757	3,895	(1,605)	991	(1,697)	592	5,962
Income tax expense									(1,427)
Consolidated profit/(loss) after tax									4,535
Non-controlling interests									(1,918)
Net profit/(loss) for the financial period									2,617

9. Segmental Information (Continued)

For the financial period ended 30 September 2011

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Other information</u>									
Segment assets	191,252	55,735	223,096	136,942	5,339	15,106	26,526	-	653,996
Investment in associates	16,302	-	3,958	1,523	-	-	-	-	21,783
Non-current assets classified as held for sale	-	247	111	-	-	-	-	-	358
Unallocated corporate assets									5,206
Total assets									681,343
Segment liabilities	46,372	7,151	100,311	11,208	1,103	6,315	17,766	-	190,226
Unallocated corporate liabilities									3,610
Total liabilities									193,836
Capital expenditure:									
- Property, plant & equipment	269	1	1,459	8,859	49	43	42	-	10,722
- Software development expenditure	-	-	-	2,158	-	-	-	-	2,158
Depreciation	370	33	3,671	1,038	156	158	106	-	5,532
Interest income	1,187	89	648	999	-	51	70	(9)	3,035
Finance costs	4,222	-	1,685	-	-	52	562	(309)	6,212
Write back of impairment loss on:									
- held for trading investments	-	-	54	-	-	-	-	-	54
- inventories	-	-	-	19	-	-	-	-	19
Amortisation of intangible assets	-	-	3	1,244	-	-	-	-	1,247
Other non cash expenses	-	-	79	4	-	122	60	-	265

9. Segmental Information (Continued)

For the financial period ended 30 September 2010

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	706	9,482	53,536	28,426	2,913	51,590	15,365	-	162,018
Inter-segment	548	11	-	-	-	361	-	(920)	-
Total revenue	1,254	9,493	53,536	28,426	2,913	51,951	15,365	(920)	162,018
Results									
Segment results	(7,990)	653	4,820	2,017	(1,580)	829	(4,316)	3,275	(2,292)
Share of results of associates	9,803	-	(9)	2,064	-	-	-	-	11,858
Consolidated profit/(loss) before tax	1,813	653	4,811	4,081	(1,580)	829	(4,316)	3,275	9,566
Income tax expense									(680)
Consolidated profit/(loss) after tax									8,886
Non-controlling interests									(2,248)
Net profit/(loss) for the financial period									6,638

9. Segmental Information (Continued)

For the financial period ended 30 September 2010

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Other information</u>									
Segment assets	97,322	60,772	219,937	132,306	7,375	15,124	27,776	-	560,612
Investment in associates	137,715	-	-	2,825	-	-	-	-	140,540
Unallocated corporate assets									4,592
Total assets									705,744
Segment liabilities	56,038	10,509	99,406	13,769	2,487	7,109	19,804	-	209,122
Unallocated corporate liabilities									3,532
Total liabilities									212,654
Capital expenditure									
- Property, plant and equipment	940	1	5,078	2,747	30	314	300	-	9,410
- Software development expenditure	-	-	-	3,271	-	-	-	-	3,271
Depreciation	466	68	3,416	1,037	46	138	131	-	5,302
Interest income	241	92	526	804	-	30	36	(9)	1,720
Finance costs	4,092	-	1,693	3	-	20	3,238	(2,998)	6,048
Impairment loss on:									
- property, plant and equipment	-	-	-	270	-	-	-	-	270
- investment in associates	-	-	-	-	-	-	-	-	-
Write back of impairment loss on:									
- investment in associates	-	-	-	78	-	-	-	-	78
- held for trading investments	90	-	78	-	-	-	-	-	168
Amortisation of intangible assets	-	-	-	1,085	-	-	-	-	1,085
Other non cash expenses	24	1	71	2	-	228	11	-	337

10. 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 2010.

11. Significant subsequent events

- (a) On 25 October 2011, the Company announced that the Disposal of Suntop as detailed in Note 12(f) below was completed and accordingly, Suntop Corporation Sdn Bhd ("Suntop") ceased to be a subsidiary of the Company.
- (b) Pursuant to our announcement on 19 May 2011 as detailed in Note 12 (c) below, on 2 November 2011, the Company announced that a notice from the Accounting and Corporate Regulatory Authority, Singapore ("ACRA") was received on 2 November 2011 informing that the name of Triton Express (S) Pte Ltd ("TES") was struck off the Register on 14 October 2011.

Apart from the above and save for Note 22(b), there were no other significant subsequent events.

12. Changes in the composition of the Group

- (a) On 10 February 2011, the Company announced that Triton Feeder Services Sdn Bhd ("TFS"), a wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd ("ASC"), which in turn is a wholly-owned subsidiary of the Company, had on 10 February 2011 received a notice of striking off pursuant to Section 308(4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia informing that TFS has been struck off from the register of the Registrar of Companies.
- (b) On 17 March 2011, the Company announced that Alangka-Suka Hotels & Resorts Sdn Bhd ("ASHR"), had acquired additional 30% equity interest in Suntop comprising 61,500 ordinary shares of RM1.00 each ("Acquisition"). Consequential to the increase in ASHR's equity interest in Suntop from 40% to 70% after the Acquisition, Suntop became a subsidiary of the Company.
- (c) On 19 May 2011, the Company announced that a resolution has been passed to strike off TES, an indirect wholly-owned subsidiary of ASC ("Striking Off") and an application for the Striking Off of TES will be submitted to the ACRA in due course. As per a notice dated 1 June 2011 from ACRA to TES, it was stated that if no response from TES is received by ACRA within one month from the date of such notice, another notice will be published in the Gazette and upon the expiration of three months from this notice, the name of TES will be struck off the register. On 14 October 2011, TES was struck off the register as detailed in Note 11 (b).
- (d) On 31 May 2011, the Company announced that Unified Communications Pte Ltd ("UCPL"), a wholly-owned subsidiary of Unified Communications Holdings Limited ("UCHL"), which in turn is a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company) had disposed its 51% equity interest in Unified Communications Limited ("UCL"), a subsidiary incorporated in Hong Kong, to the current director and management of UCL, Mr. Ching Ming Wai.

Following the completion of the disposal of UCL shares, UCL ceased to be a subsidiary of UCPL and the Company. The summary of the effects on the disposal of UCL shares is as follows:

	Year to date
	<u>30.09.2011</u>
	RM'000
Property, plant and equipment	9
Inventories	12
Receivables	24
Cash and bank balances	6
Payables	(249)
Net assets/(liabilities) deemed disposed	(198)
Less: Proceeds from disposal of a subsidiary	2
Gain on disposal of a subsidiary	200
Proceeds from disposal of a subsidiary	2
Less: Cash and bank balances of a subsidiary disposed	(6)
Net cash outflow	(4)

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

- (e) ACE Synergy Insurance Berhad ("ASIB") ceased to be an associated company of ASC consequential to the disposal by ASC of its entire shareholding of 49,000,000 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up share capital in ASIB to ACE INA International Holdings, Ltd. ("ACE INA") for a total cash consideration of RM117.0 million ("Proposed ASIB Disposal") which was deemed completed on 14 June 2011.
- (f) On 7 July 2011, the Company announced that its wholly-owned subsidiary, ASHR, had entered into an agreement for the disposal of its entire shareholding of 143,500 shares representing 70% equity interest in Suntop for a cash consideration of RM3,269,000.00 only ("Disposal of Suntop"). On 25 October 2011, the Company announced that the Disposal of Suntop was completed and accordingly, Suntop ceased to be a subsidiary of the Company as set out in Note 11 (a).
- (g) On 15 September 2011, the Company announced that its wholly-owned subsidiary, Excellent Display Sdn Bhd ("EDSB"), had entered into an agreement for the acquisition of 100% equity interest in DAMA TCM Sdn Bhd ("DAMA TCM") comprising 380,000 issued and fully paid-up ordinary shares of RM1.00 each for a cash consideration of RM600,000.00 ("Proposed Acquisition"). Concurrently with the completion of the Proposed Acquisition, EDSB will enter into a service contract with Lee Thiam Huat to appoint him as the Chief Operating Officer of DAMA TCM. To incentivise and ensure a long term commitment, 20% of the enlarged share capital of DAMA TCM will be transferred to Lee Thiam Huat at a nominal value of RM1.00 ("Proposed Transfer"). Upon completion of the Proposed Transfer, EDSB 's equity interest in DAMA TCM will be reduced to 80%.
- (h) On 26 September 2011, ASC acquired 186,074 ordinary shares of RM1.00 each representing 10% equity interest in Quality Bus & Coach (M) Sdn Bhd ("QBC") from Quality Bus & Coach Pty Ltd for a total cash consideration of RM1.00 only pursuant to an internal reorganisation and consequential thereto, QBC became a 61%-owned subsidiary of ASC.

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

13. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2010.

14. Review of performance

Despite the higher Group revenue for the 9-month period ended 30 September 2011 compared to the Group revenue for the corresponding period of last year, the Group recorded a lower profit after tax of RM4.5 million as compared to RM8.9 million in the same period of last year. This was mainly attributable to lower gross profit despite higher revenue as a result of increased cost of sales, higher operating expenses and lower contribution from associates arising from the disposal of an associated company but partly offset by the gain on disposal of an associated company.

15. Comparison of results with preceding quarter

Despite the lower revenue of the Group for the current quarter ended 30 September 2011 compared to previous quarter ended 30 June 2011 and the gain on disposal of an associated company recorded in the previous quarter, the Group recorded a higher profit from operations in this quarter mainly attributable to the lower Group operating expenses for the quarter. However, the profit after tax for the quarter under review is lower compared to the previous quarter as there was a higher profit contribution from an associated company in the previous quarter.

16. Prospects

Barring unforeseen circumstances, the Directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2011.

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

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

18. Profit variance and shortfall in profit guarantee

Not Applicable.

19. Income tax expense

	3 months ended 30.09.2011 RM'000	Year to date ended 30.09.2011 RM'000
On current quarter/period results		
- Malaysian income tax	622	1,371
Over provision in prior year	(34)	(34)
Transfer (to)/from deferred taxation	32	90
	<u>620</u>	<u>1,427</u>

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

20. Profit/(Loss) on sale of unquoted investments and/or properties

During the current quarter ended 30 September 2011, there was a disposal of a property by a subsidiary of the Company. The gain on disposal of the property was RM0.5 million.

During the previous quarter ended 30 June 2011, there was a disposal of an associated company by a subsidiary of the Company. The gain on disposal of the associated company was RM3.8 million.

Other than the above, there were no other sales of unquoted investments and/or properties for the current quarter and financial period ended 30 September 2011.

21. Quoted securities

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

	3 months ended 30.09.2011	Year to date ended 30.09.2011		
	Held for trading investments RM'000	Available- for-sale investments RM'000	Held for trading investments RM'000	Available- for-sale investments RM'000
Total purchases	-	-	207	-
Total disposals	78	-	245	-
Fair value gain/ (loss) recognised in profit and loss	(71)	-	(54)	-
Fair value gain/ (loss) recognised in other comprehensive income	-	(724)	-	(804)
Gain/ (loss) on disposals	10	-	18	-

Details of investment in quoted securities by the Group as at 30 September 2011 are as follows :-

	Held for trading investments RM'000	Available- for-sale investments RM'000
- at cost	652	20,289
- at carrying amount	883	10,463
- at market value	883	10,463

22. 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 26(a).

- (b) On 14 October 2011, the Company announced that Unified Communications Sdn Bhd ("UCSB"), a wholly-owned subsidiary of UCHL, had entered into an agreement for the acquisition of the remaining 228,000 ordinary shares of RM1.00 each representing 60% equity interest in Ahead Mobile Sdn Bhd ("AMSB") not already owned by UCSB for a total cash consideration of up to RM22.5 million ("Proposed Acquisition"). Upon completion of the Proposed Acquisition, AMSB will become a wholly-owned subsidiary of UCSB.

23. Utilisation of proceeds from disposal by ASC of its entire shareholding of 49,000,000 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up share capital in ASIB to ACE INA for a total cash consideration of RM117.0 million ("Disposal of ASIB")

The status of utilisation of proceeds raised from the Disposal of ASIB as at 30 September 2011 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000
Repayment of Bank Borrowings*	61,600	1,988	59,612
Working Capital	55,000	4,027	50,973
Estimated expenses for the Disposal of ASIB*	400	324	76
	<u>117,000</u>	<u>6,339</u>	<u>110,661</u>

*Any shortfall or excess in the funds allocated for repayment of bank borrowings and estimated expenses will be funded from or used for working capital of the Group.

24. Group borrowings

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

	As At 30.09.2011 RM'000	As At 31.12.2010 RM'000
Short term - secured		
- Term loans	36,076	34,513
- Bank overdraft	1,136	-
- Hire purchase payables	118	115
- Finance lease payable	1,541	1,540
	<u>38,871</u>	<u>36,168</u>
Long term - secured		
- Term loans	49,861	54,302
- Hire purchase payables	123	81
- Finance lease payable	21,108	21,019
Long term - unsecured		
- Term loans	6,062	6,067
	<u>77,154</u>	<u>81,469</u>
Total borrowings	<u>116,025</u>	<u>117,637</u>

24. Group borrowings (Continued)

(b)

	<u>As At</u> <u>30.09.2011</u> RM'000	<u>As At</u> <u>31.12.2010</u> RM'000
Australian Dollars	6,063	6,067
Sterling Pounds	1,089	1,227
Euro	<u>13,119</u>	<u>13,106</u>

25. Financial Instruments

(a) Derivatives

The Group does not have any outstanding derivatives as at the date of this report.

(b) Gain/Loss arising from fair value changes of financial liabilities

There were no gain/loss arising from the fair value changes in financial liabilities for the current financial period.

26. Material litigation

(a) 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.

Following case management, PKNK made an application to the High Court for the determination of a point of law and/or preliminary issue pursuant to Order 14A and/or Order 33 Rule 2 of the Rules of the High Court, 1980. Specifically, the issue raised by PKNK was whether the suit was barred by limitation. On 13 January 2011, the High Court resolved the application in favour of PKNK and held that the action was barred by limitation pursuant to the Public Authorities Protection Act, 1948 or alternatively, the Limitation Act, 1953.

The Company's solicitors are of the view that the learned Judicial Commissioner erred in deciding that the Company's claim is time-barred and have appealed the decision of 13 January 2011 to the Court of Appeal of Malaysia vide Civil Appeal No. K-01-85-2011. The appeal is pending disposal and has not been fixed for hearing.

Earlier updates of this material litigation can be referred to in the Company's announcement on quarterly results (under Note 25(a)) released to Bursa Securities on 25 May 2011.

(b) Further to the announcement on quarterly results (under Note 26(b)) made on 24 August 2011 concerning the updates on the legal proceedings relating to the Proposed ASIB Disposal as set out in Note 12(e) above, the Company confirms that all appeals against the committal order to the Court of Appeal of Malaysia have been withdrawn and discontinued.

The only pending appeal is the appeal by ASC to the Court of Appeal of Malaysia against the order of the High Court dated 21 April 2011 refusing leave for judicial review against the Minister of Finance's approval in respect of the Proposed ASIB Disposal vide Civil Appeal No.: W-01-283-2011. The appeal is pending disposal and no hearing has yet been fixed in respect of the same.

27. Retained Earnings

	As At <u>30.09.2011</u> RM'000	As At <u>31.12.2010</u> RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(391,278)	(448,054)
- Unrealised	(19,239)	(22,948)
Total retained profits/(accumulated losses) from associates		
- Realised	(2,075)	65,586
- Unrealised	237	(658)
Total retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(531)	(289)
- Unrealised	-	-
	<u>(412,886)</u>	<u>(406,363)</u>
Consolidation adjustments	485,919	476,779
Total Group retained profits as per consolidated financial statements	<u><u>73,033</u></u>	<u><u>70,416</u></u>

28. Dividend

The Directors do not recommend the payment of any dividend for the financial period ended 30 September 2011.

29. Earnings/(Loss) per share

Basic earnings/(loss) per share

The basic earnings/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM286,000 and RM2,617,000 respectively, divided by the weighted average number of ordinary shares of 502,931,332 and 498,384,394 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year to date ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	500,280,230	474,028,927	488,160,030	473,378,927
Weighted average number of new ordinary shares arising from ICULS converted to date	2,651,102	-	10,020,518	589,743
Weighted average number of new issuance of ordinary shares	-	-	203,846	-
Weighted average number of ordinary shares	<u><u>502,931,332</u></u>	<u><u>474,028,927</u></u>	<u><u>498,384,394</u></u>	<u><u>473,968,670</u></u>
	3 months ended		Year to date ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
Basic earnings/(loss) per share (sen)	<u><u>0.06</u></u>	<u><u>0.57</u></u>	<u><u>0.53</u></u>	<u><u>1.40</u></u>

29. Earnings/(Loss) per share (Continued)**Diluted earnings/(loss) per share**

The diluted earnings/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM577,000 and RM3,518,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,178,646 and 929,136,296 for the current quarter and current year-to-date respectively assuming conversion of the remaining ICULS as follows:

	3 months ended		Year to date ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	286	2,715	2,617	6,638
Profit impact of assumed conversion-interest on ICULS	291	360	901	1,097
	<u>577</u>	<u>3,075</u>	<u>3,518</u>	<u>7,735</u>

Weighted average number of ordinary shares (diluted)

	3 months ended		Year to date ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	500,280,230	474,028,927	488,160,030	473,378,927
Weighted average number of new ordinary shares arising from ICULS converted to date	2,651,102	-	10,020,518	589,743
Weighted average number of new issuance of ordinary shares	-	-	203,846	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	426,247,314	454,903,525	430,751,902	454,963,782
Weighted average number of ordinary shares	<u>929,178,646</u>	<u>928,932,452</u>	<u>929,136,296</u>	<u>928,932,452</u>

	3 months ended		Year to date ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
Diluted earnings/(loss) per share (sen)	<u>0.06</u>	<u>0.33</u>	<u>0.38</u>	<u>0.83</u>

30. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
23 November 2011