

**ADVANCE SYNERGY BERHAD**  
**(Company No: 1225-D)**

**COMPANY ANNOUNCEMENT**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED**  
**31 DECEMBER 2009**

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and year ended 31 December 2009.

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 2008.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>3 months ended</b>		<b>Year to date</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	67,752	62,653	226,608	211,832
Cost of sales	<u>(38,180)</u>	<u>(37,752)</u>	<u>(137,656)</u>	<u>(121,984)</u>
Gross profit/(loss)	29,572	24,901	88,952	89,848
Other operating income	8,777	3,608	19,767	13,075
Operating expenses	<u>(24,780)</u>	<u>(30,870)</u>	<u>(93,181)</u>	<u>(111,200)</u>
Profit/(Loss) from operations	13,569	(2,361)	15,538	(8,277)
Finance costs	(2,102)	(779)	(7,689)	(7,164)
Share of results of associates	10,682	2,439	26,518	11,815
Profit/(Loss) before taxation	22,149	(701)	34,367	(3,626)
Taxation	<u>273</u>	<u>(2,010)</u>	<u>(1,777)</u>	<u>(3,705)</u>
Net profit/(loss) for the financial period/year	<u>22,422</u>	<u>(2,711)</u>	<u>32,590</u>	<u>(7,331)</u>
Attributable to:				
Equity holders of the Company	23,331	(3,486)	30,948	(6,608)
Minority interests	(909)	775	1,642	(723)
	<u>22,422</u>	<u>(2,711)</u>	<u>32,590</u>	<u>(7,331)</u>
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic (sen)	<u>4.93</u>	<u>(0.75)</u>	<u>6.61</u>	<u>(1.49)</u>
Diluted (sen)	<u>2.55</u>	<u>N/A</u>	<u>3.49</u>	<u>N/A</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>31.12.2009</u> RM'000	Audited As at <u>31.12.2008</u> RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	219,739	202,123
Prepaid lease payments for land	2,407	2,529
Investment in associates	130,332	107,326
Other investments	58,015	56,175
Goodwill on consolidation	59,423	59,357
Intangible assets	5,914	4,469
Receivables	6,969	761
Deferred tax assets	3,101	3,242
	485,900	435,982
<b><u>Current assets</u></b>		
Property development costs	22,819	26,924
Progress billings	676	1,835
Inventories	34,892	38,922
Receivables	56,606	67,437
Tax recoverable	1,308	1,432
Marketable securities	1,179	1,314
Short term deposits	52,896	56,518
Cash and bank balances	50,337	38,887
	220,713	233,269
Non-current assets held for sale	-	1,176
<b>TOTAL ASSETS</b>	<b><u>706,613</u></b>	<b><u>670,427</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	142,013	138,572
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	119,208	122,210
Reserves	203,658	147,246
	464,879	408,028
<b>Minority interests</b>	<b><u>27,383</u></b>	<b><u>52,735</u></b>
<b>Total equity</b>	<b>492,262</b>	<b>460,763</b>
<b><u>Non-current liabilities</u></b>		
Term loans	66,631	58,249
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability component	16,477	18,377
Finance lease creditor	20,914	20,789
Hire purchase creditors	128	372
Deferred tax liabilities	2,772	3,000
Retirement benefits	629	500
Deferred income	-	28
	107,551	101,315
<b><u>Current liabilities</u></b>		
Payables	67,515	73,488
Bank overdrafts	184	226
Short term borrowings	37,962	33,636
Taxation	1,139	999
	106,800	108,349
<b>Total Liabilities</b>	<b><u>214,351</u></b>	<b><u>209,664</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>706,613</u></b>	<b><u>670,427</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Retained Profits/ (Accumulated Losses)	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Translation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2009	138,572	122,210	117,317	12,725	3,222	13,982	408,028	52,735	460,763
Foreign currency translation	-	-	-	(2)	4,557	-	4,555	(941)	3,614
Realisation of revaluation and exchange translation reserve	-	-	-	(179)	(1,042)	-	(1,221)	-	(1,221)
Issue of new ordinary shares pursuant to the conversion of ICULS	3,441	(3,002)	-	-	-	-	439	-	439
Acquisition of additional interest from minority shareholders	-	-	-	47	-	22,083	22,130	(26,053)	(3,923)
Net gain/(loss) recognised in equity statements	3,441	(3,002)	-	(134)	3,515	22,083	25,903	(26,994)	(1,091)
Net profit/(loss) for the financial year	-	-	-	-	-	30,948	30,948	1,642	32,590
Balance as at 31 December 2009	142,013	119,208	117,317	12,591	6,737	67,013	464,879	27,383	492,262

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	← Attributable to equity holders of the Company →								
	Share Capital	ICULS-Equity portion	← Non-distributable →			Retained Profits/ (Accumulated Losses)	Total	Minority Interests	Total Equity
			Share Premium	Revaluation Reserve	Exchange Translation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2008	337,794	-	430,437	12,721	6,006	(468,544)	318,414	140,836	459,250
Foreign currency translation	-	-	-	4	(2,784)	-	(2,780)	160	(2,620)
Par value reduction	(236,456)	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	216,122	-	-	-
Acquisition of additional interest from minority shareholders	-	-	-	-	-	36,556	36,556	(78,975)	(42,419)
Effect of share buy back	-	-	-	-	-	-	-	(8,554)	(8,554)
Issue of new ICULS	-	154,688	(94,582)	-	-	-	60,106	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,234	(32,478)	-	-	-	-	4,756	-	4,756
Expenses incurred in connection with the Rights Issue	-	-	(2,416)	-	-	-	(2,416)	-	(2,416)
Net gain/(loss) recognised in equity statements	(199,222)	122,210	(313,120)	4	(2,784)	489,134	96,222	(87,369)	8,853
Net profit/(loss) for the financial year	-	-	-	-	-	(6,608)	(6,608)	(723)	(7,331)
Dividend paid to minority interest of a subsidiary	-	-	-	-	-	-	-	(9)	(9)
Balance as at 31 December 2008	138,572	122,210	117,317	12,725	3,222	13,982	408,028	52,735	460,763

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Unaudited 12 months ended <u>31.12.2009</u> RM'000	Audited 12 months ended <u>31.12.2008</u> RM'000
<b>Operating Activities</b>		
Profit/(Loss) before taxation	34,367	(3,626)
Adjustments for :-		
Depreciation / Amortisation	9,632	13,163
Other investing and financing items and non-cash items	(29,228)	2,418
Operating profit/(loss) before working capital changes	<u>14,771</u>	<u>11,955</u>
Net changes in working capital		
(Increase)/Decrease in current assets	13,850	12,015
Increase/(Decrease) in current liabilities	(7,416)	(4,664)
Cash generated from/(used in) operating activities	<u>21,205</u>	<u>19,306</u>
Tax paid	(1,644)	(1,421)
<b>Net cash from/(used in) operating activities</b>	<u><u>19,561</u></u>	<u><u>17,885</u></u>
<b>Investing Activities</b>		
(Increase)/ Decrease in equity investments	9,716	(20,935)
(Increase)/ Decrease in property, plant and equipment	(27,133)	(3,987)
(Increase)/ Decrease in other investments	1,600	(977)
<b>Net cash from/(used in) investing activities</b>	<u><u>(15,817)</u></u>	<u><u>(25,899)</u></u>
<b>Financing Activities</b>		
Acquisition of treasury shares	-	(4,092)
Selective capital reduction in a subsidiary	(5,649)	-
Proceeds from issuance of ICULS	-	82,758
Net drawdown/(repayment) of borrowings	11,200	(30,106)
Other payments	(7,554)	(7,554)
<b>Net cash from/(used in) financing activities</b>	<u><u>(2,003)</u></u>	<u><u>41,006</u></u>
Effect of exchange rate changes	6,225	(1,520)
<b>Net increase in cash and cash equivalents</b>	<u><u>7,966</u></u>	<u><u>31,472</u></u>
<b>Cash and cash equivalents as at beginning of financial year</b>		
As previously reported	<u>71,130</u>	<u>39,532</u>
Effect of exchange rate changes	<u>(816)</u>	<u>125</u>
As restated	70,314	39,657
<b>Cash and cash equivalents as at end of financial year *</b>	<u><u>78,280</u></u>	<u><u>71,129</u></u>
<b>* Cash and cash equivalents at the end of the financial year comprising the following :</b>		
Short term deposits	52,896	56,518
Cash and bank balances	50,337	38,887
Bank overdrafts	(184)	(226)
	<u>103,049</u>	<u>95,179</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(17,562)</u>	<u>(16,844)</u>
Deposits pledged to licensed banks	<u>(7,207)</u>	<u>(7,206)</u>
	<u>(24,769)</u>	<u>(24,050)</u>
	<u><u>78,280</u></u>	<u><u>71,129</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 2008.

### 2. 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 2008.

### 3. Audit report

The auditors' report on the financial statements for the year ended 31 December 2008 was not subject to any qualification.

### 4. Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 December 2009 were not materially affected by any seasonal or cyclical factors.

### 5. Unusual items

There were no unusual items for the financial year 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

During the financial year ended 31 December 2009, a total of 22,941,100 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") were converted into 11,470,550 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two ICULS for every one new ordinary share of RM0.30 each in the Company.

During the financial year ended 31 December 2009, Advance Synergy Capital Berhad ("ASC") became a wholly-owned subsidiary of the Company following the completion of the Proposal as detailed in Note 22(b).

Apart from the above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial year ended 31 December 2009.

### 8. Dividends paid

There was no payment of any dividend during the financial year ended 31 December 2009.

## 9. Segmental Reporting

For the year ended 31 December 2009

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External	402	19,370	75,763	46,102	12,059	55,887	17,025	-	226,608
Inter-segment	4,271	68	-	-	-	644	-	(4,983)	-
<b>Total revenue</b>	<b>4,673</b>	<b>19,438</b>	<b>75,763</b>	<b>46,102</b>	<b>12,059</b>	<b>56,531</b>	<b>17,025</b>	<b>(4,983)</b>	<b>226,608</b>
<b>Results</b>									
Segment results	3,589	1,278	8,903	5,461	(2,703)	1,958	(8,469)	(2,168)	7,849
Share of results of associates	24,015	-	-	2,503	-	-	-	-	26,518
Consolidated profit/(loss) before taxation									34,367
Taxation									(1,777)
Consolidated profit/(loss) after taxation									32,590
Minority interests									(1,642)
Net profit/(loss) for the financial year									30,948

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>									
Segment assets	93,194	64,421	230,124	135,126	11,121	12,377	25,509	-	571,872
Investment in associates	128,358	-	-	1,974	-	-	-	-	130,332
Unallocated corporate assets									4,409
Total assets									706,613
Segment liabilities	55,975	8,856	100,775	19,421	4,031	3,719	17,663	-	210,440
Unallocated corporate liabilities									3,911
Total liabilities									214,351
Capital expenditure	1,988	6	30,616	7,411	97	333	263	-	40,714
Depreciation	385	109	4,253	2,311	784	162	399	-	8,403
Amortisation of prepaid lease payment	-	-	88	-	18	-	-	-	106
Impairment loss on:									
- property, plant and equipment	-	-	-	234	-	-	-	-	234
- investment securities	-	-	-	-	-	8	-	-	8
Write back of impairment loss on:									
- investment securities	1,848	-	-	-	-	-	-	-	1,848
- investment in associates	4,552	-	-	-	-	-	-	-	4,552
- investment in marketable securities	602	-	185	-	-	-	-	-	787
- inventories	-	-	-	-	554	-	-	-	554
Amortisation of intangible assets	-	-	-	1,123	-	-	-	-	1,123
Other non cash expenses	293	168	602	395	-	9	28	-	1,495

**9.Segmental Reporting (Continued)**
**For the year ended 31 December 2008**

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External	5,308	10,692	76,781	46,866	8,338	45,989	17,858	-	211,832
Inter-segment	4,205	68	-	-	-	355	-	(4,628)	-
<b>Total revenue</b>	<b>9,513</b>	<b>10,760</b>	<b>76,781</b>	<b>46,866</b>	<b>8,338</b>	<b>46,344</b>	<b>17,858</b>	<b>(4,628)</b>	<b>211,832</b>
<b>Results</b>									
Segment results	(20,383)	539	8,530	2,707	(4,929)	1,171	(10,645)	7,569	(15,441)
Share of results of associates	8,001	-	-	3,814	-	-	-	-	11,815
Consolidated profit/(loss) before taxation									(3,626)
Taxation									(3,705)
Consolidated profit/(loss) after taxation									(7,331)
Minority interests									723
Net profit/(loss) for the financial year									(6,608)

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>									
Segment assets	99,230	67,615	215,867	129,729	11,674	11,964	22,348	-	558,427
Investment in associates	104,310	-	-	3,016	-	-	-	-	107,326
Unallocated corporate assets									4,674
Total assets									670,427
Segment liabilities	55,104	9,990	96,494	20,567	3,128	3,546	16,836	-	205,665
Unallocated corporate liabilities									3,999
Total liabilities									209,664
Capital expenditure	609	5	4,265	1,754	296	167	47	-	7,143
Depreciation	985	163	5,592	3,315	704	138	747	-	11,644
Amortisation of prepaid lease payment	-	-	91	-	18	-	-	-	109
Impairment loss on:									
- property, plant and equipment	2,621	-	-	681	1,371	-	-	-	4,673
- investment securities	7,742	-	-	-	-	-	-	-	7,742
- investment in associates	990	-	-	-	-	-	-	-	990
- investment in marketable securities	692	-	134	-	-	-	-	-	826
Amortisation of intangible assets	-	-	-	1,410	-	-	-	-	1,410
Other non cash expenses	905	-	291	1,846	1,774	35	36	-	4,887

## 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 2008.

## 11 Events subsequent to the balance sheet date

There are no events subsequent to the balance sheet date.

## 12 Changes in the composition of the Group

(a) The following changes were made pursuant to the group-wide internal reorganisation exercise of Unified Communications Holdings Limited ("UCHL"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, another wholly-owned subsidiary of the Company):-

- (i) On 5 January 2009, Unified Communications Sdn Bhd ("UCSB") acquired the entire issued and paid-up share capital of Attrix Technology Pte Ltd ("ATPL") from Unified Communications Pte Ltd ("UCPL"), comprising 100,000 ordinary shares for a consideration of Singapore Dollar 1.00 only. Both UCSB and UCPL are wholly-owned subsidiaries of UCHL. Consequently, ATPL became a wholly-owned subsidiary of UCSB.
  - (ii) On 15 January 2009, the Company announced that UCHL had incorporated three wholly-owned subsidiaries in Malaysia, namely Unified Communications (VAS) Sdn Bhd ("UC(VAS)") (held via UCPL), Unified Communications (OSS) Sdn Bhd ("UC(OSS)") and Unified Communications (OHQ) Sdn Bhd ("UC(OHQ)"). All these subsidiaries have an issued and paid-up share capital of RM100.00. UC(VAS) was incorporated on 12 January 2009 while UC(OSS) and UC(OHQ) were both incorporated on 13 January 2009. Following the new allotment of shares by UC(OHQ) on 8 December 2009, UCHL's entire equity interest in UC(OHQ) is now represented by 500,000 ordinary shares of RM1.00 each.
  - (iii) On 12 February 2009, UC(OSS) acquired 51,000 ordinary shares of RM1.00 each representing 51% equity interest in GlobeOSS Sdn Bhd ("GlobeOSS"), from UCSB for a total cash consideration of RM236,573.00. Consequently, GlobeOSS became a 51%-owned subsidiary of UC(OSS).
  - (iv) On 14 May 2009, UCPL acquired 2 ordinary shares of RM1.00 each representing the entire equity interest in Attritech Sdn Bhd ("ATSB"), from UCSB for a total cash consideration of RM2.00. Consequently, ATSB became a wholly-owned subsidiary of UCPL. Following the new allotment of shares by ATSB on 4 June 2009, UCPL's entire equity interest in ATSB is now represented by 1,932,513 ordinary shares of RM1.00 each.
- (b) On 4 March 2009, the Company acquired 443,000 ordinary shares of RM1.00 each, representing the remaining 0.37% equity interest in Alangka-Suka Hotels & Resorts Berhad ("ASHR") not already owned by the Company, for a total cash consideration of RM1,010,376.68. Consequently, ASHR became a wholly-owned subsidiary of the Company. On 9 October 2009, ASHR was converted from a public limited company to a private limited company and is now known as Alangka-Suka Hotels & Resorts Sdn Bhd.
- (c) On 23 March 2009, Holiday Villas International Limited ("HVIL"), a wholly-owned subsidiary of ASHR acquired 25 ordinary shares of USD1.00 each, representing additional 25% equity interest in Holiday Villa China International Limited ("HV China") for a nominal cash consideration of USD25.00. Consequently, HV China became a 95%-owned subsidiary of HVIL.
- (d) On 8 July 2009, Synergy Cards Sdn Bhd ("SCSB") allotted and issued 1,530,000 and 1,470,000 new ordinary shares of RM1.00 each to the Company and ASC respectively by way of a restricted renounceable rights issue to the existing shareholders of SCSB and capitalisation of advances from shareholders of SCSB. Consequently, ASC's equity interest in SCSB increased from 29% to 41% and the Company's effective equity interest in SCSB increased accordingly to 89.28%.
- (e) On 28 August 2009, the Company announced that UCHL had incorporated a wholly-owned subsidiary in Malaysia, namely Mobilization Sdn Bhd, with an issued and paid-up share capital of RM100.00.
- (f) On 17 September 2009, the Company announced that its wholly-owned subsidiary, ASHR, had incorporated the following subsidiaries in France to undertake the acquisition of the on-going business ("Fonds de Commerce") of the Hotel Marciano Lafayette (now known as Holiday Villa Lafayette Paris, a city centre hotel with 38 rooms, located at 46 rue de Tréville, 75009 Paris) and the real estate in which the Fonds de Commerce is carried out for a total cash consideration of 5,450,000 Euros ("Acquisition") which was completed on 28 October 2009:-
- (i) a wholly-owned subsidiary of ASHR namely, Alangka-Suka Paris ("ASP"), a French Société par Actions Simplifiée (simplified joint stock company) with a share capital of 10,000 Euros. The share capital of ASP was subsequently increased to 15,000 Euros on 1 October 2009 and to 20,000 Euros on 16 October 2009; and
  - (ii) a wholly-owned subsidiary of ASP namely, Holiday Villa Lafayette Paris ("HVLP"), a French Société par Actions Simplifiée (simplified joint stock company) with a share capital of 20,000 Euros.

On 31 December 2009, ASHR obtained borrowings to part re-finance the Acquisition and the loan amount is repayable through a conversion into an interest of up to 30% in the equity and shareholders' advances of ASP.



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

- (g) On 29 September 2009, the Company acquired 900,000 ordinary shares of RM1.00 each, representing the remaining 45% equity interest not already owned by the Company in Bornion Sawmill Sdn Bhd ("Bornion") from Ausborn Sawmill Sdn Bhd, another wholly-owned subsidiary of the Company, for a total cash consideration of RM900,000.00. Consequently, Bornion became a direct wholly-owned subsidiary of the Company.
- (h) Following to the completion of the Proposal as set out in Note 22(b) on 8 December 2009, ASC became a wholly-owned subsidiary of the Company.
- (i) ASC had on 21 December 2009 completed the disposal of its 100% equity interest in Triton Commuter Sdn Bhd ("TCSB") comprising 200,000 ordinary shares of RM1.00 each ("Disposal of TCSB shares"). The Disposal of TCSB shares was undertaken pursuant to an agreement entered into between ASC and Lim Han Weng and Bah Kim Lian. The total cash consideration of RM2,122,006.00 includes consideration for the Disposal of TCSB shares, and contracts, arrangements, assets and liabilities as identified and set out in the said agreement.

Following the completion of the Disposal of TCSB shares, TCSB ceased to be a subsidiary of ASC and the Company. The summary of the effects on the Disposal of TCSB shares is as follows:

	<b>Year to date 31.12.2009 RM'000</b>
Receivables	94
Payables	(31)
Net Assets deemed disposed	63
Proceeds from disposal of a subsidiary	(1,500)
Gain on disposal of a subsidiary	(1,437)
Proceeds from disposal of a subsidiary	1,500
Less: Cash and cash equivalents of a subsidiary disposed	-
Net cash inflow	1,500

- (j) On 24 December 2009, HVIL subscribed for the new allotment of 30 ordinary shares of USD1.00 each by Holiday Villa Middle East Limited ("HV Middle East"), thereby increasing its equity interest in HV Middle East from 70% to 90%.

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

## 13 Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2008.

## 14 Review of performance

The Group recorded a profit after taxation of RM32.6 million for the year ended 31 December 2009 compared to a loss after taxation of RM7.3 million last year. The improved result is mainly attributable to overall better operating results of the Group and higher share of profit from the associated companies of RM26.5 million compared to RM11.8 million last year.

## 15 Comparison of results with preceding quarter

During the quarter under review, the Group revenue was higher at RM67.8 million compared to RM54.5 million in the preceding quarter ended 30 September 2009. The overall better operating results of the Group coupled with higher profit contribution from an associated company resulted in a higher profit after taxation of RM22.4 million for the current quarter compared to the net profit of RM3.6 million for the quarter ended 30 September 2009.

## 16 Prospects

Barring unforeseen circumstances, the Directors expect the Group's operating environment to remain challenging for the financial year ending 31 December 2010.

## 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 Taxation

	<b>3 months ended <u>31.12.2009</u> RM'000</b>	<b>Year to date <u>31.12.2009</u> RM'000</b>
On current year's results		
- Malaysian income tax	(702)	932
- Overseas taxation	622	760
Under provision in prior year	-	232
Transfer (to)/from deferred taxation	(193)	(147)
	<u>(273)</u>	<u>1,777</u>

The effective tax rate of the Group for the financial year under review is lower than the statutory tax rate. This tax effect arises mainly from utilisation of previously unrecognised tax losses and capital allowances, lower tax rate in foreign jurisdiction and tax incentives and allowances.

## 20 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

During the quarter ended 30 June 2009, there was a disposal of property with net book value of RM1.18 million by a subsidiary of the Company. The gain on disposal of the property was RM0.24 million.

In the previous quarter ended 30 September 2009, a hotel property in Sydney, Australia known as Manor House Boutique Hotel, with net book value of RM9.9 million (after realisation of exchange translation reserve) was sold by a subsidiary of the Company. The gain on disposal of such hotel property was RM0.17 million.

Other than the above, there was no other sale of unquoted investments and/or properties for the current financial year.

## 21 Quoted securities

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

	<b>3 months ended <u>31.12.2009</u> RM'000</b>	<b>Year to date <u>31.12.2009</u> RM'000</b>
Total purchases	<u>-</u>	<u>50</u>
Total disposals	<u>912</u>	<u>971</u>
Total loss on disposals	<u>246</u>	<u>237</u>

Details of investment in quoted securities by the Group as at 31 December 2009 are as follows :-

	<b>RM'000</b>
- at cost	<u>21,432</u>
- at carrying value	<u>10,438</u>
- at market value	<u>10,439</u>

## 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 17 August 2009, the Company served a proposal to the Board of Directors of ASC for ASC to undertake a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Act") ("Proposal"). The Proposal involves a selective capital reduction and repayment exercise under Section 64 of the Act, by way of cancellation of 9,413,190 ASC shares held by shareholders other than the Company which will result in the reduction of ASC's total existing issued and paid-up capital from RM156,860,835 to RM147,447,645 (excluding the 14,916,535 ASC shares held as treasury shares). The entire ASC shares after the Proposal (excluding the 14,916,535 ASC shares held as treasury shares) will be held by the Company.

Under the Proposal, the shareholders of ASC other than the Company, whose name appear in ASC's Register of Members and Record of Depositors at the close of business on a date to be determined by the Board of Directors of ASC ("Entitlement Date"), shall receive a repayment of a cash amount of RM0.60 for each ASC share held ("Capital Repayment").

On 17 November 2009, the Company announced that the Board of Directors of ASC has determined that the Entitlement Date shall be 17 November 2009 and that the Proposal has taken effect on 17 November 2009 with the lodgement of the office copy of the order granted by the High Court of Malaya with the Registrar of Companies confirming the shareholders' approval for the Proposal.

With the completion of the Proposal on 8 December 2009, ASC became a wholly-owned subsidiary of the Company.

## 23 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 31 December 2009 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilized RM'000</b>	<b>Timeframe for Utilisation</b>
Repayment of Bank Borrowings	50,259	50,259	-	24 months from
Working Capital	30,000	30,000	-	the date of
Expenses	2,500	2,500	-	listing of ICULS
	<u>82,759</u>	<u>82,759</u>	<u>-</u>	

## 24 Group borrowings

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

	<u>As At</u> <u>31.12.2009</u> RM'000	<u>As At</u> <u>31.12.2008</u> RM'000
Short term - secured	36,430	32,339
- unsecured	184	-
Long term - secured	60,827	53,642
- unsecured	5,932	4,979
ICULS- liability portion	16,477	18,377
Finance lease creditor		
- Short term	1,532	1,523
- Long term	20,914	20,789
	<u>142,296</u>	<u>131,649</u>

(b)

	<u>As At</u> <u>31.12.2009</u> RM'000	<u>As At</u> <u>31.12.2008</u> RM'000
Australian Dollars	5,932	4,979
Sterling Pounds	1,683	1,773
Singapore Dollars	-	226
Euro	16,693	-

## 25 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.

## 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. The Company's solicitors have obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the High Court of Alor Setar for the sum of RM52,500,000, interest thereon at the rate of 8% per annum from the date of judgment to the date of realisation and cost of RM225. On 10 November 2004, PKNK applied to the court to set aside the Default Judgment. On 3 August 2005, the court allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitors had on 29 December 2005 forwarded to the court for filing of the Notice to Attend Pre-Trial Case Management and the Pre-Trial Case Management was fixed for hearing on 17 May 2006. Due to a change in PKNK's solicitors, PKNK's new solicitors had asked for an adjournment on the grounds that they required time to take their client's instructions and there was a likelihood for an application to amend the Statement of Defence. The court had fixed the Pre-Trial Case Management ("PTCM") for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defence and the application was also fixed for hearing on 21 November 2006. On 21 November 2006, the court granted leave to PKNK to amend their Statement of Defence. The court has fixed the case for further PTCM on 8 March 2010. The Company's solicitors for the litigation are of the opinion that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

## 26 Material litigation (Continued)

- (b) On 10 November 2009 and 12 November 2009, the Company released announcements on an originating summons no. D-24NCC-72-2009 dated 3 November 2009 which was issued on the application of ACE INA International Holdings Ltd ("ACE INA")(as "Plaintiff") and served on ASC (as "Defendant") on 9 November 2009 ("Originating Summons").

By this Originating Summons, ACE INA is claiming against ASC declaratory reliefs pertaining to the call option notice issued by ACE INA over the remaining 49,000,000 ordinary shares of RM1.00 each in ACE Synergy Insurance Berhad ("ACE Synergy Malaysia") held by ASC ("Call Option"), amongst others the following:-

- (i) Orders for ASC to give its written consent and/or provide any requested documents and/or information to Bank Negara Malaysia ("BNM") and/or Minister of Finance and/or where requested, to meet with the relevant officers of BNM that are necessary to allow ACE INA to proceed with (i) its application for the requisite approval of the Minister of Finance ("MOF Approval") under Section 67 of the Insurance Act 1996 ("Insurance Act") for the acquisition and disposal of the Defendant's 49% equity interest in ACE Synergy Malaysia to the Plaintiff, or in the alternative, its application for the MOF Approval to enter into the Amended and Restated Shareholders' Agreement and/or the Call Option contained therein in the event the Court determines that MOF Approval under the Insurance Act is required; and (ii) any appeals arising therefrom;
- (ii) Costs of the application of the Originating Summons to be borne by ASC; and
- (iii) Such further relief and orders that the Court deems fit and just.

As these legal proceedings are at a very initial stage, the Company is unable to precisely ascertain the actual financial impact to the Group. However, the Group is not expected to suffer adverse financial impact from these proceedings except for costs and legal expenses. There is no operational impact of the Originating Summons on the Group.

On 17 November 2009, ASC obtained leave of Court to file and serve a Conditional Appearance to the Originating Summons with a view to applying for a stay of the Originating Summons proceedings in order to refer the dispute to arbitration. The application for a stay of the Originating Summons had been served on ACE INA and the Court has set the date of hearing to be held on 3 March 2010.

ASC has sought legal advice on the matter and the solicitors are of the view that ASC has merits in its defence to the claim of ACE INA.

## 27 Dividend

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2009.

## 28 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 RM23,331,000 and RM30,948,000 respectively, divided by the weighted average number of ordinary shares of 473,378,927 and 468,090,172 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year to date	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	473,378,927	461,908,377	461,908,377	337,793,619
Weighted average number of new ordinary shares arising from ICULS converted to date	-	-	6,181,795	105,417,797
Weighted average number of ordinary shares	<u>473,378,927</u>	<u>461,908,377</u>	<u>468,090,172</u>	<u>443,211,416</u>
	3 months ended		Year to date	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
Basic earnings/(loss) per share (sen)	<u>4.93</u>	<u>(0.75)</u>	<u>6.61</u>	<u>(1.49)</u>

**28 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 RM23,695,000 and RM32,393,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 928,932,452 and 928,963,878 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year to date	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	23,331	-	30,948	-
Profit impact of assumed conversion- Interest on ICULS	364	-	1,445	-
	<u>23,695</u>	<u>*N/A</u>	<u>32,393</u>	<u>*N/A</u>

**Weighted average number of ordinary shares (diluted)**

	3 months ended		Year to date	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	473,378,927	-	461,908,377	-
Weighted average number of new ordinary shares arising from ICULS converted to date	-	-	6,181,795	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	455,553,525	-	460,873,706	-
Weighted average number of ordinary shares	<u>928,932,452</u>	<u>*N/A</u>	<u>928,963,878</u>	<u>*N/A</u>

	3 months ended		Year to date	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
Diluted earnings/(loss) per share (sen)	<u>2.55</u>	<u>*N/A</u>	<u>3.49</u>	<u>*N/A</u>

\*No disclosure is required for the quarter and year ended 31 December 2008 since the earnings/(loss) per share was anti-dilutive.

**29 Status of E-commerce activities**

Not applicable.

BY ORDER OF THE BOARD  
ADVANCE SYNERGY BERHAD

HO TSAE FENG  
Company Secretary  
24 February 2010