

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

**COMPANY ANNOUNCEMENT**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED**  
**31 DECEMBER 2010**

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 2010.

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 2009.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>3 months ended</u>		<u>Year-to-date</u>	
	<u>Unaudited</u>		<u>Unaudited</u>	<u>Audited</u>
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	60,604	67,777	222,622	226,633
Cost of sales	<u>(32,733)</u>	<u>(37,473)</u>	<u>(134,871)</u>	<u>(136,950)</u>
Gross profit/(loss)	27,871	30,304	87,751	89,683
Other operating income	24,832	9,556	32,618	20,544
Operating expenses	<u>(53,277)</u>	<u>(26,227)</u>	<u>(117,188)</u>	<u>(94,628)</u>
Profit/(Loss) from operations	(574)	13,633	3,181	15,599
Finance costs	(2,003)	(2,171)	(8,051)	(7,758)
Share of results of associates	638	10,585	12,496	26,421
Profit/(Loss) before taxation	(1,939)	22,047	7,626	34,262
Taxation	<u>(486)</u>	<u>459</u>	<u>(1,165)</u>	<u>(1,591)</u>
Net profit/(loss) for the financial period/year	<u>(2,425)</u>	<u>22,506</u>	<u>6,461</u>	<u>32,671</u>
Attributable to:				
Equity holders of the Company	(3,449)	23,380	3,189	30,994
Minority interests	1,024	(874)	3,272	1,677
	<u>(2,425)</u>	<u>22,506</u>	<u>6,461</u>	<u>32,671</u>
Earnings/(Loss) per share attributable to equity holders of the Company:				
Basic (sen)	<u>(0.71)</u>	<u>4.94</u>	<u>0.67</u>	<u>6.62</u>
Diluted (sen)	<u>Anti-dilutive</u>	<u>2.56</u>	<u>0.49</u>	<u>3.49</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>3 months ended</u>		<u>Year-to-date</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Net profit/(loss) for the financial period/year	(2,425)	22,506	6,461	32,671
Other comprehensive income:				
Available-for-sale financial assets' fair value movements	807	-	1,932	-
Share of other comprehensive income of associates	(1)	-	854	-
Currency translation differences	(5,853)	793	(16,019)	1,518
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Other comprehensive income/(loss) for the period/year	(5,047)	793	(13,233)	1,518
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the period/year	(7,472)	23,299	(6,772)	34,189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Attributable to:				
Equity holders of the Company	(8,354)	23,163	(9,567)	33,453
Minority interests	882	136	2,795	736
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income/(loss) for the period/year	(7,472)	23,299	(6,772)	34,189
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at <b>31.12.2010</b>	Audited As at <b>31.12.2009</b> <b>(Restated*)</b>
	RM'000	RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	202,084	222,207
Investment in associates	30,567	130,268
Available-for-sale investments	32,673	-
Other investments	-	58,015
Goodwill on consolidation	59,423	59,423
Intangible assets	16,169	5,914
Loans and receivables	6,400	6,969
Deferred tax assets	2,703	3,324
	350,019	486,120
<b><u>Current assets</u></b>		
Property development costs	24,915	22,310
Progress billings	1,225	676
Inventories	31,980	35,328
Loans and receivables	51,462	55,152
Tax recoverable	2,421	1,342
Held for trading investments	919	-
Marketable securities	-	1,144
Short term deposits	63,480	53,055
Cash and bank balances	46,881	50,027
	223,283	219,034
Non-current assets held for sale	114,955	-
<b>TOTAL ASSETS</b>	<b>688,257</b>	<b>705,154</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	146,448	142,014
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	115,340	119,208
Reserves	194,572	202,824
	456,360	464,046
<b>Minority interests</b>	<b>29,798</b>	<b>27,422</b>
<b>Total equity</b>	<b>486,158</b>	<b>491,468</b>
<b><u>Non-current liabilities</u></b>		
Term loans	60,441	66,934
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability component	14,391	16,477
Finance lease payable	21,020	20,914
Hire purchase payables	81	128
Deferred tax liabilities	2,714	2,881
Retirement benefits	708	629
	99,355	107,963
<b><u>Current liabilities</u></b>		
Payables	65,360	66,777
Bank overdrafts	121	184
Short term borrowings	36,168	37,659
Taxation	1,095	1,103
	102,744	105,723
<b>Total Liabilities</b>	<b>202,099</b>	<b>213,686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>688,257</b>	<b>705,154</b>

\* Refer to Note 2

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	← Attributable to equity holders of the Company →							Total	Minority Interests	Total Equity
	Share Capital	ICULS-Equity Component	Share Premium	Non-distributable		Available-For-Sale Reserve	Distributable Retained Profits			
				Revaluation Reserve	Exchange Translation Reserve					
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/(loss) for the financial year	-	-	-	-	-	-	3,189	3,189	3,272	6,461
Other comprehensive income/(loss)	-	-	-	(7)	(15,535)	2,786	-	(12,756)	(477)	(13,233)
Total comprehensive income/(loss) for the year	-	-	-	(7)	(15,535)	2,786	3,189	(9,567)	2,795	(6,772)
<b>Transactions with owners in their capacity as owners:</b>										
Issue of new ordinary shares pursuant to the conversion of ICULS	4,434	(3,868)	-	-	-	-	-	566	-	566
Dividend paid to minority interests of a subsidiary	-	-	-	-	-	-	-	-	(419)	(419)
Balance as at 31 December 2010	146,448	115,340	117,317	12,584	(9,673)	4,066	70,278	456,360	29,798	486,158

FOR THE YEAR ENDED 31 DECEMBER 2009

	← Attributable to equity holders of the Company →							Total	Minority Interests	Total Equity
	Share Capital	ICULS-Equity component	Share Premium	Non-distributable		Available-For-Sale Reserve	Distributable Retained Profits			
				Revaluation Reserve	Exchange Translation Reserve					
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 2009	138,572	122,210	117,317	12,725	3,222	-	13,982	408,028	52,735	460,763
Net profit/(loss) for the financial year	-	-	-	-	-	-	30,994	30,994	1,677	32,671
Other comprehensive income/(loss)	-	-	-	(181)	2,640	-	-	2,459	(941)	1,518
Total comprehensive income/(loss) for the year	-	-	-	(181)	2,640	-	30,994	33,453	736	34,189
<b>Transactions with owners in their capacity as owners:</b>										
Issue of new ordinary shares pursuant to the conversion of ICULS	3,442	(3,002)	-	-	-	-	-	440	-	440
Acquisition of additional interest from minority shareholders	-	-	-	47	-	-	22,078	22,125	(26,049)	(3,924)
	3,442	(3,002)	-	47	-	-	22,078	22,565	(26,049)	(3,484)
Balance as at 31 December 2009	142,014	119,208	117,317	12,591	5,862	-	67,054	464,046	27,422	491,468

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Unaudited 12 months ended <u>31.12.2010</u> RM'000</b>	<b>Audited 12 months ended <u>31.12.2009</u> RM'000</b>
<b>Operating Activities</b>		
Profit/(Loss) before taxation	7,626	34,262
Adjustments for :-		
Depreciation	9,361	9,550
Other investing and financing items and non-cash items	(1,443)	(29,587)
Operating profit/(loss) before working capital changes	<u>15,544</u>	<u>14,225</u>
Net changes in working capital		
(Increase)/Decrease in current assets	19,730	15,075
Increase/(Decrease) in current liabilities	(1,379)	(8,045)
Cash generated from/(used in) operating activities	<u>33,895</u>	<u>21,255</u>
Tax paid	(1,560)	(1,743)
<b>Net cash from/(used in) operating activities</b>	<u><u>32,335</u></u>	<u><u>19,512</u></u>
<b>Investing Activities</b>		
(Increase)/ Decrease in equity investments	3,788	10,157
(Increase)/ Decrease in property, plant and equipment	(11,295)	(28,155)
(Increase)/ Decrease in other investments	691	(2,838)
<b>Net cash from/(used in) investing activities</b>	<u><u>(6,816)</u></u>	<u><u>(20,836)</u></u>
<b>Financing Activities</b>		
Net drawdown/(repayment) of borrowings	(5,004)	11,481
Other payments	(9,862)	(7,904)
<b>Net cash from/(used in) financing activities</b>	<u><u>(14,866)</u></u>	<u><u>3,577</u></u>
Effect of exchange rate changes	(2,723)	5,401
<b>Net increase in cash and cash equivalents</b>	<u>7,930</u>	<u>7,654</u>
<b>Cash and cash equivalents as at beginning of financial year</b>		
As previously reported	<u>77,967</u>	<u>71,129</u>
Effect of exchange rate changes	<u>(2,593)</u>	<u>(816)</u>
As restated	75,374	70,313
<b>Cash and cash equivalents as at end of financial year *</b>	<u><u>83,304</u></u>	<u><u>77,967</u></u>
<b>* Cash and cash equivalents at the end of the financial period comprising the following :</b>		
Short term deposits	63,480	53,055
Cash and bank balances	46,881	50,027
Bank overdrafts	(121)	(184)
	<u>110,240</u>	<u>102,898</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(18,299)</u>	<u>(17,562)</u>
Deposits pledged to licensed banks	<u>(8,637)</u>	<u>(7,369)</u>
	<u>(26,936)</u>	<u>(24,931)</u>
	<u><u>83,304</u></u>	<u><u>77,967</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 2009.

### 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 2009, except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), amendments/improvements to FRSs and IC Interpretations ("IC Int") with effect from financial periods beginning 1 January 2010:

#### New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments : Recognition and Measurement

#### Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing costs

#### Amendments/Improvements

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 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement
FRS 140	Investment Property

#### IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

## 2. Changes in Accounting Policies (Continued)

Other than FRS 8, FRS 101, FRS 7, FRS 139 and FRS 117, the application of the above new and revised FRSs, amendments/improvements to FRSs and IC Int have no significant impact on the financial statements of the Group.

- (a) FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As the Group's Board of Directors, relies on internal reports which are similar to those currently disclosed externally, no further segmental information disclosures will be necessary.
- (b) FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.
- (c) FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.
- (d) The amendments to FRS 117 require entities with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease. The Group has reclassified the existing leasehold land to property, plant and equipment following this reassessment, with no effect on reported profit or equity.

The following comparative figures have been restated:

	Previously stated RM'000	Effect of FRS 117 RM'000	As restated RM'000
<b>Assets</b>			
Prepaid lease payments	2,407	(2,407)	-
Property, plant and equipment	219,800	2,407	222,207

- (e) FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

### Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, loans and receivables, available-for-sale investments and held for trading investments.

#### (i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement. Interest is recognised by applying the EIR method, except for short term receivables where the recognition of interest would be immaterial.

#### (ii) Available-For-Sale

Prior to 1 January 2010, available-for-sale financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, available-for-sale financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in income statement and with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the available-for-sale reserve.

#### (iii) Held for trading

Securities are classified as held for trading with the intention of resale in the short term. Securities held for trading are stated at fair value and any gain or loss arising from a change in their fair value and the recognition of the securities held for trading are recognised in the income statement.

## 2. Changes in Accounting Policies (Continued)

### Financial liabilities

Financial liabilities of the Group comprise trade and other payables, borrowings and derivative financial liabilities. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost using the effective interest method.

### Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
<b>Assets</b>			
Other investments	58,015	(58,015)	-
Available-for-sale investment	-	58,015	58,015
Marketable securities	1,144	(1,144)	-
Held for trading investments	-	1,179	1,179
Investment in associates	130,268	1,280	131,548
<b>Equity</b>			
Available-for-sale reserve	-	1,280	1,280
Retained profits	67,054	35	67,089

## 3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2009 was not subject to any qualification.

## 4 Seasonal or cyclical factors

The operations of the Group for the quarter and year ended 31 December 2010 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 and year under review.

## 7 Debt and equity securities

During the financial year ended 31 December 2010, a total of 29,562,206 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 14,781,103 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.

On 10 March 2010, the 14,916,535 shares of Advance Synergy Capital Berhad ("ASC") (now a private limited company, Advance Synergy Capital Sdn Bhd) which were held as treasury shares by ASC were distributed as share dividend to the Company.

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 2010.

## 8 Dividends paid

There was no payment of any dividend during the financial year ended 31 December 2010.



## 9. Segmental Information

For the year ended 31 December 2010

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building (Note)	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	903	11,158	75,227	43,087	3,689	67,606	20,952	-	222,622
Inter-segment	4,003	14	-	-	155	526	-	(4,698)	-
<b>Total revenue</b>	<b>4,906</b>	<b>11,172</b>	<b>75,227</b>	<b>43,087</b>	<b>3,844</b>	<b>68,132</b>	<b>20,952</b>	<b>(4,698)</b>	<b>222,622</b>
<b>Results</b>									
Segment results	(11,340)	736	9,949	3,884	(2,707)	783	(4,116)	(2,059)	(4,870)
Share of results of associates	9,786	-	-	2,710	-	-	-	-	12,496
Consolidated profit/(loss) before taxation	(1,554)	736	9,949	6,594	(2,707)	783	(4,116)	(2,059)	7,626
Taxation									(1,165)
Consolidated profit/(loss) after taxation									6,461
Minority interests									(3,272)
Net profit/(loss) for the financial year									3,189

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Coach Building (Note)	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	72,346	58,386	219,696	134,702	13,480	11,987	27,014	-	537,611
Investment in associates	27,742	-	-	2,825	-	-	-	-	30,567
Non-current assets held for sale	114,955	-	-	-	-	-	-	-	114,955
Unallocated corporate assets									5,124
<b>Total assets</b>									<b>688,257</b>
Segment liabilities	50,196	8,132	97,820	14,662	4,360	4,283	18,837	-	198,290
Unallocated corporate liabilities									3,809
<b>Total liabilities</b>									<b>202,099</b>
Capital expenditure	1,435	1	6,332	3,093	114	339	344	-	11,658
Depreciation	620	85	5,362	1,350	108	187	169	-	7,881
Impairment loss on:									
- property, plant and equipment	-	-	-	1,736	-	-	-	-	1,736
- available for sale investments	27,274	-	-	-	-	-	-	-	27,274
Write back of impairment loss on:									
- investment in associates	3,492	-	-	-	-	-	-	-	3,492
Fair value gain recognised in profit and loss									
- held for trading investments	90	-	98	-	-	-	-	-	188
Amortisation of intangible assets	-	-	-	1,480	-	-	-	-	1,480
Other non cash expenses	24	1	95	2	-	281	78	-	481

Note: The division has been renamed from "Bus Transportation Services" to "Coach Building" after taking into consideration the disposal of the bus transportation business on 21 December 2009.

**9.Segmental Information (Continued)**
**For the year ended 31 December 2009**

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services/Coach Building (Note)	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	75,790	46,102	12,059	55,885	17,025	-	226,633
Inter-segment	4,271	68	-	-	-	644	-	(4,983)	-
<b>Total revenue</b>	<b>4,673</b>	<b>19,438</b>	<b>75,790</b>	<b>46,102</b>	<b>12,059</b>	<b>56,529</b>	<b>17,025</b>	<b>(4,983)</b>	<b>226,633</b>
<b>Results</b>									
Segment results	3,617	1,277	8,898	5,461	(2,708)	1,958	(8,494)	(2,168)	7,841
Share of results of associates	23,918	-	-	2,503	-	-	-	-	26,421
Consolidated profit/(loss) before taxation	27,535	1,277	8,898	7,964	(2,708)	1,958	(8,494)	(2,168)	34,262
Taxation									(1,591)
Consolidated profit/(loss) after taxation									32,671
Minority interests									(1,677)
Net profit/(loss) for the financial year									30,994

	Investment Holding	Property Development	Hotels & Resorts	Information & Communications Technology	Bus Transportation Services/Coach Building (Note)	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	92,827	64,421	228,671	135,126	11,121	12,380	25,674	-	570,220
Investment in associates	128,294	-	-	1,974	-	-	-	-	130,268
Unallocated corporate assets									4,666
<b>Total assets</b>									<b>705,154</b>
Segment liabilities	55,611	8,856	100,211	19,421	4,036	3,719	17,848	-	209,702
Unallocated corporate liabilities									3,984
<b>Total liabilities</b>									<b>213,686</b>
Capital expenditure	1,988	6	30,664	7,073	97	333	263	-	40,424
Depreciation	385	109	4,230	2,317	784	162	399	-	8,386
Impairment loss on:									
- property, plant and equipment	-	-	-	440	-	-	-	-	440
- investment securities	-	-	-	-	-	8	-	-	8
- inventories	-	-	-	129	-	-	-	-	129
- development expenditure	-	-	-	186	-	-	-	-	186
Write back of impairment loss on:									
- available for sale investments	1,848	-	-	-	-	-	-	-	1,848
- investment in associates	4,584	-	-	-	-	-	-	-	4,584
- held for trading investments	602	-	151	-	-	-	-	-	753
- inventories	-	-	-	-	554	-	-	-	554
Amortisation of intangible assets	-	-	-	1,164	-	-	-	-	1,164
Other non cash expenses	321	168	866	54	-	80	28	-	1,517

Note : The division has been renamed from "Bus Transportation Services" to "Coach Building" after taking into consideration the disposal of the bus transportation business on 21 December 2009.

#### 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 2009.

#### 11. Events subsequent to the balance sheet date

On 10 February 2011, the Company announced that Triton Feeder Services Sdn Bhd ("TFS"), a wholly-owned subsidiary of ASC, 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.

Apart from the above, there were no events subsequent to the balance sheet date, save for those disclosed in Notes 22(b), 25(a) and 25(b).

#### 12. Changes in the composition of the Group

- (a) On 18 May 2010, the Company announced that its wholly-owned subsidiary, Alam Samudera Corporation Sdn Bhd ("ASSB"), had acquired the entire issued and paid-up share capital of Orient Escape Travel (Sabah) Sdn Bhd ("OETS"), another wholly-owned subsidiary [held via Orient Escape Travel Sdn Bhd which is also wholly-owned by the Company], comprising 350,000 ordinary shares of RM1.00 each at par. Consequently, OETS became a wholly-owned subsidiary of ASSB. On 12 August 2010, OETS changed its name to Synergy Tours (Borneo) Sdn Bhd.
- (b) On 7 July 2010, the Company announced that its wholly-owned subsidiary, Alangka-Suka Hotels & Resorts Sdn Bhd, had incorporated a wholly-owned subsidiary in France, Legenda de Malaisie, a French Société par Actions Simplifiée (simplified joint stock company) with a share capital of 10,000 Euros.
- (c) On 9 July 2010, the Company announced that the following wholly-owned subsidiaries of ASC have been struck off and dissolved following the publication of the notices of striking off pursuant to Section 308(4) of the Companies Act 1965 in the Gazette:-
  - (i) Triton Terminal Management Sdn Bhd
  - (ii) Triton Excursions Sdn Bhd
  - (iii) Triton Synergy Holdings Sdn Bhd
  - (iv) Triton Express Holdings Sdn Bhd
- (d) On 17 August 2010, Langkawi Holiday Villa Sdn Bhd, an indirect wholly-owned subsidiary of the Company [held via Alangka-Suka Hotels & Resorts Sdn Bhd which is wholly-owned by the Company], subscribed for 15,000 new ordinary shares of RM1.00 each representing 30% equity interest in M OOD Perfumes Sdn Bhd at an issue price of RM1.00 per new ordinary share.
- (e) On 9 September 2010, the Company announced that 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) had incorporated a wholly-owned subsidiary in Malaysia, namely Unified Assets Sdn Bhd, with an issued and paid-up share capital of RM100.00.
- (f) On 10 November 2010, the Company announced that the Company has on 9 November 2010 disposed of its entire shareholding of 102,000 shares representing 51% equity interest in P.T. Asbindo Infocitra ("PT Asbindo"), an inactive subsidiary, for a cash consideration of RM1.00 only. Consequently, PT Asbindo ceased to be a subsidiary of the Company.

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 2009.

#### 14. Review of performance

The Group's revenue for the year ended 31 December 2010 decreased marginally by 1.8% from RM226.6 million in the previous year to RM222.6 million. Correspondingly, the gross profit reduced by 2.2% to RM87.8 million from the previous year of RM89.7 million. Although there was a higher other operating income in 2010 compared to 2009 due mainly to write back of provisions, this was offset by the higher operating expenses in the year compared to last year arising mainly from provisions for impairment loss on available for sale investments. The net adverse effect arising therefrom contributed to the lower profit from operations of RM3.2 million in the year under review compared to RM15.6 million in 2009. In addition, there was an one off gain from sale of certain assets and liabilities by an associated company of RM13.0 million in 2009 which also attributed to the lower consolidated profit after tax of RM6.5 million in 2010 compared to RM32.7 million in 2009.

**15. Comparison of results with preceding quarter**

The consolidated revenue and gross profit for the quarter under review were higher compared to the previous quarter. Gross profit for the Group increased by RM9.1 million from RM18.8 million in the previous quarter to RM27.9 million for the 3-month period ended 31 December 2010. There was also higher other operating income in the quarter under review compared to the previous quarter due to higher write back of provisions. However, for the current quarter ended 31 December 2010, the Group recorded higher operating expenses compared to the last quarter attributable mainly to provisions for impairment loss on available for sale investments. The better gross profit performance of the Group in the current quarter was mainly offset by such higher operating expenses resulting in a consolidated loss after tax of RM2.4 million for the quarter ended 31 December 2010 compared to a consolidated profit after tax of RM3.2 million in the last 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. Taxation**

	<b>3 months ended 31.12.2010 RM'000</b>	<b>Year to date ended 31.12.2010 RM'000</b>
On current quarter/year results		
- Malaysian income tax	(253)	1,123
- Overseas taxation	330	330
Under/(Over) provision in prior year	-	(794)
Transfer (to)/from deferred taxation	409	506
	<u>486</u>	<u>1,165</u>

The effective tax rate of the Group for the financial year under review is lower 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.

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

There were no sales of unquoted investments and / or properties for the current quarter and financial year ended 31 December 2010.

**21. Quoted securities**

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

	<b>3 months ended 31.12.2010</b>		<b>Year to date ended 31.12.2010</b>	
	<b>Held for trading investments RM'000</b>	<b>Available- for-sale investments RM'000</b>	<b>Held for trading investments RM'000</b>	<b>Available- for-sale investments RM'000</b>
Total purchases	42	-	344	-
Total disposals	-	-	612	-
Fair value gain/ (loss) recognised in profit and loss	21	-	188	-
Fair value gain/ (loss) recognised in other comprehensive income	-	807	-	1,932
Gain/ (loss) on disposals	198	-	137	-

## 21. Quoted securities (Continued)

Details of investment in quoted securities by the Group as at 31 December 2010 are as follows :-

	<b>Held for trading investments RM'000</b>	<b>Available- for-sale investments RM'000</b>
- at cost	816	20,289
- at carrying amount	919	11,267
- at market value	919	11,267

## 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 25 (a).

- (b) On 2 February 2011, the Company announced that the Board of Directors of the Company had resolved to seek the approval from its shareholders for the proposed 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 ACE Synergy Insurance Berhad ("ASIB") to ACE INA International Holdings Ltd ("ACE INA") for a total cash consideration of RM117.0 million ("Proposed Disposal").

The legal proceedings in respect of the Proposed Disposal are set out in Note 25 (b).

## 23. Group borrowings

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

	<b>As At 31.12.2010 RM'000</b>	<b>As At 31.12.2009 RM'000</b>
Short term - secured	34,750	36,311
- unsecured	-	-
Long term - secured	54,455	61,130
- unsecured	6,067	5,932
ICULS- liability portion	14,391	16,477
Finance lease payable - Short term	1,539	1,532
- Long term	21,020	20,914
	<u>132,222</u>	<u>142,296</u>

- (b)

	<b>As At 31.12.2010 RM'000</b>	<b>As At 31.12.2009 RM'000</b>
Australian Dollars	6,067	5,932
Sterling Pounds	1,227	1,683
Euro	<u>13,106</u>	<u>16,693</u>

## 24. 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 year.

## 25. 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 had allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's 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 ("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.

Since then, the case was fixed for case management, mention and PTCM on various dates and the last date fixed for further PTCM was on 2 November 2010.

At the hearing on 13 January 2011 for PKNK's application for the determination of points or issues of law for the disposal of the case, the Court was of the view that the Company's claim is time-barred under the Public Authorities Protection Act ("PAPA") or even if not under PAPA, then it is time-barred under the Limitation Act and as such, the Company's claim against PKNK was dismissed with costs.

The Company's solicitors for the litigation are of the view that the learned Judicial Commissioner erred in deciding that the Company's claim is time-barred and a notice of appeal was submitted to the Court of Appeal on 26 January 2011 against the decision given on 13 January 2011.

- (b) Further to the originating summons no. D-24NCC-72-2009 dated 3 November 2009 which was issued on the application of ACE INA (as "Plaintiff") and served on ASC (as "Defendant") on 9 November 2009 ("Originating Summons"), ASC had on 13 September 2010 received a letter dated 9 September 2010 from Bank Negara Malaysia in response to ASC's letter which was submitted pursuant to a Court Order; notifying ASC that the Minister of Finance has approved the proposed disposal by ASC of its 49% equity interest in ASIB to ACE INA pursuant to Section 67 of the Insurance Act 1996 ("Transaction").

Subsequently on 22 September 2010, the Company announced that ASC has received a letter dated 20 September 2010 from the solicitors of ACE INA ("ACE INA Solicitors") notifying ASC that ACE INA has accepted the terms of the Minister of Finance' approval in respect of the aforesaid Transaction. In the said letter, ACE INA Solicitors informed ASC that the relevant sale and purchase agreement must be executed by ASC and the Company within 3 days from the date of the letter, failing which the agreement is deemed to have become effective and binding on ASC and the Company. ACE INA Solicitors also informed ASC that completion of the Transaction shall occur on 28 September 2010.

On 29 November 2010, the Kuala Lumpur High Court granted with costs various orders sought by ACE INA, the effect of which is to compel ASC to perform the aforesaid Transaction ("Court Order"). Subsequently, the Court of Appeal had on 14 February 2011 recorded a consent order to stay the Court Order until the disposal of ASC's appeal against the Court Order at the Court of Appeal on 7 April 2011.

The following are the outstanding legal proceedings of ASC in connection with the Court Order/Transaction:-

- (i) ASC's Application for Leave for Judicial Review and ASC's application to stay the approval of the Minister of Finance for the Transaction which will be heard on 2 March 2011.
- (ii) ASC's appeal against the Court Order which will be heard on 7 April 2011.
- (iii) ASC's motion to the Federal Court (to be heard on 4 April 2011) for an Order that:-
- (a) the Order made by the Federal Court on 8 November 2010 dismissing the ASC's motion in the Federal Court for Leave to Appeal to the Federal Court against the decision of the Court of Appeal made on 9 July 2010 dismissing ASC's Appeal against the Order made in the Originating Summons on 12 May 2010, be set aside; and
- (b) in the alternative, Leave be granted to Appeal against the decision of the Court of Appeal given on 9 July 2010.

## 26. Retained Earnings

	<u>As At</u> <u>31.12.2010</u> RM'000	<u>As At</u> <u>30.09.2010</u> RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised losses	(478,054)	(463,919)
- Unrealised losses	(23,081)	(22,604)
Total retained profits/(accumulated losses) from associates		
- Realised gains	61,824	61,187
- Unrealised losses	(586)	(587)
Total retained profits/(accumulated losses) from jointly controlled		
- Realised losses	(289)	(224)
- Unrealised losses	-	-
	<u>(440,186)</u>	<u>(426,147)</u>
Less: Consolidation adjustments	510,463	499,875
Total group retained profits as per Consolidated financial statements	<u><u>70,278</u></u>	<u><u>73,727</u></u>

## 27. Dividend

As at todate, the decision on the declaration of dividend for the financial year ended 31 December 2010 has yet to be made.

## 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 (RM3,449,000) and RM3,189,000 respectively, divided by the weighted average number of ordinary shares of 482,839,568 and 476,204,623 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended</b>		<b>Year to date ended</b>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	474,028,927	473,378,927	473,378,927	461,908,377
Weighted average number of new ordinary shares arising from ICULS converted todate	8,810,641	-	2,825,696	6,181,795
Weighted average number of ordinary shares	<u>482,839,568</u>	<u>473,378,927</u>	<u>476,204,623</u>	<u>468,090,172</u>
	<b>3 months ended</b>		<b>Year to date ended</b>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Basic earnings/(loss) per share (sen)	<u>(0.71)</u>	<u>4.94</u>	<u>0.67</u>	<u>6.62</u>

### 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 (RM3,175,000) and RM4,538,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 928,932,452 and 928,932,452 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended</b>		<b>Year to date ended</b>	
	<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	(3,449)	23,379	3,189	30,995
Profit impact of assumed conversion- Interest on ICULS	274	364	1,349	1,445
	<u>(3,175)</u>	<u>23,743</u>	<u>4,538</u>	<u>32,440</u>

**28. Earnings/(Loss) per share (Continued)****Weighted average number of ordinary shares (diluted)**

	<b>3 months ended</b>		<b>Year to date ended</b>	
	<b><u>31.12.2010</u></b>	<b><u>31.12.2009</u></b>	<b><u>31.12.2010</u></b>	<b><u>31.12.2009</u></b>
	<b>No. of shares</b>		<b>No. of shares</b>	
Issued ordinary shares at beginning of the year	474,028,927	473,378,927	473,378,927	461,908,377
Weighted average number of new ordinary shares arising from ICULS converted to date	8,810,641	-	2,825,696	6,181,795
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	446,092,883	455,553,525	452,727,829	460,873,706
Weighted average number of ordinary shares	<u>928,932,451</u>	<u>928,932,452</u>	<u>928,932,452</u>	<u>928,963,878</u>

	<b>3 months ended</b>		<b>Year to date ended</b>	
	<b><u>31.12.2010</u></b>	<b><u>31.12.2009</u></b>	<b><u>31.12.2010</u></b>	<b><u>31.12.2009</u></b>
Diluted earnings/(loss) per share (sen)	<u>Anti-dilutive</u>	<u>2.56</u>	<u>0.49</u>	<u>3.49</u>

**29. Status of E-commerce activities**

Not applicable.

**30. Other information**

On 23 July 2010, the Company despatched a notice to the holders of the Warrants 2000/2010 ("Warrants") issued by the Company concerning the expiry date of the Warrants, i.e. at 5.00 p.m. on Friday, 27 August 2010 ("Expiry Date").

On 30 August 2010, the Company announced that none of the 168,896,809 outstanding Warrants had been exercised as at the Expiry Date. The Warrants have been removed from the Official List of Bursa Securities with effect from 9.00 a.m. on Monday, 30 August 2010.

BY ORDER OF THE BOARD  
ADVANCE SYNERGY BERHAD

HO TSAE FENG  
Company Secretary  
25 February 2011