

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

**COMPANY ANNOUNCEMENT**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED**  
**30 JUNE 2010**

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 June 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>Unaudited</u>      |                   | <u>Unaudited</u>    |                   |
|--------------------------------------------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                                                          | <u>3 months ended</u> |                   | <u>Year-to-date</u> |                   |
|                                                                          | <u>30.06.2010</u>     | <u>30.06.2009</u> | <u>30.06.2010</u>   | <u>30.06.2009</u> |
|                                                                          | <u>RM'000</u>         | <u>RM'000</u>     | <u>RM'000</u>       | <u>RM'000</u>     |
| Revenue                                                                  | 50,549                | 50,938            | 104,973             | 104,392           |
| Cost of sales                                                            | <u>(31,323)</u>       | <u>(30,731)</u>   | <u>(63,894)</u>     | <u>(65,715)</u>   |
| Gross profit/(loss)                                                      | 19,226                | 20,207            | 41,079              | 38,677            |
| Other operating income                                                   | 2,449                 | 2,016             | 4,596               | 5,458             |
| Operating expenses                                                       | <u>(22,181)</u>       | <u>(20,386)</u>   | <u>(44,984)</u>     | <u>(43,966)</u>   |
| Profit/(Loss) from operations                                            | (506)                 | 1,837             | 691                 | 169               |
| Finance costs                                                            | (1,995)               | (1,357)           | (3,931)             | (3,546)           |
| Share of results of associates                                           | 3,569                 | (270)             | 9,147               | 11,354            |
| Profit/(Loss) before taxation                                            | 1,068                 | 210               | 5,907               | 7,977             |
| Taxation                                                                 | 222                   | (916)             | (232)               | (1,423)           |
| Net profit/(loss) for the financial period                               | <u>1,290</u>          | <u>(706)</u>      | <u>5,675</u>        | <u>6,554</u>      |
| Attributable to:                                                         |                       |                   |                     |                   |
| Equity holders of the Company                                            | 976                   | (1,627)           | 3,923               | 4,781             |
| Minority interests                                                       | 314                   | 921               | 1,752               | 1,773             |
|                                                                          | <u>1,290</u>          | <u>(706)</u>      | <u>5,675</u>        | <u>6,554</u>      |
| Earnings/(Loss) per share attributable to equity holders of the Company: |                       |                   |                     |                   |
| Basic (sen)                                                              | <u>0.21</u>           | <u>(0.35)</u>     | <u>0.83</u>         | <u>1.03</u>       |
| Diluted (sen)                                                            | <u>0.14</u>           | <u>n/a</u>        | <u>0.50</u>         | <u>0.59</u>       |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|                                                           | <u>Unaudited</u>      |                   | <u>Unaudited</u>    |                   |
|-----------------------------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                                           | <u>3 months ended</u> |                   | <u>Year-to-date</u> |                   |
|                                                           | <u>30.06.2010</u>     | <u>30.06.2009</u> | <u>30.06.2010</u>   | <u>30.06.2009</u> |
|                                                           | RM'000                | RM'000            | RM'000              | RM'000            |
| Net profit/(loss) for the financial period                | 1,290                 | (706)             | 5,675               | 6,554             |
| Other comprehensive income:                               |                       |                   |                     |                   |
| Available-for-sale financial assets' fair value movements | (885)                 | -                 | 482                 | -                 |
| Share of other comprehensive income of associates         | 699                   | -                 | 616                 | -                 |
| Currency translation differences                          | (2,289)               | 969               | (8,596)             | 3,822             |
|                                                           | <u>(2,475)</u>        | <u>969</u>        | <u>(7,498)</u>      | <u>3,822</u>      |
| Other comprehensive income/(loss) for the period          |                       |                   |                     |                   |
| Total comprehensive income/(loss) for the period          | <u>(1,185)</u>        | <u>263</u>        | <u>(1,823)</u>      | <u>10,376</u>     |
| Attributable to:                                          |                       |                   |                     |                   |
| Equity holders of the Company                             | (1,689)               | (457)             | (3,099)             | 9,056             |
| Minority interests                                        | 504                   | 720               | 1,276               | 1,320             |
|                                                           | <u>(1,185)</u>        | <u>263</u>        | <u>(1,823)</u>      | <u>10,376</u>     |
| Total comprehensive income/(loss) for the period          |                       |                   |                     |                   |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|                                                             | Unaudited<br>As at<br><b>30.06.2010</b> | Audited<br>As at<br><b>31.12.2009</b><br><b>(Restated*)</b> |
|-------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|
|                                                             | RM'000                                  | RM'000                                                      |
| <b>ASSETS</b>                                               |                                         |                                                             |
| <b><u>Non-current assets</u></b>                            |                                         |                                                             |
| Property, plant and equipment                               | 213,632                                 | 222,207                                                     |
| Investment in associates                                    | 135,552                                 | 130,268                                                     |
| Available-for-sale investments                              | 58,497                                  | -                                                           |
| Other investments                                           | -                                       | 58,015                                                      |
| Goodwill on consolidation                                   | 59,423                                  | 59,423                                                      |
| Intangible assets                                           | 7,297                                   | 5,914                                                       |
| Loans and receivables                                       | 6,476                                   | 6,969                                                       |
| Deferred tax assets                                         | 3,216                                   | 3,324                                                       |
|                                                             | 484,093                                 | 486,120                                                     |
| <b><u>Current assets</u></b>                                |                                         |                                                             |
| Property development costs                                  | 21,464                                  | 22,310                                                      |
| Progress billings                                           | 2,466                                   | 676                                                         |
| Inventories                                                 | 32,238                                  | 35,328                                                      |
| Loans and receivables                                       | 35,973                                  | 55,152                                                      |
| Tax recoverable                                             | 1,474                                   | 1,342                                                       |
| Held for trading investments                                | 806                                     | -                                                           |
| Marketable securities                                       | -                                       | 1,144                                                       |
| Short term deposits                                         | 54,132                                  | 53,055                                                      |
| Cash and bank balances                                      | 59,668                                  | 50,027                                                      |
|                                                             | 208,221                                 | 219,034                                                     |
| Non-current assets held for sale                            | -                                       | -                                                           |
| <b>TOTAL ASSETS</b>                                         | <b>692,314</b>                          | <b>705,154</b>                                              |
| <b>EQUITY AND LIABILITIES</b>                               |                                         |                                                             |
| <b>Equity attributable to equity holders of the Company</b> |                                         |                                                             |
| Share capital                                               | 142,208                                 | 142,014                                                     |
| Irredeemable Convertible Unsecured Loan                     |                                         |                                                             |
| Stocks ("ICULS") - equity component                         | 119,038                                 | 119,208                                                     |
| Reserves                                                    | 201,040                                 | 202,824                                                     |
|                                                             | 462,286                                 | 464,046                                                     |
| <b>Minority interests</b>                                   | <b>28,600</b>                           | <b>27,422</b>                                               |
| <b>Total equity</b>                                         | <b>490,886</b>                          | <b>491,468</b>                                              |
| <b><u>Non-current liabilities</u></b>                       |                                         |                                                             |
| Term loans                                                  | 60,974                                  | 66,934                                                      |
| Irredeemable Convertible Unsecured Loan                     |                                         |                                                             |
| Stocks ("ICULS") - liability component                      | 15,730                                  | 16,477                                                      |
| Finance lease payable                                       | 20,914                                  | 20,914                                                      |
| Hire purchase payables                                      | 64                                      | 128                                                         |
| Deferred tax liabilities                                    | 2,866                                   | 2,881                                                       |
| Retirement benefits                                         | 655                                     | 629                                                         |
|                                                             | 101,203                                 | 107,963                                                     |
| <b><u>Current liabilities</u></b>                           |                                         |                                                             |
| Payables                                                    | 62,991                                  | 66,777                                                      |
| Bank overdrafts                                             | 181                                     | 184                                                         |
| Short term borrowings                                       | 36,420                                  | 37,659                                                      |
| Taxation                                                    | 633                                     | 1,103                                                       |
|                                                             | 100,225                                 | 105,723                                                     |
| <b>Total Liabilities</b>                                    | <b>201,428</b>                          | <b>213,686</b>                                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>692,314</b>                          | <b>705,154</b>                                              |

\* Refer to Note 2

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 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 |        |                    |              | Retained Profits/ (Accumulated Losses) |
|                                                                  |                                                   |                         |               | Revaluation Reserve   | Exchange Translation Reserve |                            |        |                    |              |                                        |
|                                                                  | 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 period                       | -                                                 | -                       | -             | -                     | -                            | -                          | 3,923  | 3,923              | 1,752        | 5,675                                  |
| Other comprehensive income/(loss)                                | -                                                 | -                       | -             | (4)                   | (8,116)                      | 1,098                      | -      | (7,022)            | (476)        | (7,498)                                |
| Total comprehensive income/(loss) for the period                 | -                                                 | -                       | -             | (4)                   | (8,116)                      | 1,098                      | 3,923  | (3,099)            | 1,276        | (1,823)                                |
| <b>Transactions with owners in their capacity as owners:</b>     |                                                   |                         |               |                       |                              |                            |        |                    |              |                                        |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 194                                               | (170)                   | -             | -                     | -                            | -                          | -      | 24                 | -            | 24                                     |
|                                                                  | 194                                               | (170)                   | -             | -                     | -                            | -                          | -      | 24                 | -            | 24                                     |
| Dividend paid to minority interest of a subsidiary               | -                                                 | -                       | -             | -                     | -                            | -                          | -      | -                  | (98)         | (98)                                   |
| Balance as at 30 June 2010                                       | 142,208                                           | 119,038                 | 117,317       | 12,587                | (2,254)                      | 2,378                      | 71,012 | 462,286            | 28,600       | 490,886                                |

FOR THE PERIOD ENDED 30 JUNE 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 |        |                    |              | Retained Profits/ (Accumulated Losses) |
|                                                                  |                                                   |                         |               | Revaluation Reserve   | Exchange Translation Reserve |                            |        |                    |              |                                        |
|                                                                  | 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 period                       | -                                                 | -                       | -             | -                     | -                            | -                          | 4,781  | 4,781              | 1,773        | 6,554                                  |
| Other comprehensive income/(loss)                                | -                                                 | -                       | -             | 1                     | 4,274                        | -                          | -      | 4,275              | (453)        | 3,822                                  |
| Total comprehensive income/(loss) for the period                 | -                                                 | -                       | -             | 1                     | 4,274                        | -                          | 4,781  | 9,056              | 1,320        | 10,376                                 |
| <b>Transactions with owners in their capacity as owners:</b>     |                                                   |                         |               |                       |                              |                            |        |                    |              |                                        |
| Issue of new ordinary shares pursuant to the conversion of ICULS | 3,441                                             | (3,002)                 | -             | -                     | -                            | -                          | -      | 439                | -            | 439                                    |
| Acquisition of additional interest from minority shareholders    | -                                                 | -                       | -             | -                     | -                            | -                          | 8,721  | 8,721              | (11,066)     | (2,345)                                |
|                                                                  | 3,441                                             | (3,002)                 | -             | -                     | -                            | -                          | 8,721  | 9,160              | (11,066)     | (1,906)                                |
| Balance as at 30 June 2009                                       | 142,013                                           | 119,208                 | 117,317       | 12,726                | 7,496                        | -                          | 27,484 | 426,244            | 42,989       | 469,233                                |

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2010**

|                                                                                                  | <b>Unaudited<br/>6 months ended<br/>30.06.2010<br/>RM'000</b> | <b>Unaudited<br/>6 months ended<br/>30.06.2009<br/>RM'000</b> |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| <b>Operating Activities</b>                                                                      |                                                               |                                                               |
| Profit/(Loss) before taxation                                                                    | 5,907                                                         | 7,977                                                         |
| Adjustments for :-                                                                               |                                                               |                                                               |
| Depreciation                                                                                     | 4,400                                                         | 5,166                                                         |
| Other investing and financing items and non-cash items                                           | (2,908)                                                       | (9,186)                                                       |
| Operating profit/(loss) before working capital changes                                           | <u>7,399</u>                                                  | <u>3,957</u>                                                  |
| Net changes in working capital                                                                   |                                                               |                                                               |
| (Increase)/Decrease in current assets                                                            | 20,707                                                        | 16,436                                                        |
| Increase/(Decrease) in current liabilities                                                       | (2,400)                                                       | (19,944)                                                      |
| Cash generated from/(used in) operating activities                                               | <u>25,706</u>                                                 | <u>449</u>                                                    |
| Tax paid                                                                                         | (822)                                                         | (1,589)                                                       |
| <b>Net cash from/(used in) operating activities</b>                                              | <u><u>24,884</u></u>                                          | <u><u>(1,140)</u></u>                                         |
| <b>Investing Activities</b>                                                                      |                                                               |                                                               |
| (Increase)/ Decrease in equity investments                                                       | 3,800                                                         | 6,686                                                         |
| (Increase)/ Decrease in property, plant and equipment                                            | (5,730)                                                       | (6,646)                                                       |
| (Increase)/ Decrease in other investments                                                        | (501)                                                         | (193)                                                         |
| <b>Net cash from/(used in) investing activities</b>                                              | <u><u>(2,431)</u></u>                                         | <u><u>(153)</u></u>                                           |
| <b>Financing Activities</b>                                                                      |                                                               |                                                               |
| Net drawdown/(repayment) of borrowings                                                           | (3,521)                                                       | 270                                                           |
| Other payments                                                                                   | (6,136)                                                       | (3,546)                                                       |
| <b>Net cash from/(used in) financing activities</b>                                              | <u><u>(9,657)</u></u>                                         | <u><u>(3,276)</u></u>                                         |
| Effect of exchange rate changes                                                                  | 679                                                           | 9,912                                                         |
| <b>Net increase in cash and cash equivalents</b>                                                 | <u>13,475</u>                                                 | <u>5,343</u>                                                  |
| <b>Cash and cash equivalents as at beginning of financial period</b>                             |                                                               |                                                               |
| As previously reported                                                                           | <u>77,967</u>                                                 | <u>71,130</u>                                                 |
| Effect of exchange rate changes                                                                  | <u>(3,764)</u>                                                | <u>(1,619)</u>                                                |
| As restated                                                                                      | 74,203                                                        | 69,511                                                        |
| <b>Cash and cash equivalents as at end of financial period *</b>                                 | <u><u>87,678</u></u>                                          | <u><u>74,854</u></u>                                          |
| <b>* Cash and cash equivalents at the end of the financial period comprising the following :</b> |                                                               |                                                               |
| Short term deposits                                                                              | 54,132                                                        | 57,989                                                        |
| Cash and bank balances                                                                           | 59,668                                                        | 42,176                                                        |
| Bank overdrafts                                                                                  | (181)                                                         | (800)                                                         |
|                                                                                                  | <u>113,619</u>                                                | <u>99,365</u>                                                 |
| Less : Deposits placed with lease creditors as security deposit for lease payments               | <u>(17,646)</u>                                               | <u>(17,163)</u>                                               |
| Deposits pledged to licensed banks                                                               | <u>(8,295)</u>                                                | <u>(7,348)</u>                                                |
|                                                                                                  | <u>(25,941)</u>                                               | <u>(24,511)</u>                                               |
|                                                                                                  | <u><u>87,678</u></u>                                          | <u><u>74,854</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<br>RM'000 | Effect of FRS 117<br>RM'000 | As restated<br>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<br>RM'000 | Effect of FRS 139<br>RM'000 | As restated<br>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 period ended 30 June 2010 were not materially affected by any seasonal or cyclical

## 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 period under review.

## 7 Debt and equity securities

For the six-month period ended 30 June 2010, a total of 1,300,000 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 650,000 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.

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 period ended 30 June 2010.

## 8 Dividends paid

There was no payment of any dividend during the financial period ended 30 June 2010.



## 9. Segmental Information

For the six-month period ended 30 June 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                                   | 365                | 8,015                | 35,826           | 18,501                                  | 1,057                 | 31,181         | 10,028        | -            | 104,973        |
| Inter-segment                              | 587                | 37                   | -                | -                                       | -                     | 284            | -             | (908)        | -              |
| <b>Total revenue</b>                       | <b>952</b>         | <b>8,052</b>         | <b>35,826</b>    | <b>18,501</b>                           | <b>1,057</b>          | <b>31,465</b>  | <b>10,028</b> | <b>(908)</b> | <b>104,973</b> |
| <b>Results</b>                             |                    |                      |                  |                                         |                       |                |               |              |                |
| Segment results                            | (6,167)            | 558                  | 3,667            | 1,462                                   | (2,051)               | 381            | (2,741)       | 1,651        | (3,240)        |
| Share of results of associates             | 7,747              | -                    | -                | 1,400                                   | -                     | -              | -             | -            | 9,147          |
| Consolidated profit/(loss) before taxation | 1,580              | 558                  | 3,667            | 2,862                                   | (2,051)               | 381            | (2,741)       | 1,651        | 5,907          |
| Taxation                                   |                    |                      |                  |                                         |                       |                |               |              | (232)          |
| Consolidated profit/(loss) after taxation  |                    |                      |                  |                                         |                       |                |               |              | 5,675          |
| Minority interests                         |                    |                      |                  |                                         |                       |                |               |              | (1,752)        |
| Net profit/(loss) for the financial period |                    |                      |                  |                                         |                       |                |               |              | 3,923          |

|                                               | 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                                | 89,779             | 60,863               | 219,224          | 131,047                                 | 13,480                | 11,947         | 25,732 | -            | 552,072 |
| Investment in associates                      | 133,578            | -                    | -                | 1,974                                   | -                     | -              | -      | -            | 135,552 |
| Unallocated corporate assets                  |                    |                      |                  |                                         |                       |                |        |              | 4,690   |
| Total assets                                  |                    |                      |                  |                                         |                       |                |        |              | 692,314 |
| Segment liabilities                           | 53,195             | 8,602                | 96,768           | 12,863                                  | 4,360                 | 4,272          | 17,869 | -            | 197,929 |
| Unallocated corporate liabilities             |                    |                      |                  |                                         |                       |                |        |              | 3,499   |
| Total liabilities                             |                    |                      |                  |                                         |                       |                |        |              | 201,428 |
| Capital expenditure                           | 848                | 1                    | 2,280            | 2,333                                   | 114                   | 248            | 199    | -            | 6,023   |
| Depreciation                                  | 237                | 46                   | 2,446            | 686                                     | 108                   | 86             | 95     | -            | 3,704   |
| Impairment loss on:                           |                    |                      |                  |                                         |                       |                |        |              |         |
| - property, plant and equipment               | -                  | -                    | -                | 274                                     | -                     | -              | -      | -            | 274     |
| - investment in associates                    | 1,954              | -                    | -                | -                                       | -                     | -              | -      | -            | 1,954   |
| Fair value gain recognised in profit and loss |                    |                      |                  |                                         |                       |                |        |              |         |
| - held for trading investments                | 90                 | -                    | (6)              | -                                       | -                     | -              | -      | -            | 84      |
| Amortisation of intangible assets             | -                  | -                    | -                | 696                                     | -                     | -              | -      | -            | 696     |
| Other non cash expenses                       | 23                 | 1                    | 82               | 2                                       | -                     | 75             | 7      | -            | 190     |

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 six-month period ended 30 June 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                                   | 149                | 9,369                | 34,845           | 20,700                                  | 6,151                                             | 26,258         | 6,920        | -            | 104,392        |
| Inter-segment                              | 560                | 34                   | -                | -                                       | -                                                 | 381            | 22           | (997)        | -              |
| <b>Total revenue</b>                       | <b>709</b>         | <b>9,403</b>         | <b>34,845</b>    | <b>20,700</b>                           | <b>6,151</b>                                      | <b>26,639</b>  | <b>6,942</b> | <b>(997)</b> | <b>104,392</b> |
| <b>Results</b>                             |                    |                      |                  |                                         |                                                   |                |              |              |                |
| Segment results                            | (16,081)           | 634                  | 3,483            | 2,482                                   | (2,024)                                           | 670            | (3,842)      | 11,301       | (3,377)        |
| Share of results of associates             | 9,882              | -                    | -                | 1,472                                   | -                                                 | -              | -            | -            | 11,354         |
| Consolidated profit/(loss) before taxation | (6,199)            | 634                  | 3,483            | 3,954                                   | (2,024)                                           | 670            | (3,842)      | 11,301       | 7,977          |
| Taxation                                   |                    |                      |                  |                                         |                                                   |                |              |              | (1,423)        |
| Consolidated profit/(loss) after taxation  |                    |                      |                  |                                         |                                                   |                |              |              | 6,554          |
| Minority interests                         |                    |                      |                  |                                         |                                                   |                |              |              | (1,773)        |
| Net profit/(loss) for the financial period |                    |                      |                  |                                         |                                                   |                |              |              | 4,781          |

|                                   | 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                    | 92,983             | 66,984               | 217,943          | 124,488                                 | 13,480                                            | 11,388         | 23,914 | -            | 551,180 |
| Investment in associates          | 101,935            | -                    | -                | 2,232                                   | -                                                 | -              | -      | -            | 104,167 |
| Unallocated corporate assets      |                    |                      |                  |                                         |                                                   |                |        |              | 4,166   |
| Total assets                      |                    |                      |                  |                                         |                                                   |                |        |              | 659,513 |
| Segment liabilities               | 49,042             | 8,828                | 91,984           | 12,001                                  | 4,361                                             | 3,395          | 17,205 | -            | 186,816 |
| Unallocated corporate liabilities |                    |                      |                  |                                         |                                                   |                |        |              | 3,464   |
| Total liabilities                 |                    |                      |                  |                                         |                                                   |                |        |              | 190,280 |
| Capital expenditure               | 1,228              | 1                    | 852              | 6,299                                   | 74                                                | 143            | 89     | -            | 8,686   |
| Depreciation                      | 159                | 55                   | 2,330            | 1,290                                   | 455                                               | 66             | 268    | -            | 4,623   |
| Impairment loss on:               |                    |                      |                  |                                         |                                                   |                |        |              |         |
| - investment in associates        | 3,223              | -                    | -                | -                                       | -                                                 | -              | -      | -            | 3,223   |
| Write back of impairment loss on: |                    |                      |                  |                                         |                                                   |                |        |              |         |
| - available for sale investments  | 1,366              | -                    | -                | -                                       | -                                                 | -              | -      | -            | 1,366   |
| - held for trading investments    | 356                | -                    | -                | -                                       | -                                                 | -              | -      | -            | 356     |
| - inventories                     | -                  | -                    | -                | 2                                       | 554                                               | -              | -      | -            | 556     |
| Amortisation of intangible assets | -                  | -                    | -                | 543                                     | -                                                 | -              | -      | -            | 543     |
| Other non cash expenses           | 3                  | -                    | 65               | 1                                       | -                                                 | -              | -      | -            | 69      |

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**

- (a) 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.
- (b) 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
- (c) On 23 July 2010, the Company despatched a notice to its Warranholders on the expiry and last date for exercise of Warrants 2000/2010 ("Warrants"). The Warrants will expire at 5.00 p.m. on Friday, 27 August 2010.

As at 24 August 2010, there were 168,896,809 outstanding Warrants.

Apart from the above, there were no events subsequent to the balance sheet date.

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

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.

Other than the above, there were no other 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 balance sheet as at 31 December 2009.

#### **14 Review of performance**

The revenue for the Group for the six-month period ended 30 June 2010 was RM104.97 million. This is a marginal improvement of RM0.58 million from the Group revenue of RM104.39 million for the same period last year as the improved revenue primarily from the hotels and resorts and travel and tours divisions for this period was partly offset by the decline in revenue from the information and communication technology, property development and coach building divisions. With the diverse results from the various divisions, the profit from operations (before finance costs and share of associated companies' results) show a small increase from RM0.2 million for the six-month period ended 30 June 2009 to RM0.7 million for the first half of this year. The contribution from associated companies of RM9.1 million for this period ended 30 June 2010 was lower compared to the same period last year of RM11.4 million as the results last year comprised a net positive effect arising from a one-off gain from sale of certain assets and liabilities by an associated company. Overall, the Group recorded a lower profit after taxation of RM5.7 million for the six-month period ended 30 June 2010 compared to the corresponding six-month period ended 30 June 2009 of RM6.6 million.

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

The Group recorded a profit after taxation of RM1.3 million for the current quarter ended 30 June 2010 compared to the preceding quarter ended 31 March 2010 of RM4.4 million. The lower profit was mainly due to higher impairment loss on investment in associated companies and lower contribution from associated companies, and hotels and resorts and information and communications technology divisions.

#### **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<br/>ended<br/>30.06.2010<br/>RM'000</b> | <b>Year<br/>to date ended<br/>30.06.2010<br/>RM'000</b> |
|--------------------------------------|-----------------------------------------------------|---------------------------------------------------------|
| On current quarter/period's results  |                                                     |                                                         |
| - Malaysian income tax               | 497                                                 | 917                                                     |
| - Overseas taxation                  | 109                                                 | 109                                                     |
| Over provision in prior year         | (859)                                               | (859)                                                   |
| Transfer (to)/from deferred taxation | 31                                                  | 65                                                      |
|                                      | <u>(222)</u>                                        | <u>232</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 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 period ended 30 June 2010.

## 21 Quoted securities

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

|                                                                  | <b>3 months ended 30.06.2010</b>                   | <b>Year to date ended 30.6.2010</b>                       |                                                    |                                                           |
|------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|
|                                                                  | <b>Held for trading<br/>investments<br/>RM'000</b> | <b>Available-<br/>for-sale<br/>investments<br/>RM'000</b> | <b>Held for trading<br/>investments<br/>RM'000</b> | <b>Available-<br/>for-sale<br/>investments<br/>RM'000</b> |
| Total purchases                                                  | 60                                                 | -                                                         | 242                                                | -                                                         |
| Total disposals                                                  | 58                                                 | -                                                         | 624                                                | -                                                         |
| Fair value gain/ (loss) recognised in profit and loss            | (33)                                               | -                                                         | 84                                                 | -                                                         |
| Fair value gain/ (loss) recognised in other comprehensive income | -                                                  | (885)                                                     | -                                                  | 482                                                       |
| Gain/ (loss) on disposals                                        | (2)                                                | -                                                         | (69)                                               | -                                                         |

Details of investment in quoted securities by the Group as at 30 June 2010 are as follows :-

|                      | <b>Held for trading<br/>investments<br/>RM'000</b> | <b>Available-<br/>for-sale<br/>investments<br/>RM'000</b> |
|----------------------|----------------------------------------------------|-----------------------------------------------------------|
| - at cost            | 715                                                | 20,289                                                    |
| - at carrying amount | 736                                                | 9,817                                                     |
| - at market value    | 736                                                | 9,817                                                     |

## 22 Status of corporate proposals

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).

## 23 Group borrowings

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

|                                    | <u>As At</u><br><u>30.06.2010</u><br>RM'000 | <u>As At</u><br><u>31.12.2009</u><br>RM'000 |
|------------------------------------|---------------------------------------------|---------------------------------------------|
| Short term - secured               | 35,069                                      | 36,311                                      |
| - unsecured                        | -                                           | -                                           |
| Long term - secured                | 55,573                                      | 61,130                                      |
| - unsecured                        | 5,465                                       | 5,932                                       |
| ICULS- liability portion           | 15,730                                      | 16,477                                      |
| Finance lease payable - Short term | 1,532                                       | 1,532                                       |
| - Long term                        | 20,914                                      | 20,914                                      |
|                                    | <u>134,283</u>                              | <u>142,296</u>                              |

(b)

|                    | <u>As At</u><br><u>30.06.2010</u><br>RM'000 | <u>As At</u><br><u>31.12.2009</u><br>RM'000 |
|--------------------|---------------------------------------------|---------------------------------------------|
| Australian Dollars | 5,465                                       | 5,932                                       |
| Sterling Pounds    | 1,388                                       | 1,683                                       |
| Euro               | <u>13,080</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 interim financial period.

## 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 ("PTCM") 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 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 2 November 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.

(b) The Company had released announcements on 10 November 2009, 12 November 2009 and 13 May 2010 as well as updates via quarterly results on 24 February 2010 and 25 May 2010 concerning the 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").

On 9 July 2010, the Court of Appeal has dismissed the Arbitration Appeal (i.e. ASC's application to stay further proceedings in the Originating Summons pending disposal of its appeal to the Court of Appeal against the dismissal by the Court of Appeal of its application to stay proceedings to refer the dispute to arbitration).

An Application for Leave to Appeal to the Federal Court has been filed on 6 August 2010 against the aforesaid decision of the Court of Appeal. The Application for Leave of Appeal is fixed for case management on 19 August 2010.

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

**26 Dividend**

The Directors do not recommend the payment of any dividend for the financial period ended 30 June 2010.

**27 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 RM976,000 and RM3,923,000 respectively, divided by the weighted average number of ordinary shares of 474,028,927 and 473,938,043 for the current quarter and current year-to-date respectively as follows:

|                                                                                     | 3 months ended     |                    | Year to date ended |                    |
|-------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                     | <u>30.06.2010</u>  | <u>30.06.2009</u>  | <u>30.06.2010</u>  | <u>30.06.2009</u>  |
|                                                                                     | No. of shares      |                    | No. of shares      |                    |
| Issued ordinary shares at beginning of the period                                   | 474,028,927        | 461,908,377        | 473,378,927        | 461,908,377        |
| Weighted average number of new ordinary shares arising from ICULS converted to date | -                  | 1,601,913          | 559,116            | 805,382            |
| Weighted average number of ordinary shares                                          | <u>474,028,927</u> | <u>463,510,290</u> | <u>473,938,043</u> | <u>462,713,759</u> |
|                                                                                     |                    |                    |                    |                    |
|                                                                                     | 3 months ended     |                    | Year to date ended |                    |
|                                                                                     | <u>30.06.2010</u>  | <u>30.06.2009</u>  | <u>30.06.2010</u>  | <u>30.06.2009</u>  |
| Basic earnings/(loss) per share (sen)                                               | <u>0.21</u>        | <u>(0.35)</u>      | <u>0.83</u>        | <u>1.03</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 RM1,327,000 and RM4,650,000 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:

|                                                        | 3 months ended    |                   | Year to date ended |                   |
|--------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                        | <u>30.06.2010</u> | <u>30.06.2009</u> | <u>30.06.2010</u>  | <u>30.06.2009</u> |
|                                                        | RM'000            |                   | RM'000             |                   |
| Net profit/(loss) attributable to equity holders       | 976               | (1,627)           | 3,923              | 4,781             |
| Profit impact of assumed conversion- Interest on ICULS | <u>351</u>        | <u>337</u>        | <u>727</u>         | <u>704</u>        |
|                                                        | <u>1,327</u>      | <u>(1,290)</u>    | <u>4,650</u>       | <u>5,485</u>      |

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

|                                                                                           | 3 months ended     |                    | Year to date ended |                    |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                           | <u>30.06.2010</u>  | <u>30.06.2009</u>  | <u>30.06.2010</u>  | <u>30.06.2009</u>  |
|                                                                                           | No. of shares      |                    | No. of shares      |                    |
| Issued ordinary shares at beginning of the period                                         | 474,028,927        | 461,908,377        | 473,378,927        | 461,908,377        |
| Weighted average number of new ordinary shares arising from ICULS converted to date       | -                  | 1,601,913          | 559,116            | 805,382            |
| Weighted average number of new ordinary shares assuming conversion of the remaining ICULS | 454,903,525        | 465,548,212        | 454,994,409        | 466,282,066        |
| Weighted average number of ordinary shares                                                | <u>928,932,452</u> | <u>929,058,502</u> | <u>928,932,452</u> | <u>928,995,825</u> |
|                                                                                           |                    |                    |                    |                    |
|                                                                                           | 3 months ended     |                    | Year to date ended |                    |
|                                                                                           | <u>30.06.2010</u>  | <u>30.06.2009</u>  | <u>30.06.2010</u>  | <u>30.06.2009</u>  |
| Diluted earnings/(loss) per share (sen)                                                   | <u>0.14</u>        | <u>n/a</u>         | <u>0.50</u>        | <u>0.59</u>        |

**28 Status of E-commerce activities**  
Not applicable.

BY ORDER OF THE BOARD  
**ADVANCE SYNERGY BERHAD**

HO TSAE FENG  
Company Secretary  
25 August 2010