

ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE THREE MONTHS ENDED
31 MARCH 2008

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the three months ended 31 March 2008.

This interim report is prepared in accordance with Financial Reporting Standards (“FRS”) No. 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2007.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Unaudited</u>		<u>Unaudited</u>	
	<u>3 months ended</u>		<u>Year to date</u>	
	<u>31.3.2008</u>	<u>31.3.2007</u>	<u>31.3.2008</u>	<u>31.3.2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	50,070	48,432	50,070	48,432
Cost of sales	<u>(28,552)</u>	<u>(30,949)</u>	<u>(28,552)</u>	<u>(30,949)</u>
Gross profit	21,518	17,483	21,518	17,483
Other operating income	2,593	1,720	2,593	1,720
Operating expenses	<u>(24,384)</u>	<u>(22,263)</u>	<u>(24,384)</u>	<u>(22,263)</u>
Loss from operations	(273)	(3,060)	(273)	(3,060)
Finance costs	(2,314)	(2,939)	(2,314)	(2,939)
Share of results of associated companies	<u>5,127</u>	<u>2,689</u>	<u>5,127</u>	<u>2,689</u>
Profit/(Loss) before taxation	2,540	(3,310)	2,540	(3,310)
Taxation	<u>(630)</u>	<u>(1,481)</u>	<u>(630)</u>	<u>(1,481)</u>
Net profit/(loss) for the financial year	<u>1,910</u>	<u>(4,791)</u>	<u>1,910</u>	<u>(4,791)</u>
Attributable to:				
Equity holders of the Company	1,036	(2,827)	1,036	(2,827)
Minority interests	874	(1,964)	874	(1,964)
	<u>1,910</u>	<u>(4,791)</u>	<u>1,910</u>	<u>(4,791)</u>
Profit/(Loss) per share attributable to equity holders of the Company				
(i) Basic (sen)	<u>0.27</u>	<u>(0.84)</u>	<u>0.27</u>	<u>(0.84)</u>
(ii) Fully diluted (sen)	<u>0.15</u>	<u>N/A</u>	<u>0.15</u>	<u>N/A</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at <u>31.3.2008</u> RM'000	Audited As at <u>31.12.2007</u> RM'000
ASSETS		
<u>Non current assets</u>		
Property, plant and equipment	211,592	215,501
Prepaid lease payment	979	984
Investment in associated companies	74,700	73,132
Investment securities	61,179	62,224
Goodwill on consolidation	103,541	103,541
Intangible assets	2,557	2,982
Receivables	3,088	3,035
Deferred tax assets	3,385	1,595
	461,021	462,994
<u>Current assets</u>		
Property development costs	20,528	34,201
Progress billings	3,359	3,441
Inventories	39,445	24,633
Receivables	91,749	90,638
Tax recoverable	3,757	4,040
Marketable securities	1,667	2,019
Short term deposits	58,939	35,533
Cash and bank balances	34,129	27,174
	253,573	221,679
Non-current assets held for sale	741	741
TOTAL ASSETS	<u>715,335</u>	<u>685,414</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	138,440	337,794
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	122,324	-
Reserves	117,413	(19,380)
	378,177	318,414
Minority interests	141,830	140,836
Total equity	520,007	459,250
<u>Non current liabilities</u>		
Term loans	65,573	67,578
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - liability portion	19,700	-
Finance lease creditor	20,643	20,643
Hire purchase creditors	616	742
Deferred tax liabilities	3,240	3,396
Retirement benefits	429	412
Deferred income	29	30
	110,230	92,801
<u>Current liabilities</u>		
Payables	70,218	76,881
Bank overdrafts	931	600
Short term borrowings	13,051	54,736
Taxation	898	1,146
	85,098	133,363
Total Liabilities	195,328	226,164
TOTAL EQUITY AND LIABILITIES	<u>715,335</u>	<u>685,414</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2008

	← Attributable to equity holders of the Company →										
	Share Capital	ICULS-Equity portion	← Non-distributable →					Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Capital Reserve	Revaluation Reserve	Exchange Fluctuation Reserve	Reserve on Consolidation				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2007	337,794	-	430,437	-	12,721	6,006	-	(468,544)	318,414	140,836	459,250
Translation gain/(loss)	-	-	-	-	(3)	(3,774)	-	-	(3,777)	120	(3,657)
Par value reduction	(236,456)	-	-	-	-	-	-	236,456	-	-	-
Share premium reduction	-	-	(216,122)	-	-	-	-	216,122	-	-	-
Issue of new ICULS	-	154,688	(94,582)	-	-	-	-	-	60,106	-	60,106
Issue of new ordinary shares pursuant to the conversion of ICULS	37,102	(32,364)	-	-	-	-	-	-	4,738	-	4,738
Expenses incurred in connection with issue of Rght issue	-	-	(2,340)	-	-	-	-	-	(2,340)	-	(2,340)
Net gain/(loss) recognised in equity statements	(199,354)	122,324	(313,044)	-	(3)	(3,774)	-	452,578	58,727	120	58,847
Net profit for the financial period	-	-	-	-	-	-	-	1,036	1,036	874	1,910
Balance as at 31 March 2008	138,440	122,324	117,393	-	12,718	2,232	-	(14,930)	378,177	141,830	520,007

FOR THE PERIOD ENDED 31 MARCH 2007

	← Attributable to equity holders of the Company →										
	Share Capital	ICULS-Equity portion	← Non-distributable →					Accumulated Losses	Total	Minority Interests	Total Equity
			Share Premium	Capital Reserve	Revaluation Reserve	Exchange Fluctuation Reserve	Reserve on Consolidation				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 31 December 2006	337,794	-	430,437	-	43,436	(1,250)	-	(461,194)	349,223	144,653	493,876
Prior year's adjustment	-	-	-	-	(30,711)	-	-	6,865	(23,846)	(114)	(23,960)
31 December 2006 (Restated)	337,794	-	430,437	-	12,725	(1,250)	-	(454,329)	325,377	144,539	469,916
Translation gain/(loss)	-	-	-	-	-	1,395	-	-	1,395	(87)	1,308
Net gain/(loss) recognised in equity statements	-	-	-	-	-	1,395	-	-	1,395	(87)	1,308
Net loss for the financial period	-	-	-	-	-	-	-	(2,827)	(2,827)	(1,964)	(4,791)
Balance as at 31 March 2007	337,794	-	430,437	-	12,725	145	-	(457,156)	323,945	142,488	466,433

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2008**

	Unaudited 3 months ended <u>31.3.2008</u> RM'000	Unaudited 3 months ended <u>31.3.2007</u> RM'000
Operating Activities		
Profit/(Loss) before taxation	2,540	(3,310)
Adjustments for :-		
Depreciation / Amortisation	3,930	5,013
Other investing and financing items and non-cash items	(1,815)	540
Operating profit before working capital changes	<u>4,655</u>	<u>2,243</u>
Net changes in working capital		
(Increase)/Decrease in current assets	(4,597)	15,915
Decrease in current liabilities	(6,664)	(3,679)
Cash (used in)/generated from operating activities	<u>(6,606)</u>	<u>14,479</u>
Taxes (paid)/refunded	(750)	5,786
Net cash (used in)/from operating activities	<u>(7,356)</u>	<u>20,265</u>
Investing Activities		
Equity investments	2,842	17
Property, plant and equipment	(615)	(5,869)
Other investments	498	314
Net cash from/(used in) investing activities	<u>2,725</u>	<u>(5,538)</u>
Financing Activities		
Dividend paid	-	(6)
Proceeds from issuance of ICULS	82,759	-
Repayment of borrowings	(43,497)	(3,088)
Other payments	(2,314)	(2,939)
Net cash from/(used in) financing activities	<u>36,948</u>	<u>(6,033)</u>
Effect of exchange rate changes	(2,412)	2,408
Net increase in cash and cash equivalents	<u>29,905</u>	<u>11,102</u>
Cash and cash equivalents as at beginning of financial year		
As previously reported	<u>39,531</u>	<u>24,568</u>
Effect of exchange rate changes	125	(152)
As restated	39,656	24,416
Cash and cash equivalents as at end of financial year *	<u>69,561</u>	<u>35,518</u>
* Cash and cash equivalents at the end of the financial period comprising the following :		
Short term deposits	58,939	30,428
Cash and bank balances	34,129	29,540
Bank overdrafts	(931)	(930)
	<u>92,137</u>	<u>59,038</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	<u>(16,050)</u>	<u>(15,301)</u>
Deposits pledged to licensed banks	(6,526)	(8,219)
	<u>(22,576)</u>	<u>(23,520)</u>
	<u>69,561</u>	<u>35,518</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 Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

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 2007 except for the following new/revised FRS in Malaysia which were issued on 1 July 2007 and adopted by the Group and the Company, where applicable, effective for the financial period beginning 1 January 2008 :

FRS 107 : Cash Flow Statements
FRS 111 : Construction Costs
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Statements
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above new and revised FRS have no significant impact on the financial statements of the Group and the Company.

2. Audit report

The auditors' report on the financial statements for the year ended 31 December 2007 was not subject to any qualification.

3. Seasonal or cyclical factors

The operations of the Group for the quarter ended 31 March 2008 were not materially affected by any seasonal or cyclical factors except for the transportation operations under Advance Synergy Capital Berhad ("ASC") Group, whereby ASC Group normally benefits from the higher levels of passenger loading during the festive seasons and school holidays in Malaysia.

4. Unusual items

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

5. Changes in estimates

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

6. Debt and equity securities

On 31 January 2008, the 1,182,277,666 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") issued on 29 January 2008 pursuant to the Renounceable Two (2)-Call Rights Issue of ICULS ("Rights Issue") was listed on the Main Board of Bursa Malaysia Securities Berhad.

As at 31 March 2008, a total of 248,229,516 ICULS have been converted into 124,114,758 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.

7. Dividends paid

There was no payment of any dividend during the financial period ended 31 March 2008.

8. Segmental Reporting

For the period ended 31 March 2008

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	135	1,683	20,362	14,334	3,325	6,245	3,986	-	50,070
Inter-segment	878	20	-	-	-	115	-	(1,013)	-
Total revenue	1,013	1,703	20,362	14,334	3,325	6,360	3,986	(1,013)	50,070
Results									
Segment results	(4,159)	(261)	4,036	193	(985)	(19)	(2,230)	838	(2,587)
Share of results of associated companies	5,127	-	-	-	-	-	-	-	5,127
Consolidated loss before taxation									2,540
Taxation									(630)
Consolidated loss after taxation									1,910
Minority interests									(874)
Net profit for the financial period									1,036

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	181,228	64,839	217,266	131,338	12,541	7,026	19,255	-	633,493
Investment in associated companies	74,700	-	-	-	-	-	-	-	74,700
Unallocated corporate assets									7,142
Total assets									715,335
Segment liabilities	33,930	10,260	100,742	25,932	1,525	2,642	16,159	-	191,190
Unallocated corporate liabilities									4,138
Total liabilities									195,328
Capital expenditure	25	3	702	147	85	93	32	-	1,087
Depreciation	302	48	1,251	884	702	23	273	-	3,483
Impairment loss on:									
- property, plant and	-	-	-	-	-	-	-	-	-
- investment security	1,045	-	-	-	-	-	-	-	1,045
- associated companies	789	-	-	-	-	-	-	-	789
Write back impairment loss on investment in quoted securities	-	-	-	-	-	-	-	-	-
Amortisation on intangible	-	-	-	447	-	-	-	-	447
Non cash expenses other than depreciation	272	-	31	146	-	-	80	-	529

8.Segmental Reporting (Continued)
For the period ended 31 March 2007

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External	158	10,450	20,297	5,474	3,960	3,881	4,212	-	48,432
Inter-segment	802	20	-	-	-	76	-	(898)	-
Total revenue	960	10,470	20,297	5,474	3,960	3,957	4,212	(898)	48,432
Results									
Segment results	(4,056)	201	3,893	(3,707)	(2,591)	73	(1,841)	2,029	(5,999)
Share of results of associated companies	2,689								2,689
Consolidated loss before taxation									(3,310)
Taxation									(1,481)
Consolidated loss after taxation									(4,791)
Minority interests									1,964
Net loss for the financial period									(2,827)

	Investment Holding	Property Development	Hotels and Resorts	Information and Communications Technology	Bus Transportation Services	Travel & Tour	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information									
Segment assets	178,242	69,457	217,017	120,643	26,078	5,652	19,963	-	637,052
Investment in associated companies	76,046	-	-	-	-	-	-	-	76,046
Unallocated corporate assets									10,225
Total assets									723,323
Segment liabilities	81,120	13,515	111,491	13,480	5,977	2,193	19,675	-	247,451
Unallocated corporate liabilities									9,439
Total liabilities									256,890
Capital expenditure	235	15	5,410	264	120	5	0	-	6,049
Depreciation	337	57	1,120	1,149	1,598	17	290	-	4,568
Impairment loss on:									
- property, plant and	-	-	-	-	-	-	-	-	-
- investment security	-	-	-	-	-	-	-	-	-
- associated companies	-	-	-	-	-	-	-	-	-
Amortisation on intangible	-	-	-	445	-	-	-	-	445
Non cash expenses other than depreciation	1,244	-	21	8	-	-	1	-	1,274

9. Property, plant and equipment

The valuation of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

10. Events subsequent to the balance sheet date

On 9 May 2008, ASC, a 52.76%-owned subsidiary of the Company had announced that Triton Synergy Holdings Sdn Bhd ("TSH"), its wholly-owned subsidiary, had on 8 May 2008 entered into a Share Sale Agreement with Asia Media Sdn Bhd for the disposal of TSH's 70% equity interest in Transit Vision Holdings Sdn Bhd ("THV"), comprising 784,000 ordinary shares of RM1.00 each, for a total consideration of RM500,000. Consequently, TVH ceased to be a subsidiary of ASC.

11. Changes in the composition of the Group

On 1 February 2008, Unified Communications Pte Ltd ("UCPL"), a wholly-owned subsidiary of Unified Communications Holdings Limited, which in turn is a 58.30%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company), acquired 50% equity interest in Unified Telecom Private Limited ("UTPL"), comprising 25,000 issued and paid-up ordinary shares of Indian Rupees 10.00 each. The acquisition is in consequence to an Equity Joint Venture Agreement entered into between UCPL, ADR Telecom Private Limited and UTPL on 17 December 2007 as announced by the Company on 17 December 2007.

On 5 February 2008, the Company had announced that Alangka-Suka International Limited, a wholly-owned subsidiary of Alangka-Suka Hotels & Resorts Berhad, which in turn is a 99.63%-owned subsidiary of the Company, acquired 100% equity interest in a shelf company, Launceston Developments Limited, comprising 2 issued and paid-up ordinary shares of USD1.00 each.

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

12. Changes in contingent liabilities

There were no changes in contingent liabilities since 31 December 2007.

13. Review of performance

The Group recorded a profit after taxation of RM1.91 million for the quarter ended 31 March 2008 as compared to a loss after taxation of RM4.79 million for the corresponding quarter in the previous year. The improved results is mainly attributable to higher contribution from the Information and Communications Technology division and associated companies, lower loss from Bus Transportation Services division and lower finance costs.

14. Comparison of results with preceding quarter

For the quarter under review, despite a 34% decline in revenue in the current quarter compared to the preceding quarter ended 31 December 2007, the Group recorded a marginally lower profit after taxation of RM1.91 million compared to the preceding quarter ended 31 December 2007 of RM1.97 million. This is mainly due to higher finance costs and operating expenses including provisions and impairment allowances in the preceding quarter.

15. Prospects

Barring unforeseen circumstances, the Directors expect the Group's performance for the financial year ending 31 December 2008 to be satisfactory.

16. 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.

17. Profit variance and shortfall in profit guarantee

Not Applicable.

18. Taxation

	3 months ended <u>31.3.2008</u> RM'000	Year to date <u>31.3.2008</u> RM'000
On current year's results		
- Malaysian income tax	658	658
- Overseas taxation	140	140
(Over) / under provision in prior year	2	2
Transfer from deferred taxation	(170)	(170)
	<u>630</u>	<u>630</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.

19. Profit/ (loss) on Sale of Unquoted Investments and/or Properties

There were no profit/(loss) on sale of unquoted investments and/or properties for the current quarter and financial period to date.

20. Quoted securities

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

	3 months ended <u>31.3.2008</u> RM'000	Year to date <u>31.3.2008</u> RM'000
Total purchases	<u>-</u>	<u>-</u>
Total disposals	<u>-</u>	<u>-</u>
Total gain on disposals	<u>-</u>	<u>-</u>

Details of investment in quoted securities by the Group as at 31 March 2008 are as follows :-

	RM'000
- at cost	<u>22,308</u>
- at carrying value	<u>12,858</u>
- at market value	<u>13,231</u>

21. 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 ("Proposed Sale of KMSB"). While the Proposed Sale of KMSB is still pending implementation, a Winding-Up Petition dated 25 March 2002 was served on KMSB, on or about 19 April 2002, by Malaysia Airports Sdn Bhd, a trade creditor of KMSB. On 11 June 2003, a Winding-Up Order was granted by the Kuala Lumpur High Court and the Official Receiver was appointed the Provisional Liquidator.

The Company had on 14 June 2004 instituted legal action vide Alor Setar High Court Civil Suit No. 22-95-2004 against PKNK to recover its investment in KMSB. Details of this legal suit are set out in Note 25(b).

22 Utilisation of proceeds from Rights Issue of ICULS

The status of utilisation of proceeds raised from the Rights Issue of ICULS as at 31 March 2008 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Intended Timeframe for Utilisation
Repayment of Bank Borrowings	50,259	46,983	3,276	24 months from the date of listing of ICULS
Working Capital	30,000	2,334	27,666	
Expenses	2,500	2,340	160	
	<u>82,759</u>	<u>51,657</u>	<u>31,102</u>	

23 Group borrowings

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

	As At 31.3.2008 RM'000	As At 31.12.2007 RM'000
Short term - secured	12,470	53,733
- unsecured	-	91
Long term - secured	61,229	63,107
- unsecured	4,960	5,213
ICULS- liability portion	19,700	-
Finance lease creditor - Short term	1,512	1,512
- Long term	20,643	20,643
	<u>120,514</u>	<u>144,299</u>

(b)

	As At 31.3.2008 RM'000	As At 31.12.2007 RM'000
US Dollars	-	-
Australian Dollars	4,960	5,213
Sterling Pounds	2,441	2,570
Singapore Dollars	741	226

24 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

25 Material litigation

(a) A third party action was filed by American Home Assurance Company ("AHA") on 24 October 2002 against Rewardstreet.com (Malaysia) Sdn Bhd ("Rewardstreet.com"), a wholly-owned subsidiary of iSynergy. AHA is sued as a Defendant in the main suit filed by Ultra Dimension Sdn Bhd as Plaintiff for, inter alia, the alleged infringement of their copyright via the AHA Privilege Cash-In Rebate Cards. AHA's claim is for general damages, exemplary damages and aggravated damages which are to be assessed by the Court, together with interest at 8% per annum. An application filed by Rewardstreet.com to strike-out the third party action by AHA on the basis that AHA was responsible for the design and that no cause of action lay against Rewardstreet.com, was not successful. The file has been transferred to Court (D5). The case was initially fixed for mention on 17 April 2008 but has been deferred to another date. The solicitors acting for Rewardstreet.com are of the opinion that they may negate any liability, which is alleged by the Defendant in this suit.

- (b) The Company had on 14 June 2004 instituted legal action against PKNK to recover its investment of RM52,500,000 in KMSB together with other sums, damages, interests and costs. The Company's solicitors had obtained the signed and sealed copy of the Judgment in Default of Appearance dated 1 August 2004 ("Default Judgment") from the Court for the sum of RM52,500,000, interest thereon at the rate of 8% per annum from the date of Judgment to the date of realisation and cost of RM225. On 10 November 2004, PKNK applied to the Court to set aside the Default Judgment. On 3 August 2005, the Court allowed PKNK's application to set aside the Default Judgment. As a procedural step to progress the suit to a trial, the Company's solicitor had on 29 December 2005 forwarded to the Court for filing of the Notice to Attend Pre-Trial Case Management and the Pre-Trial Case Management was fixed for hearing on 17 May 2006. Due to a change in PKNK's solicitors, PKNK's new solicitors had asked for an adjournment on the grounds that they require time to take their client's instructions and there is a likelihood for an application to amend the Statement of Defense. The Court had fixed the Pre-Trial Case Management for mention on 21 November 2006. PKNK's new solicitors filed an application to amend PKNK's Statement of Defense 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 Defense. The Court has fixed for further Case Management on 7 July 2008 to enable the parties to comply with the Court's directions. The Company's solicitors for the litigation are of the opinion that the Company has a good cause of action against PKNK and the likely outcome of the proceedings would be a decision in favour of the Company.

26 Dividend

The Directors do not recommend the payment of any dividend for the financial period ended 31 March 2008.

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the current quarter and current year-to-date are based on the Group's net profit attributable to equity holders of the Company of RM1,036,000 divided by the weighted average number of ordinary shares of 386,911,527 for the current quarter and current year to date as follows:

	Current quarter	Current YTD
	No. of shares	No. of shares
Issued ordinary shares at beginning of the period	337,793,619	337,793,619
Weighted average number of new ordinary shares arising from ICULS converted to date	49,117,908	49,117,908
Weighted average number of ordinary shares	<u>386,911,527</u>	<u>386,911,527</u>
	Current quarter	Current YTD
Basic earnings per share (sen)	<u>0.27</u>	<u>0.27</u>

Diluted earnings per share

The calculation of diluted earnings per share for the current quarter and current year to date are based on the Group's net profit attributable to equity holders of the Company of RM1,283,000, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 854,373,102 for the current quarter and current year-to-date as follows:

Net profit attributable to equity holders

	Current quarter	Current YTD
	RM'000	RM'000
Net profit attributable to equity holders	1,036	1,036
Profit impact of assumed conversion- Interest on ICULS	247	247
	<u>1,283</u>	<u>1,283</u>

Weighted average number of ordinary shares (diluted)

	Current quarter No. of shares	Current YTD No. of shares
Issued ordinary shares at beginning of the period	337,793,619	337,793,619
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	467,461,575	467,461,575
Weighted average number of new ordinary shares arising from ICULS converted to date	49,117,908	49,117,908
Weighted average number of ordinary shares	<u>854,373,102</u>	<u>854,373,102</u>

	Current quarter	Current YTD
Diluted earnings per shares (sen)	<u>0.15</u>	<u>0.15</u>

27. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
Date: 26 May 2008