ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter ended 30 September 2013.

This interim report is prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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 audited financial statements for the year ended 31 December 2012.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year-to-date 9 months ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Revenue	63,041	54,893	188,061	167,561
Cost of sales	(40,120)	(33,624)	(120,497)	(104,972)
Gross profit	22,921	21,269	67,564	62,589
Other operating income	2,227	2,311	7,076	21,652
Operating expenses	(24,951)	(24,563)	(71,562)	(70,412)
Profit from operations	197	(983)	3,078	13,829
Finance costs	(1,392)	(1,751)	(3,934)	(5,211)
Share of results of associates	(148)	(1,081)	(1,908)	(302)
Profit/(Loss) before tax	(1,343)	(3,815)	(2,764)	8,316
Income tax expense	(1,163)	(714)	(3,119)	(2,221)
Net profit/(loss) for the financial period	(2,506)	(4,529)	(5,883)	6,095
Attributable to:				
Owners of the parent	(2,456)	(5,234)	(7,196)	(1,201)
Non-controlling interests	(50)	705	1,313	7,296
	(2,506)	(4,529)	(5,883)	6,095
Earnings/(Loss) per share attributable to owners of the parent:				
Basic (sen)	(0.48)	(1.02)	(1.40)	(0.24)
Diluted (sen)	(0.48)	(1.02)	(1.40)	(0.24)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	(2,506)	(4,529)	(5,883)	6,095
Other comprehensive income/(expenses):				
Item that will not be reclassified to profit or loss	-	-	-	-
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	1,688	804	322	2,411
Realisation of revaluation reserve	(62)	-	(62)	-
Share of other comprehensive income of associates, net of tax	92	185	90	57
Foreign currency translation differences for foreign operations	2,674	(763)	3,613	(424)
Total items that are or may be reclassified subsequently to profit or loss	4,392	226	3,963	2,044
Other comprehensive income/(loss) for the financial period	4,392	226	3,963	2,044
Total comprehensive income/(loss) for the financial period	1,886	(4,303)	(1,920)	8,139
Attributable to:				
Owners of the parent	1,533	(4,877)	(3,217)	757
Non-controlling interests	353	574	1,297	7,382
Total comprehensive income/(loss) for the financial period	1,886	(4,303)	(1,920)	8,139

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	152,991	155,457
Investment properties	8,870	8,870
Investment in associates	34,507	34,341
Investment securities	34,608	34,286
Goodwill on consolidation	92,027	92,027
Intangible assets	17,524	17,153
Trade, other receivables and other assets	-	2,417
Deferred tax assets	3,057	3,139
	343,584	347,690
Current assets		
Progress billings	5,023	546
Inventories	61,424	60,498
Trade and other receivables	73,058	61,292
Tax recoverable	1,650	4,213
Investment securities	515	518
Short term deposits	74,294	92,068
Cash and bank balances	43,648	37,948
	259,612	257,083
Non-current assets classified as held for sale	29,327	29,327
TOTAL ASSETS	632,523	634,100
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	154,175	154,115
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	108,669	108,722
Reserves	192,288	196,533
	455,132	459,370
Non-controlling interests	37,357	38,079
Total equity	492,489	497,449
Non-current liabilities		
Borrowings	53,170	51,179
ICULS - liability component	9,544	10,486
Other payables	-	5,746
Deferred tax liabilities	2,552	2,553
Provision for retirement benefit obligations	1,166	1,042
	66,432	71,006
Current liabilities		
Trade and other payables	59,782	58,047
Borrowings	13,165	6,314
Tax payable	655	1,284
	73,602	65,645
Total Liabilities	140,034	136,651
TOTAL EQUITY AND LIABILITIES	632,523	634,100

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Attributable to owners of the parent									
			Non-distributable				*Distributable*			
	Share Capital	**ICULS-Equity Component**	**Share Premium**	**Revaluation Reserve**	**Exchange Translation Reserve**	**Available-For-Sale Reserve**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2013	154,115	108,722	117,317	12,766	(9,421)	4,661	71,210	459,370	38,079	497,449
Net profit/(loss) for the financial period	-	-	-	-	-	-	(7,196)	(7,196)	1,313	(5,883)
Fair value of available-for-sale financial assets	-	-	-	-	-	322	-	322	-	322
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	90	-	90	-	90
Realisation of revaluation reserves	-	-	-	(62)	-	-	-	(62)	-	(62)
Foreign currency translation differences for foreign operations	-	-	-	(2)	3,631	-	-	3,629	(16)	3,613
Total comprehensive income/(loss) for the financial period	-	-	-	(64)	3,631	412	(7,196)	(3,217)	1,297	(1,920)
Transactions with owners in their capacity as owners:										
Dividends paid	-	-	-	-	-	-	(1,927)	(1,927)	-	(1,927)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	899	899	(934)	(35)
Issue of new ordinary shares pursuant to the conversion of ICULS	60	(53)	-	-	-	-	-	7	-	7
	60	(53)	-	-	-	-	(1,028)	(1,021)	(934)	(1,955)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(1,085)	(1,085)
Balance as at 30 September 2013	154,175	108,669	117,317	12,702	(5,790)	5,073	62,986	455,132	37,357	492,489

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to owners of the parent									
			Non-distributable				*Distributable*			
	Share Capital	**ICULS-Equity component**	**Share Premium**	**Revaluation Reserve**	**Exchange Translation Reserve**	**Available-For-Sale Reserve**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2012	151,318	111,162	117,317	12,769	(8,389)	2,130	74,643	460,950	31,777	492,727
Net profit for the financial period	-	-	-	-	-	-	(1,201)	(1,201)	7,296	6,095
Fair value of available-for-sale financial assets	-	-	-	-	-	2,411	-	2,411	-	2,411
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	57	-	57	-	57
Foreign currency translation differences for foreign operations	-	-	-	(3)	(507)	-	-	(510)	86	(424)
Total comprehensive income/(loss) for the financial period	-	-	-	(3)	(507)	2,468	(1,201)	757	7,382	8,139
Transactions with owners in their capacity as owners:										
Deemed partial disposal of interest in a subsidiary	-	-	-	-	-	-	(21)	(21)	21	-
Dividends paid	-	-	-	-	-	-	(1,926)	(1,926)	-	(1,926)
Acquisition of additional shares in subsidiary	-	-	-	-	-	-	(508)	(508)	148	(360)
Issue of new ordinary shares pursuant to the conversion of ICULS	2,797	(2,440)	-	-	-	-	-	357	-	357
	2,797	(2,440)	-	-	-	-	(2,455)	(2,098)	169	(1,929)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(598)	(598)
Balance as at 30 September 2012	154,115	108,722	117,317	12,766	(8,896)	4,598	70,987	459,609	38,730	498,339

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	9 months ended 30.09.2013 RM'000	9 months ended 30.09.2012 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(2,764)	8,316
Adjustments for :-		
Non-cash items	16,232	(324)
Other investing and financing items	1,465	2,356
Operating profit before working capital changes	14,933	10,348
Changes in working capital		
Property development costs	-	(1,168)
Inventories	(926)	(4,248)
Receivables	(13,802)	2,407
Payables	(175)	(3,906)
Cash generated from operations	30	3,433
Retirement benefit paid	(19)	(14)
Tax paid	(1,109)	(2,733)
Net cash (used in)/from operating activities	(1,098)	686
Cash flows from investing activities		
Acquisition of intangible assets	(1,706)	(1,798)
Acquisition of a subsidiary, net of cash acquired	-	(9,869)
Acquisition of additional shares in a subsidiary	(110)	(360)
Investment in associates	(1,991)	(13,918)
Investment in joint venture	-	(100)
Acquisition of held for trading investments	(20)	(63)
Dividend income received	-	39
Interest received	2,469	2,816
Payment to contingent consideration	(3,277)	-
Proceeds from disposal of held for trading investments	20	63
Proceeds from disposal of non-current assets classified as held for sale	-	372
Proceeds from disposal of property, plant and equipment	77	163
Purchase of property, plant and equipment	(6,763)	(9,438)
Net cash used in investing activities	(11,301)	(32,093)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (Continued)

	9 months ended 30.09.2013 RM'000	9 months ended 30.09.2012 RM'000
Cash flows from financing Activities		
Dividends paid	(1,927)	(1,926)
Dividends paid to non-controlling interests of a subsidiary	(1,085)	(598)
Drawdown of term loans	3,845	1,602
Interest paid	(5,348)	(6,814)
Payments to hire purchase payables	(21)	(55)
Pledge of short term deposits	2,585	(8,151)
Repayment of term loans	(2,127)	(3,619)
Net cash used in financing activities	(4,078)	(19,561)
Effect of exchange rate changes	(1,155)	(724)
Net decrease in cash and cash equivalents	(17,632)	(51,692)
Cash and cash equivalents as at beginning of financial year		
As previously reported	91,249	161,235
Effect of exchange rate changes	1,793	474
As restated	93,042	161,709
Cash and cash equivalents as at end of financial period *	75,410	110,017

*** Cash and cash equivalents at the end of the financial period comprising the following :**

Short term deposits	74,294	110,189
Cash and bank balances	43,648	38,368
Bank overdrafts	(7,088)	(707)
	110,854	147,850
Less : Deposits placed with lease creditors as security deposit for lease payments	(20,594)	(19,588)
Restricted deposits	(7,090)	(9,000)
Cash held under Housing Development Accounts	(527)	(512)
Deposits pledged to licensed banks	(7,233)	(8,733)
	(35,444)	(37,833)
	75,410	110,017

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with MFRS 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 2012.

2. Significant accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012, except for the adoption of the following new and revised Malaysian Financial Reporting Standards ("MFRS"), amendments/improvements to MFRSs, IC Interpretations ("IC Int") and amendment to IC Int:

<u>New MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures in Interests in Other Entities
MFRS 13	Fair Value Measurement

<u>Revised MFRSs</u>

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

<u>Amendments/Improvements to MFRSs</u>

MRFS 1	First-time Adoption of Malaysian Financial Reporting Standards
MRFS 7	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
MRFS 10	Consolidated Financial Statements : Transition Guidance
MRFS 11	Joint Arrangements : Transition Guidance
MFRS 12	Disclosure of Interests in Other Entities : Transition Guidance
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, plant and equipment (Annual Improvements 2009-2011 Cycle)
MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

<u>Amendments to IC Int</u>

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above MFRSs and Amendments/Improvements to MFRSs will have no significant impact on the financial statements of the Group upon their initial application.

MFRSs, Amendments to MFRSs and IC Int issued but not yet effective

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

<u>New MFRS</u>

MFRS 9	Financial Instruments

<u>Amendments/Improvements to MFRSs / IC Int</u>

MFRS 10	Consolidated Financial Statements : Investment Entities
MFRS 12	Disclosure of Interests in Other Entities : Investment Entities
MFRS 127	Separate Financial Statements : Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Impairment of Assets : Recoverable Amount Disclosures for Non-Financial Assets.
MFRS 139	Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

3 Audit report

The auditors' report on the financial statements for the year ended 31 December 2012 was not subject to any qualification.

4 Seasonal or cyclical factors

The operations of the Group for the quarter ended 30 September 2013 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

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

6. Changes in estimates

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

7 Debt and equity securities

For the financial period ended 30 September 2013, a total of 400,000 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 200,000 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.

Apart from the above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 September 2013.

8 Dividends paid

The first and final gross dividend of 0.50 sen per ordinary shares less 25% income tax totalling RM1,927,181.68 in respect of the financial year ended 31 December 2012 was paid on 5 August 2013 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 24 June 2013.

9. Segmental Information

For the financial period ended 30 September 2013

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External	767	55,735	32,942	7,089	71,345	20,183	-	188,061
Inter-segment	568	-	-	11	283	-	(862)	-
Total revenue	1,335	55,735	32,942	7,100	71,628	20,183	(862)	188,061
Results								
Segment results	(5,633)	4,250	3,916	860	1,972	(6,270)	49	(856)
Share of results of associates	(628)	(1,133)	-	-	(147)	-	-	(1,908)
Consolidated profit/(loss) before tax	(6,261)	3,117	3,916	860	1,825	(6,270)	49	(2,764)
Income tax expense								(3,119)
Consolidated profit/(loss) after tax								(5,883)
Non-controlling interests								(1,313)
Net profit/(loss) for the financial period								(7,196)

9. Segmental Information (Continued)

For the financial period ended 30 September 2013

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	49,849	229,241	160,064	56,229	17,416	51,183	-	563,982
Investment in associates	15,778	18,729	-	-	-	-	-	34,507
Non-current assets classified as held for sale	-	29,327	-	-	-	-	-	29,327
Unallocated corporate assets								4,707
Total assets								632,523
Segment liabilities	14,343	74,789	15,428	5,276	6,565	20,426	-	136,827
Unallocated corporate liabilities								3,207
Total liabilities								140,034
Capital expenditure:								
- Property, plant & equipment	63	3,627	600	-	67	2,406	-	6,763
- Software development expenditure	-	-	1,706	-	-	-	-	1,706

9. Segmental Information (Continued)

For the financial period ended 30 September 2012

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External	879	53,380	29,441	5,844	62,279	15,738	-	167,561
Inter-segment	570	-	-	7	402	-	(979)	-
Total revenue	1,449	53,380	29,441	5,851	62,681	15,738	(979)	167,561
Results								
Segment results	(6,800)	2,414	16,763	975	840	(5,929)	355	8,618
Share of results of associates	(409)	(11)	118	-	-	-	-	(302)
Consolidated profit/(loss) before tax	(7,209)	2,403	16,881	975	840	(5,929)	355	8,316
Income tax expense								(2,221)
Consolidated profit/(loss) after tax								6,095
Non-controlling interests								(7,296)
Net profit/(loss) for the financial year								(1,201)

9. Segmental Information (Continued)

For the financial period ended 30 September 2012

	Investment Holding	Hotels & Resorts	Information & Communications Technology	Property Development	Travel & Tours	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	111,818	221,717	159,802	55,464	15,783	47,970	-	612,554
Investment in associates	16,409	17,611	-	-	-	-	-	34,020
Non-current assets held for sale	7,791	-	-	-	-	-	-	7,791
Unallocated corporate assets								6,098
Total assets								660,463
Segment liabilities	16,155	92,389	15,150	5,310	6,741	22,872	-	158,617
Unallocated corporate liabilities								3,507
Total liabilities								162,124
Capital expenditure								
- Property, plant and equipment	114	1,953	875	1	107	6,388	-	9,438
- Software development expenditure	-	-	1,798	-	-	-	-	1,798

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 2012.

11. Significant events after the reporting period

(a) On 1 October 2013, Excellent Display Sdn Bhd, a wholly-owned subsidiary of the Company ("Excellent Display"), acquired the remaining 196,000 ordinary shares of RM1.00 each representing 20% equity interest in Dama TCM Sdn Bhd ("Dama TCM") not already owned by Excellent Display for a cash consideration of RM1.00 from Mr Lee Thiam Huat. Consequential thereto, Dama TCM became an indirect wholly-owned subsidiary of the Company held via Excellent Display.

(b) ASC Credit Sdn Bhd ("ASCC"), a indirect wholly-owned subsidiary of the Company [held via Advance Synergy Capital Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company], had received a notice of additional assessment dated 14 November 2013 (hereinafter referred to as "Notice of Additional Assessment") from Malaysia Inland Revenue Board ("IRB") in the amount of RM1,223,350.00 and a penalty charge of RM550,507.50 for the year of assessment 2009. The additional assessment is in respect of disallowance of certain expenses by the IRB. ASCC has agreed and accepted the assessment raised by IRB as stipulated in the Notice of Additional Assessment but will object to the imposition of penalty raised under Section 113(2) of the Income Tax Act, 1967 and will also file an appeal to the IRB for the removal of such penalty. Notwithstanding the outcome of the appeal and objection in respect of the tax penalty, the Group has provided the amount in full in the fourth quarter of the financial year ending 31 December 2013.

Apart from the above and as disclosed in Note 23(b), there are no significant events after the reporting period.

12. Changes in the composition of the Group

(a) On 3 January 2013, Alangka-Suka International Limited ("ASIL"), an indirect wholly-owned subsidiary of the Company [held via Alangka-Suka Hotels & Resorts Sdn Bhd ("ASHR"), which is in turn a wholly-owned subsidiary of the Company], acquired the remaining 10,000 ordinary shares of USD1.00 each representing 10% equity interest in P.T. Diwangkara Holiday Villa Bali ("P.T. Diwangkara") not already owned by ASIL for a total cash consideration of USD34,114.60 from Mr Jeffry Budiman Rahardja. Consequential thereto, P.T. Diwangkara became an indirect wholly-owned subsidiary of the Company held via ASIL.

(b) On 5 January 2013, Holiday Villa Assets Sdn Bhd, an indirect wholly-owned subsidiary of the Company, [held via ASHR] ("HV Assets"), acquired an additional 8.6% equity interest in Posthotel Arosa AG ("Arosa") comprising 172 fully paid up registered shares of CHF 500 each from Mr Jacques Rüdisser and Mrs Verena Maria Rüdisser for a total cash consideration of CHF 596’999.96. On 11 July 2013, HV Assets further acquired an additional 0.1% equity interest in Arosa comprising 2 fully paid up registered shares of CHF 500 each registered under Dr. Alfred Assal et Mme Elsie Assal for a total cash consideration of CHF 5’000 and consequently, Arosa became an indirect 48.7%-owned associate company of the Company.

(c) On 10 January 2013, the Company announced that Antara Holiday Villas Sdn Bhd ("AHV"), an indirect wholly-owned subsidiary of the Company [held via ASHR, which is in turn a wholly-owned subsidiary of the Company], entered into a Joint Venture Agreement on 10 January 2013 with TH Hotel & Residence Sdn Bhd ("THHR") to incorporate a private limited company in Malaysia ("JV Company") with a view to jointly manage the hotel to be developed by Lembaga Tabung Haji at Kuala Nerus, Kuala Terengganu, Terengganu ("Hotel") under the Holiday Villa brand upon completion of the Hotel which was expected to be by middle of 2013. Upon the incorporation of the JV Company, the JV Company would become a 70%-owned subsidiary of the Company held via AHV. On 9 May 2013, the JV Company, namely THV Management Services Sdn Bhd was incorporated.

(d) On 11 January 2013, the Company announced its acquisition of 100% equity interest comprising 2 issued and paid-up ordinary shares of RM1.00 each in a shelf company, Segi Koleksi Sdn Bhd ("SKSB"). On 5 February 2013, the equity structure of SKSB was reconstituted to facilitate the Company's investment in the educational business via SKSB, resulting in the Company holding 70% of the enlarged share capital of SKSB while Pacific Existence Sdn Bhd, a company in which the Group Executive Chairman of the Company has an interest, holds the remaining 30%.

(e) On 16 January 2013, Synergy Tours Sdn Bhd ("Synergy Tours"), an indirect wholly-owned subsidiary of the Company [held via Orient Escape Travel Sdn Bhd, a wholly-owned subsidiary of Diversified Gain Sdn Bhd which in turn is a wholly-owned subsidiary of the Company] incorporated a 49%-owned associate company in Indonesia, PT Panorama Synergy Indonesia. The principal activity of PT Panorama Synergy Indonesia is to operate the travel and tours business.

(f) On 26 December 2012, the Company announced that the inactive wholly-owned subsidiaries of the Company [held via Advance Synergy Capital Sdn Bhd, a wholly-owned subsidiary of the Company ("ASC")], namely Triton Engineering Sdn Bhd ("Triton Engineering"), Triton Express Sdn Bhd ("Triton Express") and Triton Khidmat Sdn Bhd ("Triton Khidmat"), had respectively passed resolutions to apply to the Registrar of Companies ("ROC") to strike-off the name of the company from the register pursuant to Section 308(1) of the Companies Act, 1965 (“CA 1965”) ("Applications") and the Applications had been submitted to the ROC on 26 December 2012. On 27 June 2013 and 25 July 2013, Triton Express and Triton Khidmat had respectively received the notices of striking off each pursuant to Section 308(1) and Section 308(2) of the CA 1965 from ROC for their Applications. However, as at 30 September 2013, Triton Engineering has yet to receive any notifications from the ROC on the status of its application.

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

(g) On 24 June 2013, Holiday Villas International Limited ("HVIL"), an indirect wholly-owned subsidiary of the Company [held via ASHR, which is in turn a wholly-owned subsidiary of the Company], acquired the remaining 3 ordinary shares of USD1.00 each representing 10% equity interest in Holiday Villa Middle East Limited ("HV Middle East") not already owned by HVIL for a total cash consideration of USD3.00 from Mr Hossam Ahmed Wahid Eldin Naguib Suwailem. Consequential thereto, HV Middle East became an indirect wholly-owned subsidiary of the Company held via HVIL.

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

13. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2012.

14. Review of performance

For the current nine-month period ended 30 September 2013 ("9M 2013"), the Group performed better than the corresponding period of 2012 ("9M 2012") with all divisions except Investment Holding division recording higher revenue resulting in a higher Group revenue of RM188.1 million in 9M 2013 compared to a revenue of RM167.6 million recorded in 9M 2012, an increase of RM20.5 million or 12.2%. However, despite the higher revenue, the Group recorded a loss before tax of RM2.8 milion in 9M 2013 compared to a profit before tax of RM8.3 million in the same period last year. This is primarily due to the fair value gain of RM13.1 million included in the other income for the 9M 2012 arising from accounting standard MFRS 3 Business Combinations on remeasuring the existing 40% equity interest in Ahead Mobile Sdn Bhd, following the acquisition of the remaining 60% equity interest in this former associated company by our Information & Communications Technology division which was completed on 16 January 2012 ("Fair Value Gain"). Excluding this Fair Value Gain, in 9M 2013, all divisons showed improved profit before tax compared to 9M 2012 except for a small decline in profit recorded by the Property Development division and higher loss by the Others division resulting in the Group recording a higher profit from operations (before interest and share of loss in associates) of RM3.1 million compared to RM0.7 million in 9M 2012. In the current period under review, there was a higher share of loss in the associates of RM1.9 million compared to a share of loss of RM0.3 million in the same period last year although this was partly offset by lower finance costs of RM3.9 million in 9M 2013 compared to RM5.2 million in 9M 2012.

Investment Holding

The division recorded a lower loss of RM6.3 million in 9M 2013 compared to a loss of RM7.2 million in 9M 2012 attributable mainly to savings in interest expense offset by higher loss from associates in this period.

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue for 9M 2013 of RM55.7 million as compared to RM53.4 million for the 9M 2012, an increase of RM2.4million or 4.4%. With the higher revenue, the division recorded a higher profit before tax for this period of RM3.1 million as compared to the corresponding period last year of RM2.4 million.

Information & Communications Technology

The Information & Communications Technology division registered a higher revenue for 9M 2013 of RM32.9 million compared to RM29.4 million in 9M 2012. The increased revenue is mainly attributable to the improved revenue performance of Mobile Technology ("TECH"), Value Added Services ("VAS") and Operation Support System ("OSS") Business Units ("BU"). The improvement in TECH BU's revenue was mainly due to higher system sale contract revenues realised in the South East Asia ("SEA") region while the VAS BU generated higher revenue from its system sale and managed service contracts in the SEA region. The increase in OSS BU's revenue is largely due to the higher managed service contract revenues realised by OSS BU in the SEA region.

Despite the higher revenue, this division recorded a lower profit before tax of RM3.9 million in the current period ended 30 September 2013 compared to RM16.8 million in the same period last year due mainly to the Fair Value Gain recorded in 2012. Excluding the effect of the Fair Value Gain, the division recorded a slight improvement in its profit before tax of RM3.9 million for the period under review as compared to the same period last year of RM3.8 million attributable mainly to the improvement in revenue which was partly offset by the decline in gross profit margin and higher operating expenses arising from increase in technical support expenses and distribution costs in connection with the expansion of the technical, sales and business development headcount of the Group.

Property Development

The Property Development division registered a higher revenue for 9M 2013 of RM7.1 million compared to RM5.9 million in 9M 2012. However, the profit of RM0.9 million in 9M 2013 is lower than the profit of RM1.0 million recorded in 9M 2012. Last year, there was a gain on disposal of an asset of RM0.12 million. In addition, the division incurred higher operating expenses in the current period as compared to the same period in 2012.

14. Review of performance (Continued)

Travel & Tours

For 9M 2013, our Travel & Tours division achieved a higher revenue of RM71.6 million compared to a revenue of RM62.7 million 9M 2012, an increase of RM8.9 million or 14.3%. In line with the higher revenue achieved and higher other operating income in the period under review, the division's profit before tax more than doubled with profit before tax for this period of RM1.8 million as compared to the corresponding period last year of RM0.84 million.

Others

Others division registered higher revenue of RM20.2 million for the 9M 2013 compared to a revenue of RM15.7 million achieved in the same period last year. Despite higher revenue, this Others division recorded a higher loss before tax of RM6.3 million compared to loss of RM5.9 million in the corresponding period last year mainly due to higher overhead arising from higher depreciation and system maintenance support cost incurred by our Card & Payment Services division.

15. Comparison of results with preceding quarter

The Group achieved a revenue of RM63.0 million for the current quarter ended 30 September 2013 ("Q3 2013") which was lower compared to the revenue in the previous quarter ended 30 June 2013 ("Q2 2013") of RM66.4 million. This was mainly due to lower revenue from Travel & Tours, Information & Communications Technology and Others divisions. However, this was partly offset by higher revenue from Property Development and Hotels & Resorts divisions. With the lower revenue coupled with higher operating expenses in the current quarter, the Group recorded a higher loss before tax of RM1.3 million for Q3 2013 compared to a loss of RM0.7 million in Q2 2013.

Investment Holding

The Investment Holding division recorded a loss before tax of RM2.4 million for Q3 2013 compared to a loss before tax of RM1.7 million for Q2 2013. The higher loss in this quarter compared to the loss in the previous quarter was mainly due to lower contribution from an associate and higher overhead expenses.

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue for Q3 2013 of RM19.1 million as compared to RM18.5 million in Q2 2013. For the current quarter, this division also made a higher profit of RM2.1 million compared to a loss of RM0.3 million in the previous quarter. The better profit performance was mainly attributable to higher revenue achieved by the division and lower loss contribution from the associates.

Information & Communications Technology

The Information & Communications Technology division registered a lower revenue in Q3 2013 of RM10.7 million compared to RM12.2 million in the preceding quarter. The lower revenue in the quarter under review was mainly due to lower system sale contract revenue recorded by OSS BU in SEA. With the lower revenue and higher operating expenses mainly due to higher foreign exchange loss, this division recorded a lower profit before tax in Q3 2013 of RM0.6 million as compared to RM1.9 million in the last quarter.

Property Development

The Property Development division recorded a higher revenue of RM2.8 million for Q3 2013 compared to RM1.8 million in the preceding quarter. With the higher revenue coupled with lower overhead cost, the division recorded a higher profit before tax of RM0.4 million compared to the previous quarter's profit of RM0.1 million.

Travel & Tours

The Travel & Tours division recorded a lower revenue for Q3 2013 of RM24.5 million compared to RM25.6 million in Q2 2013. Despite of the lower revenue, the division recorded a higher profit before tax of RM0.9 million compared to the previous quarter's profit of RM0.7 million due mainly to higher other income from currency exchange gain.

Others

The Others division recorded a lower revenue for Q3 2013 of RM5.8 million compared to RM8.3 million in the preceding quarter. The decline in revenue was attributable mainly to the Bus Manufacturing division and coupled with higher overhead expenses mainly recorded by the Bus Manufacturing and Card & Payment Services divisions in the current quarter, the Others division recorded a higher loss of RM2.9 million compared to a loss of RM1.5 million in the previous quarter.

16. Prospects

The Directors expect the Group's operating environment to remain challenging for the remaining quarter of this financial year.

For the remainder of the 2013 financial year, the Property Development division expects its on-going development projects to continue to contribute to its financial performance. However, the launch of a new project situated in Matang, Kuching, which was planned for this year will be deferred to next year.

Our Hotels & Resorts division will continue to identify opportunities to expand its operations and implement strategies to aggressively secure hotel management and operating agreements in various countries for the remaining quarter of 2013.

The Information & Communications Technology division expects the remaining quarter of the 2013 financial year to remain challenging largely due to the persistent downward pressure on the pricing of solutions that are delivered on a system sale model. However the relatively soft system sale market conditions are expected to be cushioned somewhat by progress in growing the managed services contract portfolio of the division. The division will continue to explore opportunities for strategic investment and acquisition.

The inbound travel and tours business may continue to experience volatility in its overseas market but expects the situation in the last quarter of the year to stabilise due to its continued intensed marketing efforts and resurgence of bookings from key markets. Our outbound travel and tours business is expected to continue to enjoy strong demand from the domestic market.

The Others division is still under-performing although there is improvement in revenue based on the performance to date as compared to last year. We expect to face continued challenges in our efforts to improve their organic growth whilst managing costs. The focus of this division would be to seek opportunities and implement strategies to increase revenue.

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

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

18. Profit variance and shortfall in profit guarantee

Not Applicable.

19. Income tax expense

	3 months ended 30.09.2013 RM’000	Year-to-date ended 30.09.2013 RM’000
On current quarter/period results		
- Malaysian income tax	702	2,525
- Overseas taxation	363	440
Under provision in prior years	79	80
Transfer (to)/from deferred taxation	19	74
	1,163	3,119

The effective tax rate of the Group for the financial quarter and year-to-date ended 31 December 2013 is higher than the statutory tax rate. This is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiaries cannot be set off against the taxable income of other subsidiaries.

20. Status of corporate proposals

(a) On 25 March 1996, the Company announced that it had accepted the offer from Perbadanan Kemajuan Negeri Kedah ("PKNK") to purchase from the Company 52,500,000 ordinary shares of RM1.00 each representing 70% equity interest in Kedah Marble Sdn Bhd ("KMSB") for a total cash consideration of RM59,797,500. In the meantime, a Winding-Up Petition dated 25 March 2002 was served on KMSB, on or about 19 April 2002, by Malaysia Airports Sdn Bhd, a trade creditor of KMSB. On 11 June 2003, a Winding-Up Order was granted by the Kuala Lumpur High Court and the Official Receiver was appointed the Provisional Liquidator.

The Company had on 14 June 2004 instituted legal action vide Alor Setar High Court Civil Suit No. MT2-22-95-2004 against PKNK to recover its investment in KMSB. Details of this legal suit are set out in Note 23(a).

21. Group borrowings

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

	As At 30.09.2013 RM'000	As At 31.12.2012 RM'000
Short term - secured		
- Term loans	3,177	2,646
- Bank overdraft	7,088	738
- Hire purchase payables	23	28
- Finance lease payable	1,558	1,556
Short term - unsecured		
- Term loans	1,319	1,346
	13,165	6,314
Long term - secured		
- Term loans	27,196	25,024
- Hire purchase payables	45	63
- Finance lease payable	21,331	21,253
Long term - unsecured		
- Term loans	4,598	4,839
	53,170	51,179
Total borrowings	66,335	57,493

(b) Group borrowings denominated in foreign currency are as follows:-

	As At 30.09.2013 RM'000	As At 31.12.2012 RM'000
Australian Dollars	5,916	6,185
Sterling Pounds	625	777
Euro	11,441	11,225

22. Financial Instruments

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

(b) Gain/Loss arising from fair value changes of financial liabilities
There were no gain/loss arising from the fair value changes in financial liabilities for the current financial period.

23. Material litigation

(a) The Company initiated the Alor Setar High Court Civil Suit No. MT2-22-95-2004 on 14 June 2004 against Perbadanan Kemajuan Negeri Kedah ("PKNK") to recover its investment of RM52,500,000 representing 70% equity interest in Kedah Marble Sdn Bhd ("KMSB") together with other sums, damages, interests and costs.

PKNK then applied for the determination of points or issues of law pursuant to Order 14A and/or Order 33 Rule 2 of the Rules of High Court, 1980. The application was heard on 13 January 2011 and allowed by the High Court on the basis that the Company's claim was time barred under the Public Authorities Protection Act ("PAPA") and/or the Limitation Act. In the result, the suit was dismissed with costs. The Judgment of the High Court was appealed to the Court of Appeal of Malaysia vide Civil Appeal No.: K-01-85-2011. The appeal was heard on the 27 September 2012 and allowed with costs. In the result, the order of the High Court dated 13 January 2011 was set aside and the matter remitted to the High Court for trial. Following the order of the Court of Appeal of Malaysia, PKNK has filed an application for leave to appeal to the Federal Court of Malaysia vide Civil Application No.: 08-772-10/2012. The application was called up for case management on 14 November 2013 and the parties were informed that the Grounds of Judgement of the Court of Appeal of Malaysia are still unavailable. Accordingly, there has been no change in the status of this matter save that the matter has been fixed for further case management on 20 January 2014. A hearing date will only be fixed by the Federal Court of Malaysia once the written Grounds of Judgment are made available to the parties by the Court of Appeal of Malaysia.

23. Material litigation (Continued)

(b) On 20 November 2013, Unified Communications Holdings Limited ("UCH"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company), announced that Unified Telecom Private Limited ("UTPL"), a joint venture entity of UCH in India, had on 19 November 2013 filed a petition to the High Court of Delhi, New Delhi under Section 9 of India's Arbitration and Conciliation Act, 1996 to obtain interim relief on the protection of Assets (i.e. the required systems comprising hardware, software and services implemented at the Telco's sites for the Project) currently under the custody of a mobile telecoms network operator and service provider in India ("Telco") and to deny the penalty claims by the Telco against UTPL. In October 2008, UTPL entered into a revenue sharing contract with the Telco for the provision of mobile advertising services on a turnkey basis ("Project").

UTPL had decided not to pursue renewal upon the expiry of the said contract in March 2012 and had made repeated attempts to recover the Assets that remain in the custody of the Telco. Telco had via a letter issued in July 2013 alleged that UTPL is liable for a sum of INR 10.7 crore (approximately SGD2.1 million) for damages and expenditure incurred in connection with the said contract during its currency.

Having assessed the legal opinion obtained from the law firms consulted, the Board of UCH is of the view that UTPL has the full rights and title to the Assets and should be entitled to demand their return, and that the Telco's financial claim against UTPL has no legal merit.

Based on the assessment of the matter at the time of announcement, the potential financial impact on UCH Group is expected to be limited to the potential loss associated with the failure to recover of the Assets in the custody of the Telco (which the net book value of the Assets as at 30 September 2013 is approximately SGD1.1 million). The potential loss will need to be provided for in UCH Group's financial statements for the financial year ending 31 December 2013 should the recoverability of the Assets not be ascertainable within the next few months.

24. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	9 months ended 30.09.2013 RM'000	**9 months ended 30.09.2012 RM'000**
Amortisation of intangible assets	(2,185)	(1,717)
Depreciation	(12,140)	(9,426)
Bad debts written off	(19)	(19)
Fair value gain on remeasurement of UCSB's 40% equity interest in an associate	-	13,165
Gain/(loss) on disposal of:		
- held for trading investment	(3)	10
- non-current assets classified as held for sale	-	126
- property, plant and equipment	27	142
- subsidiaries	-	(533)
Gross dividend income	-	39
Impairment loss on:		
- loan and receivables	(16)	(12)
Interest expenses	(3,934)	(5,211)
Interest income	2,469	2,816
Net unrealised (loss)/gain on foreign exchange	171	(999)
Property, plant and equipment written off	(17)	(17)
Provision for retirement plan	(143)	(135)
Write back of impairment loss on:		
- held for trading investment	-	41

25. Retained Earnings

	As At 30.09.2013 RM'000	As At 30.09.2012 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(387,363)	(406,138)
- Unrealised	(2,601)	(11,152)
Total retained profits/(accumulated losses) from associates		
- Realised	(5,093)	(2,749)
- Unrealised	(8)	215
Total retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(787)	(759)
- Unrealised	-	-
	(395,852)	(420,583)
Consolidation adjustments	458,838	491,570
Total Group retained profits as per consolidated financial statements	62,986	70,987

26. Dividend

The first and final dividend in respect of the financial year ended 31 December 2012 was paid on 5 August 2013 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 24 June 2013.

The Board does not recommend any dividend in respect of the financial period ended 30 September 2013.

27. (Loss)/Earnings per share

Basic (loss)/earnings per share

The basic (loss)/earnings 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 (RM2,456,000) and (RM7,196,000) respectively, divided by the weighted average number of ordinary shares of 513,915,830 and 513,788,357 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	513,915,830	513,356,530	513,715,830	504,391,530
Weighted average number of new ordinary shares arising from ICULS converted todate	-	309,510	72,527	5,801,298
Weighted average number of ordinary shares	513,915,830	513,666,040	513,788,357	510,192,828

	3 months ended		Year-to-date ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Basic (loss)/earnings per share (sen)	(0.48)	(1.02)	(1.40)	(0.24)

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

The diluted (loss)/earnings 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 (RM2,259,000) and (RM6,181,000) respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,952 and 929,194,952 for the current quarter and current year-to-date respectively assuming conversion of the remaining ICULS as follows:

	3 months ended		Year-to-date ended	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
	RM'000		RM'000	
Net (loss)/profit attributable to equity holders	(2,456)	(5,234)	(7,196)	(1,201)
Profit impact of assumed conversion- interest on ICULS	197	298	1,015	894
	(2,259)	(4,936)	(6,181)	(307)

Weighted average number of ordinary shares (diluted)

	3 months ended		Year-to-date ended	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the year	513,915,830	513,356,530	513,715,830	504,391,530
Weighted average number of new ordinary shares arising from ICULS converted todate	-	309,510	72,527	5,801,298
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	415,279,122	415,528,911	415,406,595	419,002,125
Weighted average number of ordinary shares	929,194,952	929,194,951	929,194,952	929,194,953

	3 months ended		Year-to-date ended	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
Diluted (loss)/earnings per share (sen)	(0.48)	(1.02)	(1.40)	(0.24)

The diluted loss per share and basic loss per share for the curent quarter, current year-to-date, corresponding quarter last year and corresponding year-to-date last year are reported to be the same as the effect arising from the deemed conversion of ICULS is anti-dilutive.

28. Status of E-commerce activities
Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
29 November 2013