

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

**COMPANY ANNOUNCEMENT**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED**  
**31 MARCH 2015**

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and period ended 31 March 2015.

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 2014.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>3 months ended</b>		<b>Year-to-date</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	62,823	60,916	62,823	60,916
Cost of sales	(41,544)	(39,733)	(41,544)	(39,733)
Gross profit	21,279	21,183	21,279	21,183
Other operating income	2,290	2,916	2,290	2,916
Operating expenses	(25,784)	(24,761)	(25,784)	(24,761)
Profit/(Loss) from operations	(2,215)	(662)	(2,215)	(662)
Finance costs	(1,325)	(1,405)	(1,325)	(1,405)
Share of results of associates and joint venture	(13)	712	(13)	712
Profit/(Loss) before tax	(3,553)	(1,355)	(3,553)	(1,355)
Income tax expense	(945)	(878)	(945)	(878)
Net profit/(loss) for the financial period	<u>(4,498)</u>	<u>(2,233)</u>	<u>(4,498)</u>	<u>(2,233)</u>
Attributable to:				
Owners of the parent	(5,323)	(2,128)	(5,323)	(2,128)
Non-controlling interests	825	(105)	825	(105)
	<u>(4,498)</u>	<u>(2,233)</u>	<u>(4,498)</u>	<u>(2,233)</u>
Profit/(Loss) per share attributable to owners of the parent:				
Basic (sen)	<u>(0.80)</u>	<u>(0.41)</u>	<u>(0.80)</u>	<u>(0.41)</u>
Diluted (sen)	<u>(0.80)</u>	<u>(0.41)</u>	<u>(0.80)</u>	<u>(0.41)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>3 months ended</b>		<b>Year-to-date 3 months ended</b>	
	<b><u>31.03.2015</u></b> <b>RM'000</b>	<b><u>31.03.2014</u></b> <b>RM'000</b>	<b><u>31.03.2015</u></b> <b>RM'000</b>	<b><u>31.03.2014</u></b> <b>RM'000</b>
Net profit/(loss) for the financial period	(4,498)	(2,233)	(4,498)	(2,233)
Other comprehensive income/(expenses):				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Fair value of available-for-sale financial assets	(803)	1,366	(803)	1,366
Share of other comprehensive income of associates, net of tax	(51)	17	(51)	17
Foreign currency translation differences for foreign operations	3,305	278	3,305	278
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	<u>2,451</u>	<u>1,661</u>	<u>2,451</u>	<u>1,661</u>
Other comprehensive income/(loss) for the financial period	<u>2,451</u>	<u>1,661</u>	<u>2,451</u>	<u>1,661</u>
Total comprehensive income/(loss) for the financial period	<u><u>(2,047)</u></u>	<u><u>(572)</u></u>	<u><u>(2,047)</u></u>	<u><u>(572)</u></u>
Attributable to:				
Owners of the parent	(2,805)	(486)	(2,805)	(486)
Non-controlling interests	758	(86)	758	(86)
Total comprehensive income/(loss) for the financial period	<u><u>(2,047)</u></u>	<u><u>(572)</u></u>	<u><u>(2,047)</u></u>	<u><u>(572)</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>Unaudited as at <u>31.03.2015</u> RM'000</b>	<b>Audited as at <u>31.12.2014</u> RM'000</b>
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	156,979	158,246
Investment properties	8,870	8,870
Investment in associates	54,007	55,865
Investment securities	20,280	21,083
Investment in joint venture	16	18
Goodwill on consolidation	92,761	92,027
Intangible assets	5,780	6,212
Trade and other receivables	606	606
Deferred tax assets	750	743
	340,049	343,670
<b><u>Current assets</u></b>		
Progress billings	8,806	9,938
Inventories	72,417	65,145
Trade and other receivables	86,803	82,975
Tax recoverable	2,165	1,820
Investment securities	418	418
Short term deposits	82,243	80,129
Cash and bank balances	40,514	48,490
	293,366	288,915
<b>TOTAL ASSETS</b>	<b><u><u>633,415</u></u></b>	<b><u><u>632,585</u></u></b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to owners of the parent</u></b>		
Share capital	198,887	198,677
Irredeemable Convertible Unsecured Loan		
Stocks ("ICULS") - equity component	65,180	65,384
Reserves	176,415	179,220
	440,482	443,281
<b>Non-controlling interests</b>	37,256	36,498
<b>Total equity</b>	477,738	479,779
<b><u>Non-current liabilities</u></b>		
Borrowings	32,076	37,728
ICULS - liability component	3,971	4,297
Deferred tax liabilities	1,602	1,539
Provision for retirement benefit obligations	1,312	1,284
	38,961	44,848
<b><u>Current liabilities</u></b>		
Trade and other payables	73,089	71,637
Borrowings	43,243	35,903
Tax payable	384	418
	116,716	107,958
<b>Total Liabilities</b>	155,677	152,806
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u><u>633,415</u></u></b>	<b><u><u>632,585</u></u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 31 MARCH 2015**

	← Attributable to owners of the parent →									
	← Non-distributable →					Distributable				
	Share Capital RM'000	ICULS- Equity Component RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Available- For-Sale- Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2015	198,677	65,384	117,317	15,998	(2,757)	6,490	42,172	443,281	36,498	479,779
Net profit/(loss) for the financial period	-	-	-	-	-	-	(5,323)	(5,323)	825	(4,498)
Fair value of available-for-sale financial assets	-	-	-	-	-	(803)	-	(803)	-	(803)
Share of other comprehensive income of associates, net of tax	-	-	-	-	(51)	-	-	(51)	-	(51)
Foreign currency translation differences for foreign operations	-	-	-	-	3,372	-	-	3,372	(67)	3,305
Total comprehensive income/(loss) for the financial period	-	-	-	-	3,321	(803)	(5,323)	(2,805)	758	(2,047)
<b>Transactions with owners in their capacity as owners:</b>										
Issue of new ordinary shares pursuant to the conversion of ICULS	210	(204)	-	-	-	-	-	6	-	6
	210	(204)	-	-	-	-	-	6	-	6
Balance as at 31 March 2015	198,887	65,180	117,317	15,998	564	5,687	36,849	440,482	37,256	477,738

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 31 MARCH 2015 (Continued)**

	← Attributable to owners of the parent →									
	← Non-distributable			→ Distributable						
	Share Capital RM'000	ICULS- Equity Component RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Available- For-Sale Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2014	154,175	108,669	117,317	15,998	(5,489)	4,992	45,466	441,128	34,625	475,753
Net profit/(loss) for the financial period	-	-	-	-	-	-	(2,128)	(2,128)	(105)	(2,233)
Fair value of available-for-sale financial assets	-	-	-	-	-	1,366	-	1,366	-	1,366
Share of other comprehensive income of associates, net of tax	-	-	-	-	19	(2)	-	17	-	17
Foreign currency translation differences for foreign operations	-	-	-	-	259	-	-	259	19	278
Total comprehensive income/(loss) for the financial period	-	-	-	-	278	1,364	(2,128)	(486)	(86)	(572)
Balance as at 31 March 2014	154,175	108,669	117,317	15,998	(5,211)	6,356	43,338	440,642	34,539	475,181

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2015**

	<b>3 months ended</b> <b><u>31.03.2015</u></b> <b>RM'000</b>	<b>3 months ended</b> <b><u>31.03.2014</u></b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	(3,553)	(1,355)
Adjustments for :-		
Non-cash items	5,488	4,050
Other investing and financing items	718	610
Operating profit before working capital changes	<u>2,653</u>	<u>3,305</u>
Changes in working capital		
Inventories	(7,272)	(3,061)
Receivables	(2,627)	(277)
Payables	2,302	205
Cash (used in)/generated from operations	<u>(4,944)</u>	<u>172</u>
Retirement benefit paid	(9)	-
Tax paid	(1,272)	(908)
<b>Net cash used in operating activities</b>	<b><u>(6,225)</u></b>	<b><u>(736)</u></b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(242)	(174)
Acquisition of a subsidiary, net of cash acquired	(725)	-
Investment in an associate	(3,647)	-
Interest received	606	795
Proceeds from disposal of an associate	4,848	
Proceeds from disposal of property, plant and equipment	1	1
Purchase of property, plant and equipment	(1,382)	(1,750)
<b>Net cash used in investing activities</b>	<b><u>(541)</u></b>	<b><u>(1,128)</u></b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2015 (Continued)**

	<b>3 months ended</b> <b><u>31.03.2015</u></b> <b>RM'000</b>	<b>3 months ended</b> <b><u>31.03.2014</u></b> <b>RM'000</b>
<b>Cash flows from financing activities</b>		
Drawdown of term loans and revolving credit	-	(6,500)
Interest paid	(2,741)	(3,934)
Payment to hire purchase payables	(11)	(4)
Withdrawal of pledged short term deposits	(239)	(1,631)
Repayment of term loans and revolving credit	(630)	(852)
<b>Net cash used in financing activities</b>	<b><u>(3,621)</u></b>	<b><u>(12,921)</u></b>
Effect of exchange rate changes	192	876
<b>Net decrease in cash and cash equivalents</b>	<b><u>(10,195)</u></b>	<b><u>(13,909)</u></b>
<b>Cash and cash equivalents as at beginning of financial period</b>		
As previously reported	94,592	90,901
Effect of exchange rate changes	1,868	(81)
As restated	96,460	90,820
<b>Cash and cash equivalents as at end of financial period *</b>	<b><u>86,265</u></b>	<b><u>76,911</u></b>
<b>* Cash and cash equivalents at the end of the financial period comprising the following :</b>		
Short term deposits	82,243	77,135
Cash and bank balances	40,514	39,635
Bank overdrafts	(3,004)	(1,218)
	<u>119,753</u>	<u>115,552</u>
Less : Deposits placed with lease creditors as security deposit for lease payments	(22,077)	(21,288)
Restricted deposits	-	(6,119)
Cash held under Housing Development Accounts	(552)	(535)
Deposits pledged to licensed banks	(10,859)	(10,699)
	<u>(33,488)</u>	<u>(38,641)</u>
	<b><u>86,265</u></b>	<b><u>76,911</u></b>

## 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 2014.

### 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 2014, 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:

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments to MFRSs and IC Interpretation 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 that are issued but are not yet effective, have yet to be adopted by the Group:

<u>New MFRS</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016



**3 Audit report**

The auditors' report on the financial statements for the year ended 31 December 2014 was not subject to any qualification.

**4 Seasonal or cyclical factors**

The operations of the Group for the quarter ended 31 March 2015 were not materially affected by any seasonal or cyclical factors.

**5. Unusual items**

There were no unusual significant items during the quarter 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 31 March 2015, a total of 1,401,100 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 700,550 new ordinary shares of RM0.30 each of the Company by surrendering for cancellation two ICULS for every one new ordinary share of RM0.30 each in the Company.

Apart from the above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 31 March 2015.

**8 Dividends paid**

There was no payment of any dividend during the financial period ended 31 March 2015.

## 9. Segmental Information

For the financial period ended 31 March 2015

	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
<b>Revenue</b>								
External	356	15,161	13,299	1,190	21,158	11,659	-	62,823
Inter-segment	397	-	-	2	51	-	(450)	-
<b>Total revenue</b>	<b>753</b>	<b>15,161</b>	<b>13,299</b>	<b>1,192</b>	<b>21,209</b>	<b>11,659</b>	<b>(450)</b>	<b>62,823</b>
<b>Results</b>								
Segment results	(2,680)	(1,592)	2,304	(4)	723	(2,305)	14	(3,540)
Share of results of associates and joint venture	301	113	(3)	-	(424)	-	-	(13)
Consolidated profit/(loss) before tax	(2,379)	(1,479)	2,301	(4)	299	(2,305)	14	(3,553)
Income tax expense								(945)
Consolidated profit/(loss) after tax								(4,498)
Non-controlling interests								(825)
Net profit/(loss) for the financial period attributable to owners of the parent								(5,323)

**9. Segmental Information (Continued)**

**For the financial period ended 31 March 2015**

	<b>Investment Holding</b>	<b>Hotels &amp; Resorts</b>	<b>Information &amp; Communications Technology</b>	<b>Property Development</b>	<b>Travel &amp; Tours</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Other information</u></b>								
Segment assets	62,765	196,743	163,882	64,597	17,380	71,110	-	576,477
Investment in associates and joint venture	31,932	18,533	16	-	3,542	-	-	54,023
Unallocated corporate assets								2,915
Total assets								633,415
Segment liabilities	10,205	80,942	13,823	9,265	7,167	32,289	-	153,691
Unallocated corporate liabilities								1,986
Total liabilities								155,677
Capital expenditure:								
- Property, plant & equipment	129	555	472	16	55	155	-	1,382
- Software development expenditure	-	-	242	-	-	-	-	242

**9. Segmental Information (Continued)**

**For the financial period ended 31 March 2014**

	<b>Investment Holding</b>	<b>Hotels &amp; Resorts</b>	<b>Information &amp; Communications Technology</b>	<b>Property Development</b>	<b>Travel &amp; Tours</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>								
External	279	18,066	13,127	2,507	21,906	5,031	-	60,916
Inter-segment	344	-	-	3	134	-	(481)	-
<b>Total revenue</b>	<b>623</b>	<b>18,066</b>	<b>13,127</b>	<b>2,510</b>	<b>22,040</b>	<b>5,031</b>	<b>(481)</b>	<b>60,916</b>
<b>Results</b>								
Segment results	(1,836)	425	1,040	197	769	(2,677)	15	(2,067)
Share of results of associates	645	104	-	-	(37)	-	-	712
Consolidated profit/(loss) before tax	(1,191)	529	1,040	197	732	(2,677)	15	(1,355)
Income tax expense								(878)
Consolidated profit/(loss) after tax								(2,233)
Non-controlling interests								105
Net profit/(loss) for the financial period attributable to owners of the parent								(2,128)

**9. Segmental Information (Continued)**

**For the financial period ended 31 March 2014**

	<b>Investment Holding</b>	<b>Hotels &amp; Resorts</b>	<b>Information &amp; Communications Technology</b>	<b>Property Development</b>	<b>Travel &amp; Tours</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Other information</u></b>								
Segment assets	62,478	230,129	160,429	58,682	16,459	59,662	-	587,839
Investment in associates	16,184	19,921	-	-	293	-	-	36,398
Unallocated corporate assets								3,924
Total assets								628,161
Segment liabilities	12,628	82,281	15,932	6,216	5,355	26,026	-	148,438
Unallocated corporate liabilities								4,542
Total liabilities								152,980
Capital expenditure								
- Property, plant and equipment	1	1,380	207	1	14	147	-	1,750
- Software development expenditure	-	-	174	-	-	-	-	174

## 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 2014.

## 11. Significant events after the reporting period

- (a) On 7 May 2015, a total of 1,287,500 ICULS have been converted into 643,750 new ordinary shares of RM0.30 each in the Company by surrendering for cancellation two ICULS for every one new ordinary share of RM0.30 each in the Company.
- (b) On 7 May 2015, AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of ASB, entered into a Sale and Purchase Agreement with Siacon Technology Sdn Bhd for a disposal of a freehold land held under Geran 25343, Lot No. 3787, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor at a cash consideration of RM21,119,955.50.

Apart from the above, there are no significant events after the reporting period.

## 12. Changes in the composition of the Group

- (a) On 2 January 2015, Orient Escape Travel Sdn Bhd (“OET”), an indirect wholly-owned subsidiary of the Company held via Diversified Gain Sdn Bhd (“DGSB”), completed the acquisition of the 35,000 shares representing 50% equity interest in SH Tour Co Ltd, located in Nonhyun-dong, Gangnam-gu, Seoul, Korea (“SH Tour”), for a cash consideration of USD800,000 only (equivalent to approximately RM2,766,400) pursuant to a Share Purchase Agreement entered into on 2 December 2014. Accordingly, SH Tour became an indirect 50%-owned associated company of the Company held via OET and DGSB respectively. On 5 January 2015, OET increased its investment to 89,202 shares representing 50% of the enlarged share capital of SH Tour by subscribing for further 54,202 shares in SH Tour. SH Tour is principally engaged in travel and tours business.
- (b) On 12 January 2015, Segi Koleksi Sdn Bhd (“SKSB”) completed the acquisition of the 100% equity interest in Metroprime Corporation Sdn Bhd (“MCSB”) comprising 350,000 issued and paid-up ordinary shares of RM1.00 each for a cash consideration of RM817,779.66 pursuant an agreement dated 10 December 2014. Accordingly, MCSB became an indirect 70%-owned subsidiary of the Company held via SKSB. MCSB currently owns and operates a language centre namely "The Language House" located in Petaling Jaya, Selangor Darul Ehsan.

The summary effects on the acquisition of MCSB is as follows:

	RM'000
Property, plant and equipment	232
Receivables	76
Tax recoverable	21
Cash and bank balances	93
Payables	(263)
Borrowings	(63)
Deferred tax liability	(12)
Net assets acquired	84
Goodwill arising from acquisition	734
Purchase consideration	818
Cash and bank balances of the subsidiary	(93)
Net cash outflow	725

- (c) On 13 January 2015, the Company had via its wholly-owned subsidiary, Dama TCM Sdn Bhd (“Dama TCM”), an indirect wholly-owned subsidiary of the Company [held via Excellent Display Sdn Bhd (“EDSB”), a wholly-owned subsidiary of the Company], entered into the Joint Venture - Shareholders Agreement with CU Medicare Ltd Co, a company incorporated in Korea, whereby the parties shall jointly establish and hold 50% equity interest each in a new joint venture company (“Proposed JV Company”). The Proposed JV Company, Medical Palace Sdn Bhd, was incorporated on 11 February 2015. The Proposed JV Company will principally be involved in wellness and beauty treatment, products and services.
- (d) On 11 February 2015, Strategic Research & Consultancy Sdn Bhd (“SRC”), a wholly-owned subsidiary of the Company, acquired 40% equity interest comprising 40 issued and fully paid-up ordinary shares of RM1.00 each in Kopistop Sdn Bhd (“Kopistop”) for a total cash consideration of RM40.00 only and consequently, Kopistop became an indirect 40%-owned associated company of the Company held via SRC. Kopistop currently holds the brand name “Cable” and it will principally be engaged in the business of food and beverage and cafe and restaurants.
- (e) On 19 February 2015, Le Indie Viaggi S.R.L., an indirect 50%-owned associated company in Italy [held via Synergy Tours Sdn Bhd, a wholly-owned subsidiary of OET which in turn a wholly-owned subsidiary of DGSB, a wholly-owned subsidiary of the Company] was dissolved. The principal activity of Le Indie Viaggi S.R.L. was to conduct outbound and inbound travel businesses for distribution through internet.

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

- (f) On 9 March 2015, Advance Synergy Capital Sdn Bhd (“ASCAP”), a wholly-owned subsidiary of the Company, disposed 11,275,308 ordinary shares of RM1.00 each, representing 20% of the issued and paid up share capital of Kumpulan Powernet Berhad (“KPB”) via off-market direct business transaction for a total cash consideration of RM4,848,382.44 (“Disposal”). With the Disposal, ASCAP ceased to be a substantial shareholder of KPB and KPB ceased to be an associated company of the Company.

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

## 13. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2014.

## 14. Review of performance

For the current 3-month period ended 31 March 2015 (“Q1 2015”), the Group recorded a higher revenue of RM62.8 million compared to a revenue of RM60.9 million recorded for the corresponding period last year (“Q1 2014”), an increase of RM1.9 million or 3.1%. The bulk of the increase in revenue was recorded by our Coach Building division while our Hotels and Resorts, Property Development and Travel & Tours divisions showed a drop in revenue. The Group recorded a loss before tax of RM3.6 million in Q1 2015 compared to a loss before tax of RM1.4 million in Q1 2014. The main contributing factor to the unfavourable results in Q1 2015 was the loss from our Hotels & Resorts division, lower contribution from our associates and a loss on disposal of an associate. The Group's loss is however mitigated by better results from our Information & Communications Technology division. The Group's gross profit margin was lower at 33.9% in Q1 2015 compared to 34.8% in Q1 2014. Our operating expenses were higher by RM1.0 million or an increase of 4.1% in Q1 2015 compared to Q1 2014. The higher operating expenses in Q1 2015 was mainly due to a loss on disposal of an associate amounting to RM0.6 million.

### *Investment Holding*

The division recorded a loss before tax of RM2.4 million in the Q1 2015 compared to a loss before tax of RM1.2 million in Q1 2014. The loss in Q1 2015 was attributable mainly to a loss on disposal of an associate amounting to RM0.6 million and lower contribution from the associates.

### *Hotels & Resorts*

The Hotels & Resorts division registered a lower revenue for Q1 2015 of RM15.2 million compared to RM18.1 million in Q1 2014 mainly due to the lower occupancy rates in the local hotels coupled with the absence of the revenue from an overseas hotel which was disposed in July 2014. With the lower revenue, this division recorded loss in Q1 2015 of RM1.5 million compared to a profit of RM0.5 million in Q1 2014.

### *Information & Communications Technology*

The Information & Communications Technology division registered a slightly higher revenue for Q1 2015 of RM13.3 million compared to RM13.1 million in Q1 2014, an increase of 1.3%. The higher revenue was attributable to higher Singapore Dollar (“SGD”) exchange rate to Ringgit Malaysia (“RM”) when translating the revenue recorded in SGD which resulted in higher translated revenue in RM. The lower revenue in SGD for Q1 2015 compared to the revenue in SGD for Q1 2014 was mainly due to lower system sale contract revenue recorded by Operation Support System (“OSS”) business unit (“BU”). However, this was mitigated by higher managed service contract revenue in South East Asia (“SEA”).

Notwithstanding the currency exchange translation effect, this division recorded a higher profit before tax of RM2.3 million in Q1 2015 compared to RM1.0 million in Q1 2014 attributable mainly to higher gross profit margin derived from system sale contract revenue and managed service contract revenue coupled with lower operating expenses recorded in Q1 2015.

### *Property Development*

The Property Development division registered a lower revenue for Q1 2015 of RM1.2 million compared to RM2.5 million in Q1 2014. With the lower revenue, this division also recorded a nominal loss before tax of RM0.004 million for Q1 2015 compared to a profit before tax of RM0.2 million in Q1 2014.

### *Travel & Tours*

For Q1 2015, our Travel & Tours division achieved a lower revenue of RM21.2 million as compared to a revenue of RM22.0 million in Q1 2014, a decrease of RM0.8 million or 3.8%. With the lower revenue and lower contribution from associates, this division recorded a lower profit before tax of RM0.3 million for Q1 2015 compared to RM0.7 million for Q1 2014, mitigated by higher other operating income.

### *Others*

The Others division registered a higher revenue of RM11.7 million in Q1 2015 compared to a revenue of RM5.0 million achieved in Q1 2014. The bulk of the increased revenue was contributed by our Coach Building division. However, the division's gross profit margin was lower at 17.3% in Q1 2015 compared to 24.0% in Q1 2014 and operating expenses were higher at RM4.3 million in Q1 2015 compared to RM3.8 million in Q1 2014. With the higher revenue offset by lower gross profit margin and higher operating expenses, the division recorded a lower loss before tax of RM2.3 million compared to loss before tax of RM2.7 million in Q1 2014.

## 15. Comparison of results with preceding quarter

The Group achieved a revenue of RM62.8 million for the current quarter ended 31 March 2015 (“Q1 2015”) which was lower compared to the revenue in the previous quarter ended 31 December 2014 (“Q4 2014”) of RM79.8 million, a decrease of RM17.0 million. This was mainly due to lower revenue from all operating divisions except for Others division. With the lower Group revenue and a loss on disposal of an associate amounting to RM0.6 million in the quarter under review, the Group recorded a loss before tax of RM3.6 million compared to a profit before tax of RM1.2 million in the preceding quarter. This is mitigated by better results from associates in the current quarter.

### *Investment Holding*

The Investment Holding division recorded a loss before tax of RM2.4 million for Q1 2015 as compared to profit before tax of RM14.2 million for Q4 2014 mainly due to the absence of dividend income from subsidiaries recorded in Q4 2014 (eliminated at group level) and a loss of disposal of an associate of RM0.6 million offset by higher contribution from associates in Q1 2015.

### *Hotels & Resorts*

The Hotels & Resorts division registered a lower revenue for Q1 2015 of RM15.2 million as compared to RM17.3 million in Q4 2014. With the lower revenue, this division made a higher loss of RM1.5 million compared to a loss of RM0.9 million in Q4 2014.

### *Information & Communications Technology*

The Information & Communications Technology division registered a lower revenue in Q1 2015 of RM13.3 million compared to RM14.2 million in Q4 2014. In the current quarter under review, the operating expenses were lower than the preceding quarter. With the lower revenue mitigated by lower operating expenses in the quarter under review, a lower profit of RM2.3 million was achieved compared to a profit of RM2.7 million in Q4 2014.

### *Property Development*

The Property Development division recorded a lower revenue of RM1.2 million for Q1 2015 compared to RM14.1 million in Q4 2014. In Q4 2014, the Property Development division achieved a higher revenue due mainly to the sales of its remaining residential units in the Kuching Kenny Hills project. With the lower revenue in this quarter under review, the division recorded a nominal loss before tax of RM0.004 million compared to the previous quarter's profit of RM2.9 million.

### *Travel & Tours*

The Travel & Tours division recorded a lower revenue for Q1 2015 of RM21.2 million compared to RM23.6 million in Q4 2014 mainly attributable to lower outbound travel business partly offset by higher inbound travel business. Despite the lower revenue, the division recorded a slightly higher profit before tax of RM0.3 million in Q1 2015 compared to the profit of RM0.2 million in Q4 2014, which was contributed by higher gross profit margin from the inbound travel business and other operating income offset by a loss from an associated company.

### *Others*

The Others division recorded a higher revenue for Q1 2015 of RM11.7 million compared to RM10.6 million in Q4 2014. The increase in revenue was contributed mainly by the Coach Building division. Despite the increased revenue in this quarter, the Others division recorded a higher loss of RM2.3 million in Q1 2015 compared to a loss of RM2.0 million in Q4 2014 mainly due to higher loss from our Manufacturing division arising from lower revenue achieved.

## 16. Prospects

Our Board expects the economic and business environment to remain challenging in the remaining period of 2015 with the economic uncertainty in major economies and inflationary pressures in our domestic market.

With the expected challenges ahead, our Group will focus on measures to improve operational efficiencies and productivity coupled with cost reduction efforts. The Group will also continue to persist with its strategic plan which is already in place to grow our established core businesses and explore opportunities of tapping into new markets through introduction of promising new products and services and/or venture into new business segments with potential growth.

Our Hotels & Resorts division views the business outlook for the remaining of 2015 to be challenging due to uncertainty in the global economic outlook and also the severe pricing competition in the hospitality industry from Thailand, Indonesia and Vietnam. To address these challenges, this division will focus more on leisure market in ASEAN, India, China, South Korea and Middle East, and also continue to seek more viable joint venture opportunities to secure hotel management and operations agreements to increase our room inventories.



**16. Prospects (Continued)**

The Information & Communications Technology (“ICT”) division expects the remainder of 2015 financial year to remain challenging, especially for the parts of its business that generate revenues primarily from system sale contracts. While the growth in system sale contract is expected to be less certain and gross margin pressure expected to persist, this division anticipates the steady progress in growing the managed service contract portfolio to be effective as a countervailing force. The ICT division will continue to be focused on developing and delivering high value, utility-focused application and platform services in partnership with the leading mobile network operators and service providers of the SEA, South Asia (“SA”) and MEA regions. Through its technology investment and venture activities, this division will be capitalising on the growth in internet usage - especially the mobile broadband variety in the SEA and SA regions by strategically investing in early to late stage technology and innovation in internet-delivered applications and mobile and digital media. The division’s strategic investment plan will focus primarily on these growth businesses in the SEA and SA regions, and will be complemented by the growth-by-acquisition strategy already in place for the existing business units.

Our Property Development division expects to face continued challenges in the remaining period of 2015 due to the softening of the property market in Kuching and the cooling measures on the property market. For this year, the division will continue to focus on its on-going development projects to drive the earnings of the Group.

As consumers become cautious in their spending with the uncertainties over the impact of the GST, rising living costs and weakening of ringgit against major currencies, the outbound travel and tours business expects this sector to soften in the remaining period of 2015. Notwithstanding this, the outbound travel and tours business remains focused on its existing and new corporate clients for the ticketing business and will continue to develop and adapt its products to the changing trend in demand to sustain its growth in the outbound travel and tours business. Our inbound travel and tours business will continue to focus on offering competitive and unique services and travel packages and develop Meetings, Incentives, Conferences and Exhibitions products to drive its earnings.

The Others division expects to face continued challenges in 2015 which may affect its revenue growth plan. Although growth in revenue may be more uncertain, the division will persist with its key strategies to drive the revenue growth plan and implement cost saving measures to address the challenge of rising cost pressure.

**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**

	<b>3 months ended <u>31.03.2015</u> RM’000</b>	<b>Year- to-date ended <u>31.03.2015</u> RM’000</b>
On current quarter/year results		
- Malaysian income tax	1,026	1,026
Over provision in prior years	(110)	(110)
Transfer (to)/from deferred taxation	29	29
	<u>945</u>	<u>945</u>

The effective tax rate of the Group for the financial quarter and period ended 31 March 2015 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.

- (b) On 17 February 2015, the Company announced that its 58.3%-owned subsidiary [held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company], Captii Limited (“Captii”), has on 17 February released an announcement in relation to the Share Consolidation [where Captii proposes to undertake a share consolidation for every ten ordinary shares in the issued share capital of Captii into one consolidated share to comply with the requirement on minimum trading price of S\$0.20 per share for mainboard listed issuers on the Singapore Exchange Securities Trading Limited (“SGX-ST”)]. On 25 March 2015, Captii received the approval in-principle from SGX-ST for the listing and quotation of up to 31,957,267 consolidated shares on the Mainboard of SGX-ST. On 14 May 2015, Captii released an announcement in relation to the completion of the Share Consolidation as approved by its shareholders at an extraordinary general meeting held on 29 April 2015.

## 21. Group borrowings

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

	<b>As At</b> <b><u>31.03.2015</u></b> <b>RM'000</b>	<b>As At</b> <b><u>31.12.2014</u></b> <b>RM'000</b>
<b>Short term - secured</b>		
- Term loans	1,422	1,507
- Bank overdraft	3,004	779
- Hire purchase payables	43	24
- Finance lease payable	6,948	1,570
- Revolving credit	30,600	30,800
<b>Short term - unsecured</b>		
- Term loans	1,226	1,223
	<u>43,243</u>	<u>35,903</u>
<b>Long term - secured</b>		
- Term loans	14,663	15,005
- Hire purchase payables	48	15
- Finance lease payable	16,071	21,427
<b>Long term - unsecured</b>		
- Term loans	1,294	1,281
	<u>32,076</u>	<u>37,728</u>
<b>Total borrowings</b>	<u><u>75,319</u></u>	<u><u>73,631</u></u>

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

	<b>As At</b> <b><u>31.03.2015</u></b> <b>RM'000</b>	<b>As At</b> <b><u>31.12.2014</u></b> <b>RM'000</b>
Australian Dollars	2,520	2,504
Sterling Pounds	<u>221</u>	<u>291</u>

## 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

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 (“Leave Application”) to appeal to the Federal Court of Malaysia vide Civil Application No.: 08-772-10/2012.

The Leave Application was heard by the Federal Court of Malaysia on 6 May 2014 and unanimously dismissed with costs of RM10,000.00 payable by PKNK to the Company. As a result, the suit will be tried by the High Court in Alor Setar. Case management of the suit in the High Court has been adjourned to a date to be fixed pending clarification and extraction of the order of the Federal Court dated 6 May 2014. The Federal Court has on 15 May 2015 clarified the earlier order made and directed that the defence of limitation taken by PKNK be tried by the High Court. The order of the Federal Court is expected to be extracted and served within a period of two (2) weeks. Parties will thereafter obtain a case management date from the High Court.

## 24. Notes To The Statement of Comprehensive Income

Included in the operating loss are:

	<b>3 months ended <u>31.03.2015</u> RM'000</b>	<b>3 months ended <u>31.03.2014</u> RM'000</b>
Allowance for inventories obsolescence		
Amortisation of intangible assets	(689)	(741)
Depreciation of property, plant and equipment	(3,954)	(4,078)
Net profit/(loss) on disposal of:		
- an associate	(596)	-
- property, plant and equipment	(2)	-
Impairment loss on:		
- loan and receivables	(6)	(4)
Interest expenses	(1,325)	(1,405)
Interest income	606	795
Net unrealised (loss)/gain on foreign exchange	(149)	113
Property, plant and equipment written off	(49)	(2)
Provision for retirement plan	(38)	(50)
Write back of impairment loss on:		
- loan and receivables	8	-

## 25. Retained Earnings

	<b>As At</b> <b><u>31.03.2015</u></b> <b>RM'000</b>	<b>As At</b> <b><u>31.03.2014</u></b> <b>RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(470,077)	(421,812)
- Unrealised	20,515	(2,101)
Total share of retained profits/(accumulated losses) from associates		
- Realised	(975)	(4,980)
- Unrealised	-	7
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(858)	(800)
- Unrealised	-	-
	<u>(451,395)</u>	<u>(429,686)</u>
Consolidation adjustments	488,244	473,024
Total Group retained profits as per consolidated statements of financial position	<u><u>36,849</u></u>	<u><u>43,338</u></u>

## 26. Dividend

The Board does not recommend the payment of any dividend during the financial period ended 31 March 2015.

## 27. Loss per share

### **Basic loss per share**

The basic loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM5,323,000, divided by the weighted average number of ordinary shares of 662,598,173 for the current quarter and current year-to-date as follows:

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>
	<b>No. of shares</b>		<b>No. of shares</b>	
Issued ordinary shares at beginning of the period	662,255,682	513,915,830	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted to date	342,491	-	342,491	-
Weighted average number of ordinary shares	<u><u>662,598,173</u></u>	<u><u>513,915,830</u></u>	<u><u>662,598,173</u></u>	<u><u>513,915,830</u></u>
	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>
Basic earnings/(loss) per share (sen)	<u><u>(0.80)</u></u>	<u><u>(0.41)</u></u>	<u><u>(0.80)</u></u>	<u><u>(0.41)</u></u>

### **Diluted loss per share**

The diluted loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM5,219,000, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,952 for the current quarter and current year-to-date assuming conversion of the remaining ICULS as follows:

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>
	<b>RM'000</b>		<b>RM'000</b>	
Net profit/(loss) attributable to equity holders	(5,323)	(2,128)	(5,323)	(2,128)
Profit impact of assumed conversion-interest on ICULS	104	330	104	330
	<u><u>(5,219)</u></u>	<u><u>(1,798)</u></u>	<u><u>(5,219)</u></u>	<u><u>(1,798)</u></u>

**27. Loss per share (Continued)****Diluted loss per share (Continued)****Weighted average number of ordinary shares (diluted)**

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>
	<b>No. of shares</b>		<b>No. of shares</b>	
Issued ordinary shares at beginning of the period	662,255,682	513,915,830	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted to date	342,491	-	342,491	-
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	266,596,779	415,279,122	266,596,779	415,279,122
Weighted average number of ordinary shares	<u>929,194,952</u>	<u>929,194,952</u>	<u>929,194,952</u>	<u>929,194,952</u>
	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2015</u></b>	<b><u>31.03.2014</u></b>
Diluted earnings/(loss) per share (sen)	<u>(0.80)</u>	<u>(0.41)</u>	<u>(0.80)</u>	<u>(0.41)</u>

The diluted loss per share and basic loss per share for the current 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  
27 May 2015