ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

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

	3 months ended		Year-to-date 6 months ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Revenue	64,959	72,804	127,782	133,720
Cost of sales	(44,150)	(50,279)	(85,694)	(90,012)
Gross profit	20,809	22,525	42,088	43,708
Other operating income	2,652	2,565	4,942	5,480
Operating expenses	(24,343)	(26,551)	(50,127)	(51,311)
Profit/(Loss) from operations	(882)	(1,461)	(3,097)	(2,123)
Finance costs	(1,401)	(1,287)	(2,726)	(2,692)
Share of results of associates and joint venture	(210)	(1,024)	(223)	(312)
Profit/(Loss) before tax	(2,493)	(3,772)	(6,046)	(5,127)
Income tax expense	(1,532)	(1,219)	(2,477)	(2,097)
Net profit/(loss) for the financial period	(4,025)	(4,991)	(8,523)	(7,224)
Attributable to:				
Owners of the parent	(5,027)	(5,172)	(10,350)	(7,300)
Non-controlling interests	1,002	181	1,827	76
	(4,025)	(4,991)	(8,523)	(7,224)
Profit/(Loss) per share attributable to owners of the parent:				
Basic (sen)	(0.76)	(1.00)	(1.56)	(1.42)
Diluted (sen)	(0.76)	(1.00)	(1.56)	(1.42)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 6 months ended	
	30.06.2015	**30.06.2014**	**30.06.2015**	**30.06.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net profit/(loss) for the financial period	(4,025)	(4,991)	(8,523)	(7,224)
Other comprehensive income/(expenses):				
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	-	161	(803)	1,527
Share of other comprehensive income of associates, net of tax	2	9	(49)	26
Foreign currency translation differences for foreign operations	535	(2,546)	3,840	(2,268)
Total items that are or may be reclassified subsequently to profit or loss	537	(2,376)	2,988	(715)
Other comprehensive income/(loss) for the financial period	537	(2,376)	2,988	(715)
Total comprehensive income/(loss) for the financial period	(3,488)	(7,367)	(5,535)	(7,939)
Attributable to:				
Owners of the parent	(4,331)	(7,422)	(7,136)	(7,908)
Non-controlling interests	843	55	1,601	(31)
Total comprehensive income/(loss) for the financial period	(3,488)	(7,367)	(5,535)	(7,939)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 30.06.2015 RM'000	Audited as at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,120	158,246
Investment properties	8,870	8,870
Investment in associates	53,804	55,865
Investment securities	22,205	21,083
Investment in joint venture	9	18
Goodwill on consolidation	92,761	92,027
Intangible assets	5,491	6,212
Trade and other receivables	606	606
Deferred tax assets	721	743
	340,587	343,670
Current assets		
Progress billings	8,179	9,938
Inventories	65,989	65,145
Trade and other receivables	85,123	82,975
Tax recoverable	2,222	1,820
Investment securities	418	418
Short term deposits	93,611	80,129
Cash and bank balances	30,793	48,490
	286,335	288,915
TOTAL ASSETS	626,922	632,585
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	199,216	198,677
Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - equity component	64,861	65,384
Reserves	172,084	179,220
	436,161	443,281
Non-controlling interests	38,099	36,498
Total equity	474,260	479,779
Non-current liabilities		
Borrowings	15,770	37,728
ICULS - liability component	3,631	4,297
Deferred tax liabilities	1,607	1,539
Provision for retirement benefit obligations	1,356	1,284
	22,364	44,848
Current liabilities		
Trade and other payables	68,056	71,637
Borrowings	61,860	35,903
Tax payable	382	418
	130,298	107,958
Total Liabilities	152,662	152,806
TOTAL EQUITY AND LIABILITIES	626,922	632,585

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	(10,350)	(10,350)	1,827	(8,523)
Fair value of available-for-sale financial assets	-	-	-	-	-	(803)	-	(803)	-	(803)
Share of other comprehensive income of associates, net of tax	-	-	-	-	(49)	-	-	(49)	-	(49)
Foreign currency translation differences for foreign operations	-	-	-	-	4,066	-	-	4,066	(226)	3,840
Total comprehensive income/(loss) for the financial period	-	-	-	-	4,017	(803)	(10,350)	(7,136)	1,601	(5,535)
Transactions with owners in their capacity as owners:										
Issue of new ordinary shares pursuant to the conversion of ICULS	539	(523)	-	-	-	-	-	16	-	16
	539	(523)	-	-	-	-	-	16	-	16
Balance as at 30 June 2015	199,216	64,861	117,317	15,998	1,260	5,687	31,822	436,161	38,099	474,260

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	(7,300)	(7,300)	76	(7,224)
Fair value of available-for-sale financial assets	-	-	-	-	-	1,527	-	1,527	-	1,527
Share of other comprehensive income of associates, net of tax	-	-	-	-	26	-	-	26	-	26
Foreign currency translation differences for foreign operations	-	-	-	(2)	(2,159)	-	-	(2,161)	(107)	(2,268)
Total comprehensive income/(loss) for the financial period	-	-	-	(2)	(2,133)	1,527	(7,300)	(7,908)	(31)	(7,939)
Transactions with owners in their capacity as owners:										
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	(211)	(211)
Issue of new ordinary shares pursuant to the conversion of ICULS	4,787	(4,175)	-	-	-	-	-	612	-	612
	4,787	(4,175)	-	-	-	-	-	612	(211)	401
Balance as at 30 June 2014	158,962	104,494	117,317	15,996	(7,622)	6,519	38,166	433,832	34,383	468,215

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015

	6 months ended 30.06.2015 RM'000	6 months ended 30.06.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(6,046)	(5,127)
Adjustments for :-		
Non-cash items	8,510	12,262
Other investing and financing items	1,413	1,298
Operating profit before working capital changes	3,877	8,433
Changes in working capital		
Inventories	(844)	(6,726)
Receivables	(345)	(7,017)
Payables	(3,186)	4,807
Cash used in operations	(498)	(503)
Retirement benefit paid	(15)	-
Tax paid	(2,833)	(2,703)
Net cash used in operating activities	(3,346)	(3,206)
Cash flows from investing activities		
Acquisition of intangible assets	(756)	(453)
Acquisition of a subsidiary, net of cash acquired	(725)	21
Investment in an associate	(3,647)	-
Acquisition of available for sale investments	(1,925)	-
Interest received	1,313	1,394
Payment to contingent consideration	-	(2,379)
Proceeds from disposal of an associate	4,848	-
Proceeds from disposal of property, plant and equipment	13	2
Proceeds from disposal of subsidiaries, net of cash disposed	-	(45)
Purchase of property, plant and equipment	(2,002)	(3,255)
Net cash used in investing activities	(2,881)	(4,715)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015 (Continued)

	6 months ended 30.06.2015 RM'000	6 months ended 30.06.2014 RM'000
Cash flows from financing activities		
Drawdown of term loans and revolving credit	2,700	500
Interest paid	(3,988)	(5,609)
Payment to hire purchase payables	(22)	(9)
Withdrawal of pledged short term deposits	(40)	4,515
Repayment of term loans and revolving credit	(864)	(3,878)
Net cash used in financing activities	(2,214)	(4,481)
Effect of exchange rate changes	(1,491)	(731)
Net decrease in cash and cash equivalents	(9,932)	(13,133)
Cash and cash equivalents as at beginning of financial period		
As previously reported	94,592	90,901
Effect of exchange rate changes	3,669	(481)
As restated	98,261	90,420
Cash and cash equivalents as at end of financial period *	88,329	77,287
*** Cash and cash equivalents at the end of the financial period comprising the following :**		
Short term deposits	93,611	76,910
Cash and bank balances	30,793	35,579
Bank overdrafts	(2,787)	(2,706)
	121,617	109,783
Less : Deposits placed with lease creditors as security deposit for lease payments	(21,933)	(21,490)
Restricted deposits	-	(916)
Cash held under Housing Development Accounts	(556)	(539)
Deposits pledged to licensed banks	(10,799)	(9,551)
	(33,288)	(32,496)
	88,329	77,287

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:

New MFRS		**Effective for financial periods beginning on or after**
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
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 30 June 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 30 June 2015, a total of 3,593,300 2% 10-Year Irredeemable Convertible Unsecured Loan Stocks at 100% of the nominal value of RM0.15 each ("ICULS") have been converted into 1,796,650 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 June 2015.

8 Dividends paid

There was no payment of any dividend during the financial period ended 30 June 2015.

9. Segmental Information

For the financial period ended 30 June 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
Revenue								
External	676	28,672	27,899	6,961	44,885	18,689	-	127,782
Inter-segment	912	-	-	5	149	-	(1,066)	-
Total revenue	1,588	28,672	27,899	6,966	45,034	18,689	(1,066)	127,782
Results								
Segment results	(4,872)	(2,522)	5,103	842	1,674	(6,076)	28	(5,823)
Share of results of associates and joint venture	747	(467)	(10)	-	(493)	-	-	(223)
Consolidated profit/(loss) before tax	(4,125)	(2,989)	5,093	842	1,181	(6,076)	28	(6,046)
Income tax expense								(2,477)
Consolidated profit/(loss) after tax								(8,523)
Non-controlling interests								(1,827)
Net profit/(loss) for the financial period attributable to owners of the parent								(10,350)

9. Segmental Information (Continued)

For the financial period ended 30 June 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
Other information								
Segment assets	63,568	194,042	169,927	66,536	17,161	58,932	-	570,166
Investment in associates and joint venture	32,377	17,954	9	-	3,473	-	-	53,813
Unallocated corporate assets								2,943
Total assets								626,922
Segment liabilities	9,985	82,121	17,344	10,563	6,522	24,138	-	150,673
Unallocated corporate liabilities								1,989
Total liabilities								152,662
Capital expenditure:								
- Property, plant & equipment	135	932	701	16	59	159	-	2,002
- Software development expenditure	-	-	489	-	-	-	-	489
- Approved permit	-	-	-	-	-	267	-	267

9. Segmental Information (Continued)

For the financial period ended 30 June 2014

	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	545	34,837	29,232	7,731	47,098	14,277	-	133,720
Inter-segment	675	-	-	5	274	-	(954)	-
Total revenue	1,220	34,837	29,232	7,736	47,372	14,277	(954)	133,720
Results								
Segment results	(3,601)	(749)	2,696	1,212	1,889	(6,293)	31	(4,815)
Share of results of associates	842	(1,112)	-	-	(42)	-	-	(312)
Consolidated profit/(loss) before tax	(2,759)	(1,861)	2,696	1,212	1,847	(6,293)	31	(5,127)
Income tax expense								(2,097)
Consolidated profit/(loss) after tax								(7,224)
Non-controlling interests								(76)
Net profit/(loss) for the financial period attributable to owners of the parent								(7,300)

9. Segmental Information (Continued)

For the financial period ended 30 June 2014

	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
<u>Other information</u>								
Segment assets	67,975	221,096	160,578	61,477	17,157	62,166	-	590,449
Investment in associates	16,387	18,705	-	-	288	-	-	35,380
Unallocated corporate assets								3,807
Total assets								629,636
Segment liabilities	11,314	87,666	14,764	8,167	5,419	30,243	-	157,573
Unallocated corporate liabilities								3,848
Total liabilities								161,421
Capital expenditure								
- Property, plant and equipment	4	2,102	963	1	17	168	-	3,255
- Software development expenditure	-	-	453	-	-	-	-	453

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 2 July 2015, AESBI Power System Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had accepted a Term Loan of RM30 million from CIMB Bank Berhad to be utilised for the Group's working capital and/or strategic investment.

(b) On 10 July 2015, Captii Limited ("Captii"), an indirect 58.3%-owned subsidiary of the Company, released an announcement to Singapore Exchange Securities Trading Limited in relation to the cessation of temporary trading counter for trading of odd lots.

(c) On 29 July 2015, the Company announced the legal proceeding involving P.T. Diwangkara Holiday Villa Bali ("PT Diwangkara"), an indirect wholly-owned subsidiary of ASB as set out in Note 23(b).

(d) On 20 August 2015, the Company received the Share Sale Agreement dated 12 August 2015 which was entered into by Alangka-Suka International Limited ("ASIL"), an indirect wholly-owned subsidiary of the Company, to dispose 75 ordinary shares of USD200.00 each, representing its 10% equity interest in P.T. Diwangkara Holiday Villa Bali ("PT Diwangkara") to Triadi Putranta Soewondo for a total cash consideration of USD115,415.00. Accordingly, PT Diwangkara became an indirect 90%-owned subsidiary of the Company held via ASIL.

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, 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 (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. On 5 January 2015, OET increased its investment to 89,202 shares representing 50% of the enlarged share capital of SH Tour by subscribing proportionately for further 54,202 shares in SH Tour for a cash consideration of USD250,000 (equivalent to approximately RM3,646,650). SH Tour is principally engaged in travel and tours business.

(b) On 12 January 2015, Segi Koleksi Sdn Bhd ("SKSB"), a 70%-owned subsidiary of the Company, 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 known as "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, Dama TCM Sdn Bhd ("Dama TCM"), an indirect 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 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 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 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 2014.

14. **Review of performance**

For the 6-month period ended 30 June 2015 ("6M 2015"), the Group recorded a lower revenue of RM127.8 million compared to a revenue of RM133.7 million recorded for the corresponding period last year ("6M 2014"), a decrease of RM5.9 million or 4.4%. All major divisions recorded lower revenue with the Hotels & Resorts division showing a highest decline in revenue of RM6.2 million. The Others division showed an increase in revenue of RM4.4 million, recording a total revenue of RM18.7 million in 6M 2015 compared to RM14.3 million in 6M 2014. The flow down effect of lower revenue from all major divisions resulted in the Group's higher loss before tax of RM6.0 million in 6M 2015 overshadowing the higher profit from Information & Communications Technology ("ICT") division of RM5.1 million in the period under review compared to a profit of RM2.7 million in the corresponding period last year. The negative impact to the Group's results due to lower revenue was offset by the positive effect of the slightly higher gross profit margin and reduction in operating expenses. The Group's gross profit margin was slightly higher at 32.9% in 6M 2015 compared to 32.7% in 6M 2014. Our operating expenses were lower by RM1.2 million or a decrease of 2.3% in 6M 2015 compared to RM51.3 million in 6M 2014. The higher operating expenses in 6M 2014 was mainly due to a goodwill written off amounting to RM1.5 million while the operaing expenses in 6M 2015 included a loss on disposal of an associate amounting to RM0.6 million.

Investment Holding

The division recorded a loss before tax of RM4.1 million in 6M 2015 compared to a loss before tax of RM2.8 million in 6M 2014. The higher loss in 6M 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 6M 2015 of RM28.7 million compared to RM34.8 million in 6M 2014 mainly due to the lower occupancy rates in the local hotels and the absence of the revenue from an overseas hotel which was disposed in July 2014. With the lower revenue coupled with higher operating costs, this division recorded a loss in 6M 2015 of RM3.0 million compared to a loss of RM1.9 million in 6M 2014. The operating costs of the Hotels & Resorts division had increased resulting in a lower gross operating profit of 32.5% in 6M 2015 compared to 37.3% in 6M 2014, offset by lower fixed expenses such as depreciation charges which were lower by RM1.8 million in 6M 2015 compared to 6M 2014.

Information & Communications Technology

The ICT division registered a slightly lower revenue for 6M 2015 of RM27.9 million compared to RM29.2 million in 6M 2014, a decrease of 4.6%. The lower revenue was attributable mainly to lower system sale contract revenue recorded by Operation Support System ("OSS") business unit ("BU"). However, this was mitigated by higher revenue share contracts revenue in South East Asia ("SEA").

Despite the lower revenue compared to 6M 2014, this division recorded a higher profit before tax of RM5.1 million in 6M 2015 compared to RM2.7 million in the 6M 2014 attributable mainly to higher gross profit margin derived from system sale contract and managed service. Gross profit margin improved to 55% in 6M 2015 from 44% in 6M 2014.

Property Development

The Property Development division registered a lower revenue for 6M 2015 of RM7.0 million compared to RM7.7 million in 6M 2014. With the lower revenue, this division also recorded a lower profit before tax of RM0.8 million for 6M 2015 compared to RM1.2 million in 6M 2014.

Travel & Tours

For 6M 2015, our Travel & Tours division achieved a lower revenue of RM45.0 million as compared to a revenue of RM47.4 million in 6M 2014, a decrease of RM2.4 million or 4.9%. Generally, the weakening local demand resulted in lower ticketing sales mitigated by higher inbound sales compared to the corresponding period last year. With the lower revenue and lower contribution from associates, this division recorded a lower profit before tax of RM1.2 million for 6M 2015 compared to RM1.8 million for 6M 2014.

Others

The Others division registered a higher revenue of RM18.7 million in 6M 2015 compared to a revenue of RM14.3 million achieved in 6M 2014, an increase of RM4.4 million. The bulk of the increased revenue was contributed by our Coach Building unit which increased its revenue from RM3.6 million in 6M 2014 to RM7.9 million in 6M 2015. However, excluding the goodwill written off amounting to RM1.5 million from 6M 2014 results, this division recorded a higher loss in 6M 2015 compared to 6M 2014 due to higher loss recorded in the Manufacturing unit resulting mainly from lower sales due to weak market condition for building and winch sectors and higher operating expenses.

15. Comparison of results with preceding quarter

The Group achieved a revenue of RM65.0 million for the current quarter ended 30 June 2015 ("Q2 2015") which was higher compared to the revenue in the previous quarter ended 31 March 2015 ("Q1 2015") of RM62.8 million, an increase of RM2.2 million. This was mainly due to higher revenue from all operating divisions except for Hotels & Resorts and Others divisions. With the higher Group revenue coupled with lower operating expenses in the quarter under review, the Group recorded a lower loss before tax of RM2.5 million compared to RM3.6 million in the preceding quarter.

Investment Holding

The Investment Holding division recorded a lower loss before tax of RM1.7 million for Q2 2015 as compared to RM2.4 million for Q1 2015. The result for Q1 2015 included a loss on disposal of an associated company of RM0.6 million.

Hotels & Resorts

The Hotels & Resorts division registered a lower revenue for Q2 2015 of RM13.5 million as compared to RM15.2 million in Q1 2015. This is mainly due to lower foreign inbound tourists to our local resort hotel. Despite the lower revenue in the current quarter under review compared to preceding quarter, the division recorded simliar loss of RM1.5 million for both quarters due mainly to lower depreciation cost of RM0.7 million in Q2 2015 compared to RM2.6 million in Q1 2015 offset by higher operating expenses.

Information & Communications Technology

The Information & Communications Technology division registered a higher revenue in Q2 2015 of RM14.6 million compared to RM13.3 million in Q1 2015 mainly attributable to higher system sales and managed services revenue offset by lower revenue share sales. In the current quarter under review, the higher gross profit margin of 56% in Q2 2015 compared to 54% in Q1 2015 was offset by higher operating expenses in the current quarter of RM5.3 million compared to RM5.2 million in Q1 2015. The improved sales and gross profit resulted in a higher profit of RM2.8 million compared to RM2.3 million in Q1 2015.

Property Development

The Property Development division recorded a higher revenue of RM5.8 million for Q2 2015 compared to RM1.2 million in Q1 2015. In Q2 2015, the higher revenue was mainly due to the better sales from Federal Park project which was launched in the third quarter of 2014. With the higher revenue in this quarter under review, the division recorded a profit before tax of RM0.8 million compared to the break even results in the previous quarter.

Travel & Tours

The Travel & Tours division recorded a higher revenue for Q2 2015 of RM23.8 million compared to RM21.2 million in Q1 2015 mainly attributable to higher outbound travel business partly offset by lower inbound travel business. With the higher revenue coupled with improved performance from associates, the division recorded a higher profit before tax of RM0.9 million in Q2 2015 compared to RM0.3 million in Q1 2015.

Others

The Others division recorded a lower revenue for Q2 2015 of RM7.0 million compared to RM11.7 million in Q1 2015. The decrease in revenue was attributable mainly to the Coach Building division. With the decreased revenue in this quarter, the Others division recorded a higher loss of RM3.8 million in Q2 2015 compared to RM2.3 million in Q1 2015. Although Coach Building division recorded the highest drop in revenue in Q2 2015, the bulk of the losses in the Others division for the quarter under review compared to the preceding quarter was due to higher loss from our Manufacturing division arising from higher cost of sales due to unfavourable foreign exchange.

16. Prospects

Our Board expects the economic and business environment to remain challenging for the remaining period of 2015.

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 Middle East & Africa ("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 namely, the Federal Park to drive the earnings of the division.

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

	3 months ended 30.06.2015 RM'000	**Year-to-date ended 30.06.2015 RM'000**
On current quarter/year results		
- Malaysian income tax	1,498	2,525
Over provision in prior years	(1)	(111)
Transfer (to)/from deferred taxation	31	59
	1,532	2,477

The effective tax rate of the Group for the financial quarter and period ended 30 June 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

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 30.06.2015 RM'000	As At 31.12.2014 RM'000
Short term - secured		
- Term loans	1,253	1,507
- Bank overdraft	2,787	779
- Hire purchase payables	43	24
- Finance lease payable	23,040	1,570
- Revolving credit	33,500	30,800
Short term - unsecured		
- Term loans	1,237	1,223
	61,860	35,903
Long term - secured		
- Term loans	14,414	15,005
- Hire purchase payables	37	15
- Finance lease payable	-	21,427
Long term - unsecured		
- Term loans	1,319	1,281
	15,770	37,728
Total borrowings	77,630	73,631

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

	As At 30.06.2015 RM'000	As At 31.12.2014 RM'000
Australian Dollars	2,556	2,504
Sterling Pounds	160	291

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 ("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 on 29 July 2015. A case management date is pending from the High Court.

23. Material litigation (Continued)

(b) The Company had on 29 July 2015 announced that a legal proceeding was instituted against PT Diwangkara, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT. Diwangkara Jaya Makmur ("Plaintiff") against PT. Diwangkara ("Defendant I") and CV. Telabah Nasional Traiding Company ("Defendant II") which was read on 28 July 2015 at the Denpasar District Court and fixed for mediation proceedings commencing on 29 July 2015. Defendant I has a lease agreement to operate and manage Diwangkara Holiday Villa Beach Resort & Spa Bali ("Diwangkara Hotel") as stated in item 2 below.

The Plaintiff's claims principally include (1) seizure (Conservatoir Beslag) of the land held under Title No. 419/Sanur Kaja situated at Bali Province, Denpasar City, Sub-District of South Denpasar, Sanur Kaja Village with an area of 5,050 metres square, registered in the name of the deceased Ida Ayu Sutiti Wirati alias Ida Penanda; (2) invalidate the lease agreement (Deed No. 39) dated 31 July 2003 between the Defendant I and Defendant II for Defendant I to operate and manage Diwangkara Hotel erected on the aforesaid land for a period of 22 years; (3) declaration that the Plaintiff reserves the right to perform management of Diwangkara Hotel owned by the Plaintiff erected on the aforesaid land; (4) order for Defendant I to hand over Diwangkara Hotel to the Plaintiff in good condition; (5) order for Defendant I to pay actual losses that have been suffered by the Plaintiff amounting to Rp104,600,000,000 (equivalent to approximately RM31.17 million), general losses which have been suffered by the Plaintiff amounting to Rp10,000,000,000 (equivalent to approximately RM2.98 million) and default penalty of Rp10,000,000 (equivalent to approxiamtely RM2,980) for each day commencing from the pronounce of the judgement; (6) court fees; and (7) implementation of the judgement on the claims despite any efforts of protest or appeal.

24. Notes To The Statement of Comprehensive Income

Included in the operating loss are:

	6 months ended 30.06.2015 RM'000	**6 months ended 30.06.2014 RM'000**
Amortisation of intangible assets	(1,492)	(1,481)
Depreciation of property, plant and equipment	(6,008)	(8,422)
Bad debts written off	(7)	-
Net profit/(loss) on disposal of:		
- an associate	(596)	-
- property, plant and equipment	9	(1)
- subsidiaries	-	(141)
Impairment loss on:		
- held for trading investment	-	(42)
- loan and receivables	(9)	(53)
Interest expenses	(2,726)	(2,692)
Interest income	1,313	1,394
Net unrealised gain/(loss) on foreign exchange	8	(196)
Property, plant and equipment written off	(116)	(19)
Provision for retirement plan	(87)	(99)
Write back of impairment loss on:		
- loan and receivables	11	-
Impairment loss on goodwill	-	(1,496)

25. Retained Earnings

	As At 30.06.2015 RM'000	As At 30.06.2014 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(474,286)	(429,207)
- Unrealised	23,320	(3,861)
Total share of retained profits/(accumulated losses) from associates		
- Realised	(2,052)	(5,999)
- Unrealised	-	7
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(884)	(800)
- Unrealised	-	-
	(453,902)	(439,860)
Consolidation adjustments	485,724	478,026
Total Group retained profits as per consolidated statements of financial position	31,822	38,166

26. Dividend

The first and final single tier dividend in respect of the financial year ended 31 December 2014 will be paid on 18 September 2015 as approved by the shareholders of the Company at the Annual General Meeting held on 23 June 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 RM5,027,000 and RM10,350,000 respectively, divided by the weighted average number of ordinary shares of 663,472,451 and 663,037,728 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	662,956,232	513,915,830	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	516,219	2,698,997	782,046	1,357,120
Weighted average number of ordinary shares	663,472,451	516,614,827	663,037,728	515,272,950

	3 months ended		Year-to-date ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Basic earnings/(loss) per share (sen)	(0.76)	(1.00)	(1.56)	(1.42)

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 RM4,928,000 and RM10,150,000 respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,953 and 929,194,953 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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	(5,027)	(5,172)	(10,350)	(7,300)
Profit impact of assumed conversion-interest on ICULS	99	174	200	386
	(4,928)	(4,998)	(10,150)	(6,914)

27. Loss per share (Continued)

Diluted loss per share (Continued)

Weighted average number of ordinary shares (diluted)

	3 months ended		Year-to-date ended	
	30.06.2015	**30.06.2014**	**30.06.2015**	**30.06.2014**
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	662,956,232	513,915,830	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	516,219	2,698,997	782,046	1,357,120
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	265,722,502	412,580,126	266,157,225	413,922,003
Weighted average number of ordinary shares	929,194,953	929,194,953	929,194,953	929,194,953

	3 months ended		Year-to-date ended	
	30.06.2015	**30.06.2014**	**30.06.2015**	**30.06.2014**
Diluted earnings/(loss) per share (sen)	(0.76)	(1.00)	(1.56)	(1.42)

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
26 August 2015