ADVANCE SYNERGY BERHAD
(Company No: 1225-D)

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 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 September 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 9 months ended	
	30.09.2015 RM’000	30.09.2014 RM’000	30.09.2015 RM’000	30.09.2014 RM’000
Revenue	64,507	61,263	192,289	194,983
Cost of sales	(40,054)	(39,473)	(125,748)	(129,485)
Gross profit	24,453	21,790	66,541	65,498
Other operating income	14,886	13,944	19,828	19,424
Operating expenses	(25,267)	(27,604)	(75,394)	(78,915)
Profit/(Loss) from operations	14,072	8,130	10,975	6,007
Finance costs	(1,457)	(1,102)	(4,183)	(3,794)
Share of results of associates and joint venture	(283)	(466)	(506)	(778)
Profit/(Loss) before tax	12,332	6,562	6,286	1,435
Income tax expense	(1,326)	(1,498)	(3,803)	(3,595)
Net profit/(loss) for the financial period	11,006	5,064	2,483	(2,160)
Attributable to:				
Owners of the parent	9,599	4,662	(751)	(2,638)
Non-controlling interests	1,407	402	3,234	478
	11,006	5,064	2,483	(2,160)
Profit/(Loss) per share attributable to owners of the parent:				
Basic (sen)	1.45	0.82	(0.11)	(0.50)
Diluted (sen)	1.13	0.48	(0.11)	(0.50)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 9 months ended	
	30.09.2015	**30.09.2014**	**30.09.2015**	**30.09.2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net profit/(loss) for the financial period	11,006	5,064	2,483	(2,160)
Other comprehensive income/(expenses):				
Items that are or may be reclassified subsequently to profit or loss:				
Fair value of available-for-sale financial assets	-	(483)	(803)	1,044
Share of other comprehensive income of associates, net of tax	103	132	54	158
Foreign currency translation differences for foreign operations	10,921	1,591	14,761	(677)
Total items that are or may be reclassified subsequently to profit or loss	11,024	1,240	14,012	525
Other comprehensive income/(loss) for the financial period	11,024	1,240	14,012	525
Total comprehensive income/(loss) for the financial period	22,030	6,304	16,495	(1,635)
Attributable to:				
Owners of the parent	20,262	6,131	13,126	(1,777)
Non-controlling interests	1,768	173	3,369	142
Total comprehensive income/(loss) for the financial period	22,030	6,304	16,495	(1,635)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 30.09.2015 RM'000	Audited as at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	147,300	158,246
Investment properties	8,870	8,870
Investment in associates	53,626	55,865
Investment securities	22,878	21,083
Investment in joint venture	11	18
Goodwill on consolidation	92,761	92,027
Intangible assets	4,961	6,212
Trade and other receivables	606	606
Deferred tax assets	695	743
	331,708	343,670
Current assets		
Progress billings	9,257	9,938
Inventories	63,843	65,145
Trade and other receivables	80,713	82,975
Tax recoverable	3,178	1,820
Investment securities	418	418
Short term deposits	99,908	80,129
Cash and bank balances	64,483	48,490
	321,800	288,915
TOTAL ASSETS	653,508	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	190,686	179,220
	454,763	443,281
Non-controlling interests	38,876	36,498
Total equity	493,639	479,779
Non-current liabilities		
Borrowings	34,803	37,728
ICULS - liability component	3,303	4,297
Deferred tax liabilities	1,606	1,539
Provision for retirement benefit obligations	1,399	1,284
	41,111	44,848
Current liabilities		
Trade and other payables	66,981	71,637
Borrowings	51,364	35,903
Tax payable	413	418
	118,758	107,958
Total Liabilities	159,869	152,806
TOTAL EQUITY AND LIABILITIES	653,508	632,585

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	(751)	(751)	3,234	2,483
Fair value of available-for-sale financial assets	-	-	-	-	-	(803)	-	(803)	-	(803)
Share of other comprehensive income of associates, net of tax	-	-	-	-	(51)	105	-	54	-	54
Foreign currency translation differences for foreign operations	-	-	-	-	14,626	-	-	14,626	135	14,761
Total comprehensive income/(loss) for the financial period	-	-	-	-	14,575	(698)	(751)	13,126	3,369	16,495
Transactions with owners in their capacity as owners:										
Dividends paid	-	-	-	-	-	-	(1,660)	(1,660)	-	(1,660)
Issue of new ordinary shares pursuant to the conversion of ICULS	539	(523)	-	-	-	-	-	16	-	16
	539	(523)	-	-	-	-	(1,660)	(1,644)	-	(1,644)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(991)	(991)
Balance as at 30 September 2015	199,216	64,861	117,317	15,998	11,818	5,792	39,761	454,763	38,876	493,639

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (Continued)

	Attributable to owners of the parent									
		Non-distributable					*Distributable*			
	Share Capital	**ICULS-Equity Component**	**Share Premium**	**Revaluation Reserve**	**Exchange Translation Reserve**	**Available-For-Sale Reserve**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 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	-	-	-	-	-	-	(2,638)	(2,638)	478	(2,160)
Fair value of available-for-sale financial assets	-	-	-	-	-	1,044	-	1,044	-	1,044
Share of other comprehensive income of associates, net of tax	-	-	-	-	26	132	-	158	-	158
Foreign currency translation differences for foreign operations	-	-	-	-	(341)	-	-	(341)	(336)	(677)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(315)	1,176	(2,638)	(1,777)	142	(1,635)
Transactions with owners in their capacity as owners:										
Disposal of interest in a subsidiary	-	-	-	-	-	-	412	412	404	816
Dividends paid	-	-	-	-	-	-	(1,339)	(1,339)	-	(1,339)
Issue of new ordinary shares pursuant to the conversion of ICULS	44,412	(43,198)	-	-	-	-	2,274	3,488	-	3,488
	44,412	(43,198)	-	-	-	-	1,347	2,561	404	2,965
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(556)	(556)
Balance as at 30 September 2014	198,587	65,471	117,317	15,998	(5,804)	6,168	44,175	441,912	34,615	476,527

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

	9 months ended 30.09.2015 RM'000	9 months ended 30.09.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	6,286	1,435
Adjustments for :-		
Non-cash items	(950)	7,211
Other investing and financing items	1,848	1,739
Operating profit before working capital changes	7,184	10,385
Changes in working capital		
Inventories	1,303	(9,585)
Receivables	2,939	5,068
Payables	(4,956)	180
Cash used in operations	6,470	6,048
Retirement benefit paid	(15)	(11)
Tax paid	(5,051)	(5,136)
Net cash used in operating activities	1,404	901
Cash flows from investing activities		
Acquisition of intangible assets	(948)	(769)
Acquisition of a subsidiary, net of cash acquired	(725)	21
Investment in an associate	(3,647)	(98)
Acquisition of available for sale investments	(2,598)	-
Dividend income received	-	4
Interest received	2,335	2,051
Payment to contingent consideration	-	(2,372)
Proceeds from disposal of an associate	4,848	-
Proceeds from disposal of property, plant and equipment	23,419	9
Proceeds from disposal of subsidiaries, net of cash disposed	-	8,018
Purchase of property, plant and equipment	(2,557)	(4,570)
Net cash used in investing activities	20,127	2,294

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

	9 months ended Unaudited 30.09.2015 RM'000	9 months ended Audited 30.09.2014 RM'000
Cash flows from financing activities		
Dividends paid	(1,660)	(1,339)
Dividends paid to non-controlling interests of a subsidiary	(991)	(556)
Drawdown of term loans and revolving credit	20,000	7,318
Interest paid	(5,053)	(5,909)
Payment to hire purchase payables	(32)	(13)
Withdrawal of pledged short term deposits	(304)	4,162
Repayment of term loans and revolving credit	(7,095)	(4,274)
Net cash used in financing activities	4,865	(611)
Effect of exchange rate changes	(3,783)	(3,559)
Net decrease in cash and cash equivalents	22,613	(975)
Cash and cash equivalents as at beginning of financial period		
As previously reported	94,592	90,901
Effect of exchange rate changes	13,634	(465)
As restated	108,226	90,436
Cash and cash equivalents as at end of financial period *	130,839	89,461

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

Short term deposits	99,908	75,002
Cash and bank balances	64,483	47,308
	164,391	122,310
Less : Deposits placed with lease creditors as security deposit for lease payments	(22,142)	(21,693)
Restricted deposits	-	(1,039)
Cash held under Housing Development Accounts	(561)	(543)
Deposits pledged to licensed banks	(10,849)	(9,574)
	(33,552)	(32,849)
	130,839	89,461

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 September 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 September 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") were 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 September 2015.

8 Dividends paid

The first and final single tier dividend of 0.25 sen per ordinary share of RM0.30 each in respect of the financial year ended 31 December 2014 was paid on 18 September 2015 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 23 June 2015.

9. Segmental Information

For the financial period ended 30 September 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	972	44,093	42,730	12,691	66,400	25,403	-	192,289
Inter-segment	1,313	-	-	5	260	-	(1,578)	-
Total revenue	2,285	44,093	42,730	12,696	66,660	25,403	(1,578)	192,289
Results								
Segment results	2,822	(1,149)	8,931	1,670	2,601	(8,359)	276	6,792
Share of results of associates and joint venture	1,226	(1,348)	(10)	-	(374)	-	-	(506)
Consolidated profit/(loss) before tax	4,048	(2,497)	8,921	1,670	2,227	(8,359)	276	6,286
Income tax expense								(3,803)
Consolidated profit/(loss) after tax								2,483
Non-controlling interests								(3,234)
Net profit/(loss) for the financial period attributable to owners of the parent								(751)

9. Segmental Information (Continued)

For the financial period ended 30 September 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
<u>Other information</u>								
Segment assets	76,913	206,812	169,425	66,157	20,213	56,478	-	595,998
Investment in associates and joint venture	32,959	17,073	11	-	3,594	-	-	53,637
Unallocated corporate assets								3,873
Total assets								653,508
Segment liabilities	29,243	75,789	13,912	7,345	7,602	23,959	-	157,850
Unallocated corporate liabilities								2,019
Total liabilities								159,869
Capital expenditure:								
- Property, plant & equipment	141	1,082	969	17	165	183	-	2,557
- Software development expenditure	-	-	605	-	-	-	-	605
- Approved permit	-	-	-	-	-	343	-	343

9. Segmental Information (Continued)

For the financial period ended 30 September 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	819	50,999	41,368	9,918	69,472	22,407	-	194,983
Inter-segment	1,175	-	-	8	414	-	(1,597)	-
Total revenue	1,994	50,999	41,368	9,926	69,886	22,407	(1,597)	194,983
Results								
Segment results	(5,999)	8,864	4,708	1,530	2,623	(9,559)	46	2,213
Share of results of associates	909	(1,624)	-	-	(63)	-	-	(778)
Consolidated profit/(loss) before tax	(5,090)	7,240	4,708	1,530	2,560	(9,559)	46	1,435
Income tax expense								(3,595)
Consolidated profit/(loss) after tax								(2,160)
Non-controlling interests								(478)
Net profit/(loss) for the financial period attributable to owners of the parent								(2,638)

9. Segmental Information (Continued)

For the financial period ended 30 September 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
Other information								
Segment assets	83,667	193,347	162,206	59,612	17,751	61,850	-	578,433
Investment in associates	16,588	18,193	-	-	364	-	-	35,145
Unallocated corporate assets								3,944
Total assets								617,522
Segment liabilities	10,966	74,543	15,442	6,401	5,863	24,674	-	137,889
Unallocated corporate liabilities								3,106
Total liabilities								140,995
Capital expenditure								
- Property, plant and equipment	5	2,346	1,882	1	74	262	-	4,570
- Software development expenditure	-	-	769	-	-	-	-	769

10. Property, plant and equipment

The valuation of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2014.

11. Significant events after the reporting period

(a) On 22 September 2015, it was announced that Asbina Hotel & Property Sdn Bhd (“AHP”) has entered into a Termination of Lease Agreement with Monoratanak Construction Co., Ltd (“Monoratanak”) and Canadia Bank PLC to terminate the Lease Agreement dated 31 January 1996 (“Lease Agreement”) entered into between AHP and the Municipality of Phnom Penh, the Kingdom of Cambodia (“MPP”) where MPP leased to AHP a piece of land located on the corner of Preah Monivong Boulevard and Street No. 118, Sangkat Monorom, Khan 7 Makara, Phnom Penh, consisting of an existing building known as Hotel Monorom (now known as Holiday Villa City Centre Phnom Penh) (“Hotel”) together with the land adjacent to the rear (hereinafter the existing building and the adjacent land shall together be referred to as “the Land”) for a cash consideration of USD1,250,000 (equivalent to approximately RM5.4 million). AHP had been informed via a letter from the Director of Phnom Penh Municipality Department of Economy and Finance that MPP had sold the Land to Monoratanak subject to the Lease Agreement. The hand-over of the Hotel was completed on 20 October 2015.

(b) On 16 December 2015, the new lease pursuant to the lease agreement dated 23 September 2015 entered into by Holiday Villa (UK) Ltd (“HVUK”), a wholly-owned subsidiary of the Company held via Holiday Villas International Limited, an indirect wholly-owned subsidiary of the Company [held via Alangka-Suka Hotels & Resorts Sdn Bhd (“ASHR”), a wholly-owned subsidiary of the Company], together with ASHR as guarantor with Leeds Property Limited for the lease of hotel property known as Holiday Villa Hotel & Suites London located at 35-39 (odd number only), Leinster Garden, London W2 3AN, England, United Kingdom which is currently being operated by HVUK (“HVUK Lease”) will commence which is upon expiry of the current lease on 15 December 2015. The HVUK Lease will expire on 15 December 2017 subject to lease termination notice period of 12 months with no termination earlier than 31 March 2017. The lease may be renewed by both parties for a further period of up to three (3) years.

(c) On 11 November 2015, Changshu Holiday Villa Hotel Management Co. Ltd (“Changshu Holiday Villa”), an indirect 95%-owned subsidiary of the Company, entered into a Lease Contract with Shanghai Yutai Industrial Co.,Ltd. for Changshu Holiday Villa or its nominee to lease Block B of the Yu Tai commercial complex excluding the mezzanine, second and third floors bearing postal address of No. 108, 4-13 Floors, Liu Shing Road, Jiading District, Shanghai, People’s Republic of China to be operated as a hotel under the Holiday Villa brand for 16 years from date of the lease agreement.

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.

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

(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.

(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.

(g) On 18 September 2015, Kopistop, an indirect 40%-owned associated company of the Company held via SRC has acquired 80% equity interest comprising 80 shares issued and fully paid-up ordinary shares of RM1.00 each in Synfull Bites Sdn Bhd. Synfull Bites Sdn Bhd is principally engage in the business of food and beverage cafe and restaurants.

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 9-month period ended 30 September 2015 ("9M 2015"), the Group recorded a lower revenue of RM192.3 million compared to a revenue of RM195.0 million for the corresponding period last year ("9M 2014"), a decrease of RM2.7 million or 1.4%. This was mainly due to Hotels & Resorts and Travel & Tours divisions showing a decline in revenue of RM6.9 million and RM3.2 million respectively for 9M 2015 compared to 9M 2014. However, the decline in revenue of these two divisions were mitigated by an increase in revenue recorded by Others division of RM3.0 million in 9M 2015 compared to the same period last year followed by Property Development division's increase in revenue of RM2.8 million and Information & Communications Technology ("ICT") division's increase in revenue of RM1.4 million in 9M 2015 compared to 9M 2014. Despite the lower Group revenue, the Group recorded higher profit before tax of RM6.3 million in 9M 2015 compared to profit before tax of RM1.4 million for 9M 2014 attributable mainly to the higher gross profit margin of the Group coupled with lower operating expenses. Overall the Group recorded a higher gross profit margin of 34.6% compared to 33.6% in 9M 2014. Our operating expenses were lower by RM3.5 million or a decrease of 4.5% in 9M 2015 compared to the corresponding period last year. The higher operating expenses in 9M 2014 was mainly due to an impairment loss on goodwill amounting to RM1.5 million and realisation of foreign exchange loss of RM1.8 million while the operating expenses in 9M 2015 included a loss on disposal of an associate amounting to RM0.6 million.

Investment Holding

The division recorded a profit before tax of RM4.0 million in 9M 2015 compared to a loss before tax of RM5.1 million in 9M 2014. This was attributable mainly to a gain on disposal of a property of RM12.2 million, partly offset by higher operating costs and loss on disposal of an associate amounting to RM0.6 million.

Hotels & Resorts

The Hotels & Resorts division registered a lower revenue for 9M 2015 of RM44.1 million compared to RM51.0 million in 9M 2014 mainly due to the lower occupancy rates in the local hotels and the absence of revenue from an overseas hotel which was disposed in July 2014. With the lower revenue, this division recorded a loss before tax in 9M 2015 of RM2.5 million compared to a profit of RM7.2 million in 9M 2014. The profit for 9M 2014 included a gain on disposal of subsidiaries of RM11.3 million.

Information & Communications Technology

Despite the lower revenue recorded in Singapore Dollar ("SGD"), ICT division registered a slightly higher converted revenue into Malaysia Ringgit ("RM") for 9M 2015 of RM42.7 million compared to RM41.4 million in 9M 2014, an increase of 3.1% as a result of better SGD exchange rate against RM. 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 from revenue share contracts in South East Asia ("SEA").

Despite the lower revenue for the period under review compared to 9M 2014, the division recorded a higher profit before tax of RM8.9 million in 9M 2015 compared to RM4.7 million in 9M 2014 attributable mainly to higher gross profit margin derived from system sale contracts and managed services coupled with lower operating expenses. Gross profit margin improved to 58% in 9M 2015 from 48% in 9M 2014.

Property Development

The Property Development division registered a higher revenue for 9M 2015 of RM12.7 million compared to RM9.9 million in 9M 2014. With the higher revenue, this division also recorded a higher profit before tax of RM1.7 million for 9M 2015 compared to RM1.5 million in 9M 2014.

14. Review of performance (Continued)

Travel & Tours

For 9M 2015, our Travel & Tours division achieved a lower revenue of RM66.7 million as compared to a revenue of RM69.9 million in 9M 2014, a decrease of RM3.2 million or 4.6%. Generally, the weakening local demand resulted in lower ticketing sales compared to the corresponding period last year. With the lower revenue and higher loss from associates, this division recorded a lower profit before tax of RM2.2 million for 9M 2015 compared to RM2.6 million for 9M 2014.

Others

The Others division registered a higher revenue of RM25.4 million in 9M 2015 compared to a revenue of RM22.4 million achieved in 9M 2014, an increase of RM3.0 million. The bulk of the increased revenue was contributed by our Coach Building unit which increased its revenue from RM5.5 million in 9M 2014 to RM9.0 million in 9M 2015. However, excluding the impairment loss on goodwill amounting to RM1.5 million from 9M 2014 results, this division recorded a higher loss in 9M 2015 of RM8.4 million compared to a loss of RM8.1 million in 9M 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 RM64.5 million for the current quarter ended 30 September 2015 (“Q3 2015”) which was lower compared to the revenue in the previous quarter ended 30 June 2015 (“Q2 2015”) of RM65.0 million, a decrease of RM0.5 million. This was mainly due to lower revenue from Travel & Tours division mitigated by higher revenue from Hotels & Resorts division. Despite the lower revenue, the Group recorded a profit before tax of RM12.3 million in the current quarter under review compared to a loss before tax of RM2.5 million in the preceding quarter mainly due to a gain on disposal of a property of RM12.2 million in the current quarter.

Investment Holding

The Investment Holding division recorded a proift before tax of RM8.2 million for Q3 2015 as compared to a loss before tax of RM1.7 million for Q2 2015. The result for Q3 2015 included a gain on disposal of a property of RM12.2 million.

Hotels & Resorts

The Hotels & Resorts division registered a higher revenue for Q3 2015 of RM15.4 million as compared to RM13.5 million in Q2 2015. This is mainly due to higher foreign inbound tourists to our local resort hotels. With the higher revenue in the current quarter under review compared to preceding quarter, the division recorded a profit before tax of RM0.5 million compared to a loss before tax of RM1.5 million in the last quarter.

Information & Communications Technology

The ICT division registered a lower revenue in SGD in Q3 2015 compared to preceding quarter. However, due to higher SGD exchange rate against RM in the current quarter under review, this division recorded a slightly higher revenue in RM equivalent of RM14.8 million compared to RM14.6 million in Q2 2015. The lower revenue in SGD was mainly attributable to lower managed services revenue and revenue share sales. In the current quarter under review, the higher gross profit margin of 65% in Q3 2015 compared to 56% in Q2 2015 and the improved sales in RM resulted in a higher profit of RM3.8 million in Q3 2015 compared to RM2.8 million in Q2 2015.

Property Development

The Property Development division recorded a slightly lower revenue of RM5.7 million for Q3 2015 compared to RM5.8 million in Q2 2015. The profit before tax remained at about RM0.8 million in both quarters.

Travel & Tours

The Travel & Tours division recorded a lower revenue for Q3 2015 of RM21.6 million compared to RM23.8 million in Q2 2015 mainly attributable to lower outbound travel business partly offset by higher inbound travel business. With the improved performance from associates, partly offset by the lower revenue, the division recorded a higher profit before tax of RM1.0 million in Q3 2015 compared to RM0.9 million in Q2 2015.

Others

The Others division recorded a lower revenue for Q3 2015 of RM6.7 million compared to RM7.0 million in Q2 2015. The decrease in revenue was attributable mainly to the Coach Building division. Despite the decreased revenue in this quarter, the Others division recorded a lower loss of RM2.3 million in Q3 2015 compared to RM3.7 million in Q2 2015 mainly due to improved performance from our Manufacturing division arising from lower cost of sales.

16. Prospects

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

With the anticipated 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 pursue 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 managed service contracts. Although mobile network operators in its regions of focus continue to shrink their capital expenditure budgets on bolt-on platforms and systems in favour of procuring these technologies on a managed service, opex-based model, the securing of such new managed service contract opportunities has been slower than expected in the year-to-date. The existing managed service contracts of the Group have meanwhile largely underperformed in the current financial year. Management however remains optimistic that managed services will be restored as a key driver for future organic growth for the division. Through its technology investment and venture activities, this division will be augmenting its organic growth plans by strategically investing in internet-delivered applications and mobile and digital media businesses in the SEA and SA.

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 products for corporate group 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 continue to pursue 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 30.09.2015 RM'000	Year-to-date ended 30.09.2015 RM'000
On current quarter/year results		
- Malaysian income tax	1,280	3,804
- Overseas taxation	-	4
Over provision in prior years	29	(81)
Transfer (to)/from deferred taxation	17	76
	1,326	3,803

The effective tax rate of the Group for the financial quarter ended 30 September 2015 is lower than the statutory tax rate and this is mainly due to a gain on disposal of a property which is not taxable for income tax. The effective tax rate of the Group for the financial period ended 30 September 2015 is higher than the statutory tax rate and this is mainly due to certain expenses which are 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 30.09.2015 RM'000	As At 31.12.2014 RM'000
Short term - secured		
- Term loans	1,925	1,507
- Bank overdraft	-	779
- Hire purchase payables	40	24
- Finance lease payable	23,062	1,570
- Revolving credit	25,000	30,800
Short term - unsecured		
- Term loans	1,337	1,223
	51,364	35,903
Long term - secured		
- Term loans	33,328	15,005
- Hire purchase payables	31	15
- Finance lease payable	-	21,427
Long term - unsecured		
- Term loans	1,444	1,281
	34,803	37,728
Total borrowings	86,167	73,631

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

	As At 30.09.2015 RM'000	As At 31.12.2014 RM'000
Australian Dollars	2,782	2,504
Sterling Pounds	91	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 sealed order of the Federal Court was served on 29 July 2015. A case management date is fixed on 12 January 2016.

23. Material litigation (Continued)

(b) The Company had announced that a legal proceeding was instituted against PT Diwangkara Holiday Villa Bali, an indirect subsidiary of the Company, arising from a claim dated 14 April 2015 made by PT. Diwangkara Jaya Makmur ("Plaintiff") against PT. Diwangkara Holiday Villa Bali ("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 for the land and building which happened to be the building of Diwangkara Hotel including its licences and in the agreement, the owner also gives the right to operate and manage Diwangkara Hotel to Defendant I.

The Plaintiff's claims principally include among others to invalidate the lease agreement between the Defendant I and Defendant II for Defendant I to lease Diwangkara Hotel for a period of 22 years, and for Defendant I to pay actual and general losses suffered by the Plaintiff amounting to Rp114,600,000,000 (equivalent of approximately RM36.4 million) and default penalty for each day commencing from the pronounce of the judgement and court fees.

Mediation proceedings have ended and the trial continues with Response of the Parties for the claim and Defendant I has responded by filing its claims to Denpasar District Court which principally include among others to declare the lease agreement legitimate and binding under the law, order for Plaintiff to pay actual and general losses and compensation for the loss of public trust, image and reputation of the hotel that have been suffered by Defendant I amounting to Rp. 24,304,854,643 and USD 1,313,860.13 (equivalent of approximately RM13.6 million), default penalty for each day commencing from the date the judgement is enforceable and all costs incurred in this case.

24. Notes To The Statement of Comprehensive Income

Included in the operating profit are:

	9 months ended 30.09.2015 RM'000	**9 months ended 30.09.2014 RM'000**
Amortisation of intangible assets	(2,198)	(2,220)
Depreciation of property, plant and equipment	(8,272)	(11,760)
Bad debts written off	(43)	-
Net profit/(loss) on disposal of:		
- an associate	(596)	-
- property, plant and equipment	12,370	6
- subsidiaries	-	11,198
Gross dividend income	-	4
Impairment loss on:		
- goodwill	-	(1,496)
- held for trading investment	-	(91)
- loan and receivables	(113)	(67)
Interest expenses	(4,183)	(3,794)
Interest income	2,335	2,051
Net unrealised gain on foreign exchange	364	63
Property, plant and equipment written off	(117)	(90)
Provision for retirement plan	(130)	(149)
Write back of impairment loss on:		
- inventories	1	-
- loan and receivables	180	-
- property, plant and equipment	10	-
Realisation of foreign exchange reserve	-	(1,827)

25. Retained Earnings

	As At 30.09.2015 RM'000	As At 30.09.2014 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(464,448)	(428,071)
- Unrealised	43,330	3,319
Total share of retained profits/(accumulated losses) from associates		
- Realised	(2,749)	(6,444)
- Unrealised	-	7
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	(991)	(803)
- Unrealised	-	-
	(424,858)	(431,992)
Consolidation adjustments	464,619	476,167
Total Group retained profits as per consolidated statements of financial position	39,761	44,175

26. Dividend

The first and final single tier dividend in respect of the financial year ended 31 December 2014 was paid on 18 September 2015 as approved by the shareholders of the Company at the Annual General Meeting held on 23 June 2015.

The Board does not recommend the payment of any dividend during the financial period ended 30 September 2015.

27. Earning/(Loss) per share

Basic earning/(loss) per share

The basic earning/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM9,599,000 and RM(751,000) respectively, divided by the weighted average number of ordinary shares of 664,052,332 and 663,379,646 for the current quarter and current year-to-date respectively as follows:

	3 months ended 30.09.2015	3 months ended 30.09.2014	Year-to-date ended 30.09.2015	Year-to-date ended 30.09.2014
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	529,873,030	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	-	36,940,684	1,123,964	18,726,169
Weighted average number of ordinary shares	664,052,332	566,813,714	663,379,646	532,641,999

	3 months ended 30.09.2015	3 months ended 30.09.2014	Year-to-date ended 30.09.2015	Year-to-date ended 30.09.2014
Basic earnings/(loss) per share (sen)	1.45	0.82	(0.11)	(0.50)

Diluted earning/(loss) per share

The diluted earning/(loss) per share for the current quarter and current year-to-date are computed based on the Group's net profit/(loss) attributable to equity holders of the Company of RM10,491,000 and (RM448,000) respectively, after adjusting for interest saving on ICULS, divided by the weighted average number of ordinary shares of 929,194,953 for both the current quarter and current year-to-date assuming conversion of the remaining ICULS as follows:

	3 months ended 30.09.2015	3 months ended 30.09.2014	Year-to-date ended 30.09.2015	Year-to-date ended 30.09.2014
	RM'000		RM'000	
Net profit/(loss) attributable to equity holders	9,599	4,662	(751)	(2,638)
Profit impact of assumed conversion- interest on ICULS	892	(238)	303	553
	10,491	4,424	(448)	(2,085)

27. Earning/(Loss) per share (Continued)

Diluted earning/(loss) per share (Continued)

Weighted average number of ordinary shares (diluted)

	3 months ended		Year-to-date ended	
	30.09.2015	**30.09.2014**	**30.09.2015**	**30.09.2014**
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period	664,052,332	529,873,030	662,255,682	513,915,830
Weighted average number of new ordinary shares arising from ICULS converted todate	-	36,940,684	1,123,964	18,726,169
Weighted average number of new ordinary shares assuming conversion of the remaining ICULS	265,142,621	362,381,239	265,815,307	396,552,954
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	
	30.09.2015	**30.09.2014**	**30.09.2015**	**30.09.2014**
Diluted earnings/(loss) per share (sen)	1.13	0.48	(0.11)	(0.50)

The diluted loss per share and basic loss per share for the current year-to-date 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
25 November 2015