

**COMPANY ANNOUNCEMENT****UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2023**

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 2023.

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 financial year ended 31 December 2022.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>3 months ended</b>		<b>Year-to-date</b>	
	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	66,760	50,272	149,423	89,231
Cost of sales	<u>(48,798)</u>	<u>(35,790)</u>	<u>(113,102)</u>	<u>(62,990)</u>
Gross profit	17,962	14,482	36,321	26,241
Other operating income	1,543	1,417	3,181	3,175
Operating expenses	<u>(21,074)</u>	<u>(20,867)</u>	<u>(42,822)</u>	<u>(38,836)</u>
Profit/(Loss) from operations	(1,569)	(4,968)	(3,320)	(9,420)
Finance costs	(2,515)	(2,401)	(4,548)	(4,166)
Share of results of associates and joint venture	25	111	24	112
Profit/(Loss) before tax	<u>(4,059)</u>	<u>(7,258)</u>	<u>(7,844)</u>	<u>(13,474)</u>
Income tax expense	<u>(365)</u>	<u>(343)</u>	<u>(527)</u>	<u>(710)</u>
Net profit/(loss) for the financial period	<u><u>(4,424)</u></u>	<u><u>(7,601)</u></u>	<u><u>(8,371)</u></u>	<u><u>(14,184)</u></u>
Attributable to:				
Owners of the parent	(4,240)	(5,781)	(7,731)	(12,721)
Non-controlling interests	<u>(184)</u>	<u>(1,820)</u>	<u>(640)</u>	<u>(1,463)</u>
	<u><u>(4,424)</u></u>	<u><u>(7,601)</u></u>	<u><u>(8,371)</u></u>	<u><u>(14,184)</u></u>
Loss per share attributable to owners of the parent:				
Basic (sen)	<u>(0.17)</u>	<u>(0.62)</u>	<u>(0.31)</u>	<u>(1.37)</u>
Diluted (sen)	<u>(0.17)</u>	<u>(0.62)</u>	<u>(0.31)</u>	<u>(1.37)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		Year-to-date	
			6 months ended	
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	(4,424)	(7,601)	(8,371)	(14,184)
Other comprehensive income/(expenses):				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Exchange differences on translation				
of foreign operations	5,829	2,965	6,033	2,381
<i>Total items that may be reclassified</i>				
<i>subsequently to profit or loss</i>	5,829	2,965	6,033	2,381
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Fair value gain/(loss) on equity instruments				
designated at fair value through other				
comprehensive income	(1,728)	(965)	(1,567)	723
<i>Total items that will not be reclassified</i>				
<i>subsequently to profit or loss</i>	(1,728)	(965)	(1,567)	723
Other comprehensive income/(loss) for the				
financial period	4,101	2,000	4,466	3,104
Total comprehensive income/(loss) for the				
financial period	(323)	(5,601)	(3,905)	(11,080)
Attributable to:				
Owners of the parent	(1,723)	(5,735)	(5,143)	(11,375)
Non-controlling interests	1,400	134	1,238	295
Total comprehensive income/(loss) for the				
financial period	(323)	(5,601)	(3,905)	(11,080)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited as at 30.06.2023 RM'000</b>	<b>Audited as at 31.12.2022 RM'000</b>
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	260,213	250,182
Right-of-use assets	62,879	66,511
Investment properties	16,100	16,100
Investment in associates and joint venture	3,995	3,971
Investment securities	95,755	92,200
Goodwill	78,657	78,657
Intangible assets	2,725	2,526
Deferred tax assets	4,685	4,627
Inventories	4,698	4,635
	529,707	519,409
<b><u>Current assets</u></b>		
Inventories	45,177	35,989
Receivables, prepayments and contract assets	104,809	106,429
Current tax assets	1,798	2,287
Investment securities	2,581	2,532
Financial assets held for trading	19	22
Short term deposits	101,091	120,000
Cash and bank balances	51,266	55,103
	306,741	322,362
<b>TOTAL ASSETS</b>	<b>836,448</b>	<b>841,771</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to owners of the Company</u></b>		
Share capital	461,377	461,377
Reserves	27,385	32,528
	488,762	493,905
Non-controlling interests	78,706	77,468
<b>Total equity</b>	<b>567,468</b>	<b>571,373</b>
<b><u>Non-current liabilities</u></b>		
Borrowings	89,319	90,116
Lease liabilities	35,506	38,539
Payables	8,123	8,526
Deferred tax liabilities	3,934	3,925
Provision for retirement benefit obligations	1,314	1,294
	138,196	142,400
<b><u>Current liabilities</u></b>		
Payables and contract liabilities	76,745	72,201
Borrowings	47,826	48,799
Lease liabilities	5,230	5,812
Current tax liabilities	983	1,186
	130,784	127,998
<b>Total Liabilities</b>	<b>268,980</b>	<b>270,398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>836,448</b>	<b>841,771</b>

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

**FOR THE PERIOD ENDED 30 JUNE 2023**

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2023	461,377	16,594	9,487	(793)	7,240	493,905	77,468	571,373
Net profit/(loss) for the financial period	-	-	-	-	(7,731)	(7,731)	(640)	(8,371)
Fair value gain/(loss) on equity instruments designated at fair value through other other comprehensive income	-	-	-	(1,567)	-	(1,567)	-	(1,567)
Crystallisation of revaluation reserve	-	(182)	-	-	182	-	-	-
Exchange differences on translation of foreign operations	-	-	4,155	-	-	4,155	1,878	6,033
Total comprehensive income/(loss) the financial period	-	(182)	4,155	(1,567)	(7,549)	(5,143)	1,238	(3,905)
Balance as at 30 June 2023	461,377	16,412	13,642	(2,360)	(309)	488,762	78,706	567,468

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2023 (Continued)

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2022	381,377	17,164	11,894	(712)	43,626	453,349	83,837	537,186
Net profit/(loss) for the financial period	-	-	-	-	(12,721)	(12,721)	(1,463)	(14,184)
Fair value gain/(loss) of equity instruments through other comprehensive income	-	-	-	723	-	723	-	723
Exchange differences on translation of foreign operations	-	-	623	-	-	623	1,758	2,381
Total comprehensive income/(loss) the financial period	-	-	623	723	(12,721)	(11,375)	295	(11,080)
<b>Transactions with owners</b>								
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(735)	(735)
Acquisition of additional interest in a subsidiary	-	-	-	-	161	161	(212)	(51)
	-	-	-	-	161	161	(947)	(786)
Balance as at 30 June 2022	381,377	17,164	12,517	11	31,066	442,135	83,185	525,320

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2023**

	<b>6 months ended 30.06.2023 RM'000</b>	<b>6 months ended 30.06.2022 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(7,844)	(13,474)
Adjustments for:-		
Non-cash items	7,453	9,169
Other investing and financing items	3,582	3,526
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	3,191	(779)
Changes in working capital		
Inventories	(9,251)	650
Receivables	1,003	(2,243)
Financial assets held for trading	2	(14)
Payables	4,332	(2,084)
	<hr/>	<hr/>
Net cash used in operations	(723)	(4,470)
Retirement benefits paid	(46)	(67)
Net tax paid	(288)	(1,009)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(1,057)</b>	<b>(5,546)</b>
<b>Cash flows from investing activities</b>		
Acquisition of additional interest in a subsidiary	-	(51)
Acquisition of quoted investment securities	-	(153)
Acquisition of unquoted investment securities	(447)	(116)
Addition of intangible assets	(610)	(556)
Interest received	953	611
Dividend received	13	29
Proceeds from disposal of quoted investment securities	-	620
Proceeds from disposal of unquoted investment securities	-	4,773
Proceeds from disposal of property, plant and equipment	127	22
Proceeds from disposal of hotel management services	400	400
Purchase of property, plant and equipment	(5,124)	(43,096)
Withdrawal of pledged deposits	(515)	491
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(5,203)</b>	<b>(37,026)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2023 (Continued)**

	<b>6 months ended 30.06.2023 RM'000</b>	<b>6 months ended 30.06.2022 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interests of a subsidiary	-	(735)
Drawdown of borrowings	1,299	38,313
Interest paid	(4,548)	(4,166)
Repayment of borrowings	(6,139)	(2,613)
Repayment of lease liabilities	(4,011)	(3,639)
<b>Net cash (used in)/generated from financing activities</b>	<u>(13,399)</u>	<u>27,160</u>
Effect of exchange rate changes	<u>(6,045)</u>	<u>1,127</u>
<b>Net decrease in cash and cash equivalents</b>	(25,704)	(14,285)
<b>Cash and cash equivalents as at beginning of the financial period</b>		
As previously reported	146,623	96,472
Effect of exchange rate changes	2,443	1,021
As restated	<u>149,066</u>	<u>97,493</u>
<b>Cash and cash equivalents as at end of the financial period #</b>	<u><u>123,362</u></u>	<u><u>83,208</u></u>
<b># Cash and cash equivalents at the end of the financial period comprising the following:</b>		
Short term deposits	101,091	58,197
Cash and bank balances	<u>51,266</u>	<u>54,503</u>
	152,357	112,700
Less: Deposits placed with lease payables as security deposit for lease payments	(8,679)	(9,521)
Cash held under Housing Development Accounts	-	(373)
Deposits pledged to licensed banks	(20,316)	(19,598)
	<u>(28,995)</u>	<u>(29,492)</u>
	<u><u>123,362</u></u>	<u><u>83,208</u></u>

## 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 2022.

### 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 2022, except for the adoption of the following new Malaysian Financial Reporting Standard (“MFRS”) and amendments/improvements to MFRSs:

#### New MFRS

MFRS 17	Insurance Contracts
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#### Amendments/ Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 17	Insurance Contracts
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above new MFRS and amendments/improvements to MFRSs will have no significant impact on the financial statements of the Group upon their initial application.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 2. Significant accounting policies (Continued)

#### Amendments/Improvements to MFRSs issued but not yet effective

<u>Amendments/Improvements to MFRSs (Continued)</u>		Effective for financial periods beginning on or after
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 128	Investments in Associates and Joint Ventures	Deferred

### 3. Audit Report

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

### 4. Seasonal or cyclical factors

The operations of the Group for the financial quarter ended 30 June 2023 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

There were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 June 2023.

As at the quarter ended 30 June 2023, no new ordinary share of the Company was issued to the eligible persons pursuant to the Advance Synergy Share Grant Scheme.

### 8. Dividends paid

There was no dividend paid during the financial period ended 30 June 2023.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information

For the financial period ended 30 June 2023

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
External	353	34,127	20,434	86,945	4,223	3,341	-	149,423
Inter-segment	2,223	-	1,391	52	-	-	(3,666)	-
<b>Total revenue</b>	<b>2,576</b>	<b>34,127</b>	<b>21,825</b>	<b>86,997</b>	<b>4,223</b>	<b>3,341</b>	<b>(3,666)</b>	<b>149,423</b>
<b>Results</b>								
Segment results	(5,427)	1,325	(2,324)	3,592	(3,049)	(1,730)	(255)	(7,868)
Share of results of associates and joint venture	25	-	(1)	-	-	-	-	24
Profit/(Loss) before tax	(5,402)	1,325	(2,325)	3,592	(3,049)	(1,730)	(255)	(7,844)
Income tax expense								(527)
Net profit/(loss) for the financial period								(8,371)
Non-controlling interests								640
Net profit/(loss) for the financial period attributable to owners of the parent								(7,731)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2023 (Continued)

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Other information</u></b>								
Segment assets	101,802	223,790	430,719	19,765	22,404	27,490	-	825,970
Investment in associates and joint venture	3,890	-	105	-	-	-	-	3,995
Unallocated corporate assets								6,483
Total assets								836,448
Segment liabilities	5,153	12,346	221,147	7,705	10,374	7,338	-	264,063
Unallocated corporate liabilities								4,917
Total liabilities								268,980
Capital expenditure:								
- Property, plant & equipment	128	238	4,573	-	97	88	-	5,124
- Software development expenditure	-	610	-	-	-	-	-	610

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2022

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
External	134	33,605	13,293	34,775	1,880	5,544	-	89,231
Inter-segment	1,807	-	832	7	-	-	(2,646)	-
<b>Total revenue</b>	1,941	33,605	14,125	34,782	1,880	5,544	(2,646)	89,231
<b>Results</b>								
Segment results	(6,188)	4,156	(8,058)	706	(2,716)	(1,582)	96	(13,586)
Share of results of associates and joint venture	113	-	(1)	-	-	-	-	112
Profit/(Loss) before tax	(6,075)	4,156	(8,059)	706	(2,716)	(1,582)	96	(13,474)
Income tax expense								(710)
Net profit/(loss) for the financial period								(14,184)
Non-controlling interests								1,463
Net profit/(loss) for the financial period attributable to owners of the parent								(12,721)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 June 2022 (Continued)

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Other information</u></b>								
Segment assets	57,410	232,638	428,729	15,879	19,157	26,521	-	780,334
Investment in associates and joint venture	3,864	-	107	-	-	-	-	3,971
Unallocated corporate assets								7,677
Total assets								791,982
Segment liabilities	5,374	12,598	214,454	8,164	7,531	12,959	-	261,080
Unallocated corporate liabilities								5,582
Total liabilities								266,662
Capital expenditure:								
- Property, plant & equipment	5	366	42,636	-	20	69	-	43,096
- Software development expenditure	-	556	-	-	-	-	-	556

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 10. Property, plant and equipment

The valuation of land and buildings had been brought forward without amendment from the financial statements for the financial year ended 31 December 2022.

### 11. Significant events after the reporting period

On 16 August 2023, Alma Dining Sdn Bhd (“ADSB”) was incorporated with an issued share capital of RM100. ADSB is a 70%-owned subsidiary of Advance Synergy Realty Sdn Bhd, which in turn is an indirect 70%-owned subsidiary of the Company.

Save for the above, there are no significant events after the reporting period.

### 12. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2023.

### 13. Changes in contingent liabilities

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2022.

### 14. Review of performance

	Year-to-date 6 months ended		Changes	
	<u>30.06.2023</u> RM'000	<u>30.06.2022</u> RM'000	RM'000	%
Revenue	149,423	89,231	60,192	67.5
Profit/(Loss) from operations	(3,320)	(9,420)	6,100	64.8
Profit/(Loss) before tax	(7,844)	(13,474)	5,630	41.8
Net profit/(loss) for the financial period	(8,371)	(14,184)	5,813	41.0
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(7,731)</u>	<u>(12,721)</u>	4,990	39.2

#### *Overall performance*

For the current 6-month period ended 30 June 2023 (“6M 2023”), the Group recorded higher revenue of RM149.4 million compared to RM89.2 million in the corresponding period last year ended 30 June 2022 (“6M 2022”), an increase in revenue of RM60.2 million or 67.5%, with the bulk of the increase in revenue contributed by Travel & Tours division which recorded an increase in revenue of RM52.2 million. All divisions reported higher revenue in 6M 2023 compared to 6M 2022 except for Others division.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Overall performance (Continued)*

The Group recorded overall lower gross profit margin for 6M 2023 compared to 6M 2022 as higher proportionate contribution to the Group's revenue was from Travel & Tours division in 6M 2023 compared to 6M 2022. Travel & Tours division generally yields lower gross profit margin compared to other divisions.

The Group recorded a lower loss before tax in 6M 2023 compared to 6M 2022 mainly due to the improved performance of Travel & Tours and Property Development & Investment divisions partly offset by unfavourable results from Information & Communications Technology, Financial Services and Others divisions.

#### *Investment Holding*

In 6M 2023, the division recorded higher revenue of RM2.6 million compared to the revenue of RM1.9 million in 6M 2022. The higher revenue was mainly attributable to higher interest income and intercompany management fee charged which had no impact to the Group's revenue. The division recorded a lower loss before tax of RM5.4 million in 6M 2023 compared to a loss before tax of RM6.1 million in 6M 2022 mainly due to higher revenue in 6M 2023.

#### *Information & Communications Technology*

The division recorded lower revenue in its functional currency, Singapore Dollar ("SGD"), in 6M 2023 compared to 6M 2022 of approximately 4.8%. The decline in revenue for 6M 2023 was mainly attributable to lower managed service contract revenues by Unifiedcomms business unit, partly mitigated by higher system sale contracts revenue by GlobeOSS business unit. However, with the higher exchange rate of SGD to RM in 6M 2023 compared to 6M 2022, the lower SGD denominated revenue for 6M 2023 after conversion at the higher exchange rate resulted in higher RM denominated revenue in 6M 2023 of RM34.1 million compared to RM33.6 million in 6M 2022.

The division recorded lower profit before tax of RM1.3 million in 6M 2023 compared to profit before tax of RM4.2 million in 6M 2022 mainly due to lower gross profit margin coupled with higher operating expenses in 6M 2023.

The lower gross profit margin in 6M 2023 of 43.4% in 6M 2023 compared to 48.2% in 6M 2022 was mainly attributable to the lower gross profit margin recorded by the division's system sale contract revenues. The lower gross profit margin was mainly due to higher proportionate contribution of system sale contract revenues by GlobeOSS business unit, which generally yields lower gross profit margin as a result of its typically higher third party costs.

The higher operating expenses of the division in 6M 2023 compared to 6M 2022 were mainly attributable to higher technical support expenses and distribution costs recorded in 6M 2023 due to an increase in the technical support headcount of GlobeOSS business unit.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Property Development & Investment*

The division recorded revenue of RM21.8 million in 6M 2023, higher compared to the revenue of RM14.1 million recorded in 6M 2022 mainly contributed by higher revenue from the property investment unit. With the higher revenue, the division recorded lower loss before tax of RM2.3 million in 6M 2023 compared to loss before tax of RM8.1 million in 6M 2022.

#### Development

The property development unit, Advance Synergy Realty Sdn Bhd (“ASR”), recorded no revenue for both 6M 2023 and 6M 2022 as all units of Taman Sri Matang project were fully sold in 2021 and Phase 2 Federal Park project sales has yet to commence as at 6M 2023. This resulted in comparable loss before tax of RM0.8 million and RM0.9 million in 6M 2023 and 6M 2022 respectively.

#### Investment

Overall, the property investment unit recorded improved revenue in 6M 2023 compared to 6M 2022 with higher revenue contribution from the hospitality unit and the food and beverage (“F&B”) business pursuant to the relaxation of movement control restrictions imposed by the Malaysian government during the COVID-19 pandemic as the country transitioned to the endemic phase in April 2022. Our hospitality unit recorded a significant improvement in revenue from RM11.0 million in 6M 2022 to RM17.9 million in 6M 2023, an increase of approximately RM6.9 million or 62.7% as revenue improved with higher average room rate and average occupancy rate recorded coupled with the increase in revenue from the F&B business of RM0.2 million.

With the higher revenue and fair value gain on quoted investment in 6M 2023 as opposed to fair value loss coupled with loss on disposal of quoted investment in 6M 2022, the hospitality unit recorded a profit before tax of RM0.5 million in 6M 2023 compared to a loss before tax of RM4.9 million in 6M 2022. Our investment property, Yap Ah Shak House, recorded a loss before tax of RM1.0 million in 6M 2023 compared to the loss before tax of RM0.7 million in 6M 2022 as higher expenses were incurred. The financial results of another investment property, Synergy 9, have no significant impact on the Group results as the property is being occupied by the Group.

#### *Travel & Tours*

With the re-opening and relaxation in travelling restrictions of most international destinations for tourists, the performance of the Travel & Tours division recorded significant improvement with substantially higher revenue in 6M 2023 of RM87.0 million compared to RM34.8 million in 6M 2022, an increase in revenue of RM52.2 million or approximately 150.1%. With the substantially higher revenue in the current period under review compared to the same period last year, the division recorded profit before tax of RM3.6 million in 6M 2023 compared to profit before tax of RM0.7 million in 6M 2022.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 14. Review of performance (Continued)

#### *Financial Services*

Financial Services division recorded higher revenue of RM4.2 million in 6M 2023 compared to RM1.9 million in 6M 2022 with increase in gross processing volume recorded from its merchants. Despite the higher revenue, the division recorded higher loss before tax of RM3.0 million in 6M 2023 compared to loss before tax of RM2.7 million in 6M 2022 mainly due to lower gross profit margin coupled with higher operating expenses in 6M 2023 compared to 6M 2022.

#### *Others*

The Others division registered lower revenue of RM3.3 million in 6M 2023 compared to the revenue of RM5.5 million for 6M 2022 mainly attributable to the lower revenue from the bus-body fabrication unit as no buses were delivered in 6M 2023 and the revenue in 6M 2023 was from the progress billing of buses under manufacturing. Despite the lower revenue in 6M 2023, the bus-body fabrication unit recorded slightly lower loss before tax of RM1.2 million in 6M 2023 compared to loss before tax of RM1.3 million in 6M 2022. The education unit continued to report flat nominal sales in 6M 2023 and 6M 2022 with an increase in loss before tax of RM0.5 million in 6M 2023 compared to loss before tax of RM0.3 million in 6M 2022 mainly attributable to higher operating expenses incurred in 6M 2023. Overall, the division recorded a higher loss before tax of RM1.7 million in 6M 2023 compared to a loss of RM1.6 million in 6M 2022.

### 15. Comparison of results with immediate preceding quarter

	Quarter		Changes	
	3 months ended		RM'000	%
	<u>30.06.2023</u>	<u>31.03.2023</u>		
	RM'000	RM'000		
Revenue	66,760	82,663	(15,903)	(19.2)
Profit/(Loss) from operations	(1,569)	(1,751)	182	10.4
Profit/(Loss) before tax	(4,059)	(3,785)	(274)	(7.2)
Net profit/(loss) for the financial period	(4,424)	(3,947)	(477)	(12.1)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(4,240)</u>	<u>(3,491)</u>	(749)	(21.5)

#### *Overall performance*

The Group recorded lower revenue of RM66.8 million for current quarter ended 30 June 2023 (“Q2 2023”) compared to the revenue of RM82.7 million in the immediate preceding quarter ended 31 March 2023 (“Q1 2023”).

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. Comparison of results with immediate preceding quarter (Continued)

#### *Overall performance (Continued)*

Higher loss before tax of RM4.1 million in Q2 2023 was recorded by the Group compared to loss of RM3.8 million in Q1 2023 mainly due to unfavourable results from all divisions except for Information & Communications Technology and Others division.

#### *Investment Holding*

The division reported lower revenue of RM1.1 million in Q2 2023 compared to the revenue of RM1.4 million in Q1 2023 mainly attributable to lower intercompany management fee charged which has no impact to the Group's revenue. With the lower revenue, the division recorded higher loss before tax of RM2.9 million in Q2 2023 compared to loss before tax of RM2.5 million in Q1 2023.

#### *Information & Communications Technology*

The division registered higher revenue of RM17.5 million (Q2 2023: S\$5.13M) in Q2 2023 compared to RM16.7 million (Q1 2023: S\$5.07M) in Q1 2023 mainly due to higher system sale contracts revenue of Unifiedcomms business unit. With the higher revenue and lower net operating expenses in the current quarter under review, the division recorded higher profit before tax of RM0.9 million in Q2 2023 compared to RM0.4 million in Q1 2023. The lower net operating expense was mainly due to net foreign exchange gain recorded in Q2 2023 compared to net foreign exchange loss in Q1 2023.

#### *Property Development & Investment*

The division recorded lower revenue of RM10.6 million in Q2 2023 compared to revenue of RM11.3 million in the previous quarter. The bulk of the revenue of the division for both Q2 2023 and Q1 2023 was contributed by the hospitality business, which recorded revenue of RM8.7 million in Q2 2023 compared to RM9.2 million in Q1 2023.

In the quarter under review, the division recorded higher loss before tax of RM1.6 million compared to loss of RM0.8 million in the previous quarter. The higher loss recorded in Q2 2023 compared to Q1 2023 was mainly attributable to lower revenue.

#### Development

The property development unit did not record any sales for Q2 2023 and Q1 2023 and registered a higher loss before tax in Q2 2023 of RM0.5 million compared to loss before tax in Q1 2023 of RM0.3 million mainly attributable to higher operating expenses incurred in Q2 2023.

#### Investment

With the lower revenue of RM10.6 million in Q2 2023 compared to RM11.3 million in Q1 2023, the property investment unit recorded higher loss before tax of RM1.0 million in Q2 2023 compared to loss before tax of RM0.5 million in Q1 2023 mainly attributable to the flow down effect of lower revenue.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 15. Comparison of results with immediate preceding quarter (Continued)

#### Investment (Continued)

Our hospitality unit recorded lower revenue for Q2 2023 compared to Q1 2023 mainly due to lower revenue recorded by our hotels in Langkawi and Cherating partly offset by higher revenue from our hotel in Shanghai in Q2 2023 compared to Q1 2023. With the lower revenue in Q2 2023, the unit recorded a lower profit before tax in Q2 2023 compared to Q1 2023.

Our F&B unit recorded a loss before tax in Q2 2023 compared to profit before tax in Q1 2023 mainly due to increase in staff costs. Yap Ah Shak property, which commenced operations in Q1 2022, recorded flat loss in both Q2 2023 and Q1 2023 as the property is undergoing a review and revamp in its operations under the new business roadmap.

#### *Travel & Tours*

The division recorded lower revenue of RM35.2 million in Q2 2023 compared to the revenue of RM51.8 million in Q1 2023 mainly due to decrease in sales from group ticketing and tours during the quarter under review. With the lower revenue recorded in Q2 2023, the division recorded a lower profit before tax of RM1.4 million in Q2 2023 compared to profit before tax of RM2.2 million in the preceding quarter.

#### *Financial Services*

The Financial Services division comprising the card & payment services and money services units generated higher revenue of RM2.4 million in Q2 2023 compared to RM1.8 million Q1 2023 with higher gross processing volume recorded in the current quarter under review. Despite the higher revenue, the division recorded a comparable loss of RM1.5 million in both quarters mainly due to lower gross profit margin recorded in Q2 2023 compared to Q1 2023.

#### *Others*

The Others division recorded lower revenue of RM1.6 million in Q2 2023 compared to RM1.7 million in Q1 2023. The revenue for bus-body fabrication unit in Q3 2023 was mainly derived from the progress billings for buses under manufacturing whilst revenue of the education unit remained nominal in both Q2 2023 and Q1 2023. Despite the lower revenue, the division reported lower loss before tax of RM0.3 million in Q2 2023 compared to RM1.4 million in Q1 2023 mainly due to higher gross profit margin recorded in Q2 2023 compared to Q1 2023.

### 16. Prospects

As we enter the second quarter of fiscal 2023, the Group remains mindful of the rising inflation and interest rates, possible disruptions in supply chain and geopolitics concerns which may adversely impact the global economic recovery and thus the successful execution of our business plans with focus on costs and continued investment into our businesses to deliver better Group financial performances, is critical for the remainder of the financial year.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Information & Communications Technology*

The risk and uncertainty of the economy going into recession due to geo-political tensions, supply chain disruption, and rising inflation and interest rates, especially in the division's regions of focus, have weighed on the minds of management and the directors of the division when considering the outlook for the remainder of the financial year.

The operations of Unifiedcomms and GlobeOSS in the financial period under review had been minimally impacted by geo-political tensions and supply chain disruption. On the business front, both Unifiedcomms and GlobeOSS contracts in-hand continue to be progressed and management of the division is hopeful that new projects and initiatives requiring our products and services will continue to be pursued by customers. The possibility remains however, that larger system sale contracts that have yet to be committed in the financial period under review, may be further deferred, or even abandoned entirely if macroeconomic and industry conditions worsen or do not improve significantly enough.

At Captii Ventures, the division's venture investment business, the climate for business development and funding continues to be challenging for start-ups in certain industries.

Against this negative but improving macroeconomic backdrop for the future, the division remains optimistic and will continue to work closely with customers and investees, to minimise the negative impact of economic uncertainty on division's financial performance.

#### *Property Development & Investment*

##### Development

Advance Synergy Realty Sdn Bhd ("ASR") commenced the development works for Phase 2 of the Federal Park project comprising 88 units of double storey terrace houses and 28 units of single storey terrace houses in August 2022 and expects to generate total revenue of RM59.7 million with targeted sales of 60% by end of 2023. The progress of the works for the development of Phase 2 of the Federal Park project has now reached a completion rate of 36%.

This will be followed by the launching of Sejjak project towards the end of fiscal 2023 with an estimated gross development value of RM75.0 million comprising 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single terrace houses. With these two new projects generating a total gross development value in excess of RM134.7 million, the property development unit is cautiously optimistic to turn the corner towards profitability.

Although the unit expects the property market in Kuching to remain soft due to the negative impact of the pandemic crisis and stringent financing requirements in fiscal 2023, with the affordable pricing for its development properties, the unit is confident of the marketability of Phase 2 of Federal Park project and Sejjak project as both projects comprised mainly affordable residential properties. ASR will also continue to improve its product quality and customer service to maintain its position as one of the most reputable developers in Kuching.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Property Development & Investment (Continued)*

##### Investment

With the transition to endemic phase in Malaysia, the hospitality unit is hopeful that there is an opportunity for a gradual recovery in the business with the expected pent-up demand for travel. The good news is effective from 8 January 2023, China has lifted pandemic restrictions on foreign travel, ending quarantine requirements for inbound travellers and with it, nearly three years of self-imposed isolation. However, for fiscal 2023, we remain cautious on the hospitality industry's recovery due to external pressures, which may prolong the recovery to pre-pandemic level as lingering effects of COVID-19 besides continuing pressures from rising costs, staff shortage, recessionary risks and geopolitics concerns may continue to drag down the industry.

During the border closures, the hospitality unit seized the opportunity to introduce new facilities at Holiday Villa Beach Resort & Spa Cherating ("Cherating Holiday Villa") which includes a specialized thematic pool for corporate team-building activities and a children's fun pool for families. Since 2020, upgrades works have been undertaken for guestrooms and toilets at Cherating Holiday Villa with a majority of these upgrades already completed which will position our Cherating Holiday Villa to be competitive in continuing to attract travellers throughout fiscal 2023. Cherating Holiday Villa performed well as travel restrictions were relaxed, experiencing an upsurge in demand from local tourists. This trend is anticipated to continue unless unforeseen circumstances arise.

Pursuant to the signing of the lease termination agreement between Langkawi Holiday Villa Sdn Bhd and Pacific Trustees Berhad (acting as trustee for AmanahRaya Real Estate Investment Trust), as disclosed in Note 20(c) of this announcement, the operation of Holiday Villa Beach Resort & Spa Langkawi will cease upon completion of the agreement.

Our aparthotel in Earls Court, London is entering the fit-out stage and is expected to be operational in the third quarter of 2023. Fiscal 2022 saw the rebound in demand for UK hotels which may however face some uncertainties in fiscal 2023 due to external headwinds impacting consumer confidence coupled with rising operational costs, staffing shortages and supply chain disruption. However, we are cautiously optimistic that the London hospitality market will be resilient as we can see the swift post-pandemic rebound and influx of international visitors to London.

China's abrupt dismantling of the strict COVID-19 anti-virus regime on 8 January 2023, led to an increase in infections as many people travelled to their hometowns for the Lunar New Year holidays in January 2023. The COVID-19 peak wave was expected to last for two to three months, causing Holiday Villa Hotel & Residence Jiading P.R.C. ("Shanghai Holiday Villa") to experience its lowest occupancy in the first quarter of 2023. The situation began to recover from May 2023, resulting in better performance for Shanghai Holiday Villa in the second quarter 2023. However, the fiscal year 2023 is anticipated to remain challenging for Shanghai Holiday Villa as external headwinds may impact the travel industry.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Property Development & Investment (Continued)*

##### Investment (Continued)

Yap Ah Shak House in Kuala Lumpur, a high quality mixed-use property comprising serviced offices, meeting facilities, an event space, as well as two floors dedicated to food and beverage operations, did not meet the revenue expectation after its opening in January 2022 due to the lingering impact of COVID-19 pandemic on the market for commercial office space, and is thus undergoing a review and revamp in the operations. Yap Ah Shak House is expected to be operational under the new business roadmap in second half of fiscal 2023.

#### *Travel & Tours*

Our Travel and Tours division has been most affected by the COVID-19 pandemic as many countries introduced curfews and travel restrictions to contain the spread of the virus. With the relaxation of travel restrictions, the division recorded a significantly improved performance in fiscal 2022. The division's performance continued to improve during the first half of fiscal year 2023 and the division remains cautiously optimistic about its performance for fiscal year 2023 although external factors such as increasing inflation, higher travel costs, and geopolitical concerns may dampen growth in the travel industry. The division's business plan to focus on building its corporate client base for the ticketing, group series tours and company incentive groups business and in exploring to work closely with travel partners to develop more competitive inbound and outbound travel products remains.

#### *Financial Services*

The emergence of COVID-19 in fiscal 2020 brought significant economic uncertainty in Malaysia and the markets in which Paydee Sdn Bhd ("Paydee"), our card and payment services business, and Qurex Sdn Bhd ("Qurex"), our money services business, operate.

The division conducted a strategic review of their businesses in fiscal 2021. Pursuant to this strategic review, Paydee, had in fiscal 2022, focused on the development and establishment of its New Payment Application Services ("NPAS"). This involved the recruitment of additional staff to design, develop, operate and manage the NPAS as well as efforts to identify and evaluate opportunities for business collaboration.

Under its newly conceived product roadmap for both payment acquiring and card issuing, Paydee has initiated the process of evolving its operations, technologies and application services. It will continuously invest in technology/infrastructure renewal and the development of new capabilities to deliver innovative NPAS to address SME business segments, as well as to be the non-bank partner of choice for payment facilitators.

The focus for Qurex would be to grow its B2B international payment and remittance services and to explore opportunities to generate new sources of income and sustainable avenues for growth. Qurex intends to synergise with Paydee for its growth plan and pending the full implementation of the new roadmap, Qurex does not anticipate its existing businesses to grow substantially in fiscal 2023.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 16. Prospects (Continued)

#### *Others*

Our bus-body fabrication unit, Aviva Master Coach Technology Sdn Bhd (“Aviva”), remains focused to ensure its production to be cost efficient and for timely delivery of buses.

Aviva buses are designed and fabricated in compliance with the internationally recognised safety standards. The unit has approval from Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan to affix the “Barangan Buatan Malaysia” (“Product Made In Malaysia”) logo on our locally designed bus models Autobus LF 12250, Autobus LF 10200 and Autobus SD 12300. Autobus is designed and built to internationally recognised safety standards.

For fiscal 2023, the unit will continue to focus on the Australia market and with orders in hand, there is a cautious optimism in the sale of our buses.

The market situation remains challenging with rising costs and continuing disruption to the supply chain. However, Aviva is confident in managing the risks and shall focus in ensuring that its production is cost-and-delivery-efficient and targets to increase its production to 20 buses per month within the next two years in line with the expected increase in orders from the Australian market.

With the various measures put in place, our bus-body fabrication unit is cautiously optimistic that it is in a good position to manage the challenges in fiscal 2023.

The education division of The Language House (“TLH”) is actively pursuing important goals. This involves broadening its range of courses, reinforcing its digital framework, incorporating technology into its programs, and establishing collaborations with other language institutions and universities. Alongside these efforts, TLH places strong emphasis on improving the student experience and building a supportive community.

In addition, our education unit anticipates an expansion in its educational and training offerings. The primary areas of focus remain the development of language curricula, delivery of corporate language training solutions, and administration of English proficiency assessments. These objectives reflect our ongoing commitment to delivering effective and relevant services.

### 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.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 19. Income tax expense

	<b>3 months ended <u>30.06.2023</u> RM'000</b>	<b>Year-to-date ended <u>30.06.2023</u> RM'000</b>
On current quarter results		
- Corporate income tax	(365)	(527)

The effective income tax rate of the Group for the current quarter and year-to-date ended 30 June 2023 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for taxation purpose and the non-availability of group relief for losses incurred by certain subsidiaries in the Group.

### 20. Status of corporate proposals

The status of corporate proposals announced but not completed as at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report are summarised below:

- (a) On 8 August 2019, the Company announced that Cherating Holiday Villa Berhad (“CHV”), an indirect wholly-owned subsidiary of the Company, had on 8 August 2019 entered into a Sale and Purchase Agreement with Amanah Raya Berhad for CHV to buy back a resort hotel consisting of an administration building, hotel/apartment blocks, standard and individually designed chalets and villas and other ancillary buildings and structures known as Holiday Villa Beach Resort & Spa Cherating, measuring in aggregate area of approximately 42,635 square metres for a buy back price of RM22,965,600 only free from all encumbrances and on an “as is where is” basis (“Proposed CHV Buyback”). Barring any unforeseen circumstances, the Proposed CHV Buyback is expected to be completed in the second half of year 2029.
- (b) On 6 November 2020, the Company announced that Mayor Hotels Sdn Bhd (“MHSB”), an indirect wholly-owned subsidiary of the Company, had on 6 November 2020 entered into a sale and purchase agreement (“SPA”) for M1 Plaza Sdn Bhd to purchase from MHSB the hotel property known as City Villa Kuala Lumpur located at No. 69, Jalan Haji Hussein, Off Jalan Tuanku Abdul Rahman, 50300 Kuala Lumpur on “as is where is” basis for a total cash consideration of RM24,000,000 subject to the terms and conditions as stipulated in the SPA (“Proposed City Villa Disposal”). Barring any unforeseen circumstances, the Proposed City Villa Disposal is expected to be completed in the fourth quarter of 2024.



## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 20. Status of corporate proposals (Continued)

The status of corporate proposals announced but not completed as at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report are summarised below: (Continued)

- (c) On 28 June 2023, the Company announced that Langkawi Holiday Villa Sdn Bhd (“LHV”) had on 28 June 2023 entered into an Agreement to Terminate (“Lease Termination Agreement”) with Pacific Trustees Berhad (acting as trustee for AmanahRaya Real Estate Investment Trust) (“Lessor”) for the mutual termination of the Renewal Lease Agreement dated 16 December 2016 (including the Lease and the Renewal Lease Agreement Rights as defined in the Company’s announcement dated 28 June 2023) of the 4-star beach resort hotel building with 238 rooms known as “Holiday Villa Beach Resort & Spa Langkawi” which is being leased by LHV from the Lessor, for a cash compensation sum of RM45 million to be paid to LHV subject to the terms and conditions as stipulated in the Lease Termination Agreement (“Proposed Termination of LHV Lease”). Barring any unforeseen circumstances, the Proposed Termination of LHV Lease is expected to be completed in the first half of 2024.

### 21. Utilisation of proceeds from disposal of Wisma Synergy

The status of utilisation of proceeds raised from the disposal of a property, Wisma Synergy, by AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of the Company, as at 30 June 2023 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 08.11.2019</b>	<b>Extended timeframe for Utilisation</b>
Repayment of borrowings	61,340	61,336 *	-	Within 3 months	-
Working capital of the Group	51,900	43,310 *	8,594	Within 12 months	Additional 36 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	<u>124,000</u>	<u>115,406</u>	<u>8,594</u>		

\* The remaining amount of RM4,000 which was not utilised for repayment of borrowing was utilised for working capital of the Group.

**NOTES TO THE INTERIM FINANCIAL REPORT (Continued)**

**22. Utilisation of proceeds from disposal of hotel management agreements, licensing agreements and trademarks of Alangka-Suka Hotels & Resorts Sdn Bhd Group**

The status of utilisation of proceeds raised from the disposal of hotel management agreements, licensing agreements and trademarks of Alangka-Suka Hotels & Resorts Sdn Bhd Group, as at 30 June 2023 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 03.12.2021</b>
Working capital of the Group	4,844	4,857 *	-	<u>Proceeds of RM4.844 million</u> - Within 24 months
	2,000	1,200	800	<u>Proceeds of RM200,000 per quarter totaling RM2.0 million for Remaining Balance</u> - Within 3 months from the receipt of the quarterly payment
Expenses for the disposal	<u>156</u> <u>7,000</u>	<u>143</u> <u>6,200</u>	<u>-</u> <u>800</u>	Within 12 months

\* The remaining amount of RM 13,000 which was not utilised for expenses in relation to the disposal was utilised for working capital of the Group.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 23. Utilisation of proceeds from the Rights Issue

The status of utilisation of proceeds raised from the Rights Issue as at 30 June 2023 is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Utilisation to-date RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for Utilisation from 04.11.2022</b>
Investment in existing businesses and/or future business expansion/ new strategic investment	53,200	16,032	37,168	Within 36 months
Working capital	25,600	9,951 *	15,667	Within 36 months
Expenses for the Rights Issue	1,200	1,182 *	-	Immediately
	<u>80,000</u>	<u>27,165</u>	<u>52,835</u>	

\* The remaining amount of RM 18,000 which was not utilised for expenses in relation to the Rights Issue was utilised for working capital of the Group.

### 24. Group borrowings

Details of the borrowings by the Group are as follows:

	<b>As at 30.06.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<b>Short term - secured</b>		
- Term loans	7,826	8,799
- Revolving credit	40,000	40,000
	<u>47,826</u>	<u>48,799</u>
<b>Long term - secured</b>		
- Term loans	89,319	90,116
	<u>89,319</u>	<u>90,116</u>
<b>Total borrowings</b>	<u>137,145</u>	<u>138,915</u>

### 25. 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 was no gain/loss arising from the fair value changes in financial liabilities for the current financial period.

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 26. Material litigation

There was no material litigation as at the latest practicable date which is a date not earlier than 7 days from the date of issue of the quarterly report.

### 27. Other significant events during the reporting period

The Company's direct wholly-owned subsidiary, Advance Synergy Capital Sdn Bhd ("ASCAP"), and its wholly-owned subsidiaries, AESBI Power Systems Sdn Bhd ("AESBI") and Paydee Ventures Sdn Bhd ("PVSB"), had initiated a capital reduction exercise by submitting the requisite documents to the Registrar of Companies on 3 April 2023. Following the issuance of the notice confirming the reduction of share capital under Section 119(4) of the Companies Act 2016 by the Registrar of Companies, the reduction of share capital of ASCAP and AESBI took effect on 26 May 2023 while the reduction of share capital of PVSB took effect on 30 May 2023.

### 28. Notes To The Statement of Comprehensive Income

Included in the profit/(loss) before tax are:

	<b>6 months ended 30.06.2023 RM'000</b>	<b>6 months ended 30.06.2022 RM'000</b>
Amortisation of intangible assets	(376)	(411)
Depreciation	(7,398)	(7,726)
Dividend received	13	29
Fair value change in unquoted investment securities	(62)	(54)
Fair value change in quoted investment securities	76	(745)
Interest expenses	(4,548)	(4,166)
Interest income	953	611
Net gain on disposal of:		
- property, plant and equipment	29	22
- quoted investment securities	-	(126)
Net unrealised (loss)/gain on foreign exchange	319	(176)
Property, plant and equipment written off	-	(5)
Provision for retirement benefits plan	(66)	(61)

### 29. Dividend

A single tier dividend in respect of the financial year ended 31 December 2022 was paid on 18 August 2023 as approved by the shareholders of the Company at the Annual General Meeting held on 27 June 2023

## NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

### 30. 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 RM4,240,000 and RM7,731,000 respectively, divided by the weighted average number of ordinary shares of 2,529,194,943 for the current quarter and current year-to-date respectively as follows:

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>
	<b>No. of shares</b>		<b>No. of shares</b>	
Issued / weighted average number of ordinary shares	<u>2,529,194,943</u>	<u>929,194,943</u>	<u>2,529,194,943</u>	<u>929,194,943</u>
	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>
Basic loss per share (sen)	<u>(0.17)</u>	<u>(0.62)</u>	<u>(0.31)</u>	<u>(1.37)</u>

#### Diluted loss per share

The basic and diluted loss per share are reported to be the same for the current quarter, current year-to-date, corresponding quarter last year and corresponding year-to-date last year as the Company has no dilutive potential shares.

	<b>3 months ended</b>		<b>Year-to-date ended</b>	
	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>	<b><u>30.06.2023</u></b>	<b><u>30.06.2022</u></b>
Diluted loss per share (sen)	<u>(0.17)</u>	<u>(0.62)</u>	<u>(0.31)</u>	<u>(1.37)</u>

### 31. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD  
**ADVANCE SYNERGY BERHAD**

HO TSAE FENG  
Company Secretary  
29 August 2023