ADVANCE SYNERGY BERHAD
(Company No: 192001000024 (1225-D))

COMPANY ANNOUNCEMENT
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2021

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 2021.

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 2020.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		Year-to-date 9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Revenue	26,658	21,591	74,610	86,416
Cost of sales	(15,345)	(13,447)	(43,408)	(54,043)
Gross profit	11,313	8,144	31,202	32,373
Other operating income	3,287	1,469	6,307	6,379
Operating expenses	(19,039)	(23,051)	(53,771)	(67,400)
Profit/(Loss) from operations	(4,439)	(13,438)	(16,262)	(28,648)
Finance costs	(1,647)	(543)	(5,268)	(2,984)
Share of results of associates and joint venture	29	33	84	122
Profit/(Loss) before tax	(6,057)	(13,948)	(21,446)	(31,510)
Income tax expense	(1,293)	(640)	(2,430)	(1,760)
Net profit/(loss) for the financial period	(7,350)	(14,588)	(23,876)	(33,270)
Attributable to:				
Owners of the parent	(6,808)	(13,741)	(23,691)	(32,513)
Non-controlling interests	(542)	(847)	(185)	(757)
	(7,350)	(14,588)	(23,876)	(33,270)
Loss per share attributable to owners of the parent:				
Basic (sen)	(0.73)	(1.48)	(2.55)	(3.50)
Diluted (sen)	(0.73)	(1.48)	(2.55)	(3.50)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Net profit/(loss) for the financial period	(7,350)	(14,588)	(23,876)	(33,270)
Other comprehensive income/(expenses):				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(936)	(130)	(1,765)	2,042
Total items that may be reclassified subsequently to profit or loss	(936)	(130)	(1,765)	2,042
Items that will not be reclassified subsequently to profit or loss:				
Fair value through other comprehensive income financial assets	804	(403)	4,019	(2,814)
Total items that will not be reclassified subsequently to profit or loss	804	(403)	4,019	(2,814)
Other comprehensive income/(loss) for the financial period	(132)	(533)	2,254	(772)
Total comprehensive income/(loss) for the financial period	(7,482)	(15,121)	(21,622)	(34,042)
Attributable to:				
Owners of the parent	(6,858)	(14,672)	(21,497)	(32,745)
Non-controlling interests	(624)	(449)	(125)	(1,297)
Total comprehensive income/(loss) for the financial period	(7,482)	(15,121)	(21,622)	(34,042)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30.09.2021 RM'000	Audited as at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	205,466	199,018
Right-of-use assets	42,455	47,153
Investment properties	46,654	44,935
Investment in associates and joint venture	12,841	12,757
Investment securities	56,134	51,546
Goodwill	89,967	89,967
Intangible assets	2,398	2,717
Deferred tax assets	5,309	4,841
	461,224	452,934
Current assets		
Inventories	44,438	45,225
Receivables, prepayments and contract assets	79,861	77,451
Tax recoverable	2,311	2,401
Investment securities	4,977	5,162
Financial assets held for trading	-	8
Short term deposits	67,868	63,157
Cash and bank balances	58,266	57,860
	257,721	251,264
TOTAL ASSETS	718,945	704,198
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	381,377	381,377
Reserves	44,806	67,697
	426,183	449,074
Non-controlling interests	66,530	67,659
Total equity	492,713	516,733
Non-current liabilities		
Borrowings	63,359	38,347
Lease liabilities	46,742	50,506
Payables	9,038	9,294
Deferred tax liabilities	3,739	4,017
Provision for retirement benefit obligations	1,413	1,386
	124,291	103,550
Current liabilities		
Payables and contract liabilities	53,960	53,452
Borrowings	39,479	19,111
Lease liabilities	6,115	6,339
Tax payable	2,387	5,013
	101,941	83,915
Total Liabilities	226,232	187,465
TOTAL EQUITY AND LIABILITIES	718,945	704,198

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	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 2021	381,377	15,614	12,793	(3,537)	42,827	449,074	67,659	516,733
Net profit/(loss) for the financial period	-	-	-	-	(23,691)	(23,691)	(185)	(23,876)
Fair value of financial assets through other comprehensive income	-	-	-	4,019	-	4,019	-	4,019
Foreign currency translation differences for foreign operations	-	-	(1,825)	-	-	(1,825)	60	(1,765)
Total comprehensive income/(loss) the financial period	-	-	(1,825)	4,019	(23,691)	(21,497)	(125)	(21,622)
Transactions with owners								
Dividend paid	-	-	-	-	(1,394)	(1,394)	-	(1,394)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,004)	(1,004)
	-	-	-	-	(1,394)	(1,394)	(1,004)	(2,398)
Balance as at 30 September 2021	381,377	15,614	10,968	482	17,742	426,183	66,530	492,713

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (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 2020	381,377	14,547	6,728	(1,334)	80,378	481,696	69,072	550,768
Net profit/(loss) for the financial period	-	-	-	-	(32,513)	(32,513)	(757)	(33,270)
Fair value of financial assets through other comprehensive income	-	-	-	(2,814)	-	(2,814)	-	(2,814)
Foreign currency translation differences for foreign operations	-	-	2,582	-	-	2,582	(540)	2,042
Total comprehensive income/(loss) the financial period	-	-	2,582	(2,814)	(32,513)	(32,745)	(1,297)	(34,042)
Transactions with owners								
Dividend paid	-	-	-	-	(3,252)	(3,252)	-	(3,252)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(1,488)	(1,488)
	-	-	-	-	(3,252)	(3,252)	(1,488)	(4,740)
Balance as at 30 September 2020	381,377	14,547	9,310	(4,148)	44,613	445,699	66,287	511,986

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Cash flows from operating activities		
Loss before tax	(21,446)	(31,510)
Adjustments for:-		
Non-cash items	14,834	22,714
Other investing and financing items	4,227	1,595
Operating loss before working capital changes	(2,385)	(7,201)
Changes in working capital		
Inventories	787	109
Receivables	(5,782)	20,735
Financial assets held for trading	8	454
Payables	412	(7,849)
Net cash (used in)/generated from operations	(6,960)	6,248
Net tax paid	(4,963)	(625)
Net cash (used in)/generated from operating activities	(11,923)	5,623
Cash flows from investing activities		
Acquisition of held for trading investments	(3,601)	-
Acquisition of unquoted investment securities	(926)	(4,380)
Addition of intangible assets	(489)	(956)
Addition of investment properties	(1,818)	(6,043)
Interest received	997	1,389
Dividend received	44	-
Proceeds from disposal of held for trading investments	2,301	-
Proceeds from disposal of unquoted investment securities	1,291	3,499
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(10,027)	(11,673)
Withdrawal/(Placement) of pledged deposits	2,722	(1,338)
Net cash used in investing activities	(9,506)	(19,498)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Continued)

	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Cash flows from financing activities		
Dividend paid	(1,394)	(3,252)
Dividend paid to non-controlling interests of a subsidiary	(1,004)	(1,488)
Drawdown of borrowings	49,408	30,475
Interest paid	(5,268)	(2,984)
Repayment of borrowings	(3,741)	(2,924)
Repayment of lease liabilities	(3,014)	(3,373)
Net generated from financing activities	34,987	16,454
Effect of exchange rate changes	(6,189)	3,975
Net increase in cash and cash equivalents	7,369	6,554
Cash and cash equivalents as at beginning of the financial period		
As previously reported	86,959	90,619
Effect of exchange rate changes	351	369
As restated	87,310	90,988
Cash and cash equivalents as at end of the financial period #	94,679	97,542
# Cash and cash equivalents at the end of the financial period comprising the following:		
Short term deposits	67,868	68,752
Cash and bank balances	58,266	63,117
Bank overdrafts	(473)	(715)
	125,661	131,154
Less: Deposits placed with lease payables as security deposit for lease payments	(11,448)	(13,352)
Cash held under Housing Development Accounts	(671)	(657)
Deposits pledged to licensed banks	(18,863)	(19,603)
	(30,982)	(33,612)
	94,679	97,542

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 2020.

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 2020, except for the adoption of the following Amendments/Improvements to Malaysian Financial Reporting Standard ("MFRS"):

Amendments/ Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

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

New MFRS and Amendments/Improvements to MFRSs issued but not yet effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

2. Significant accounting policies (Continued)

New MFRS and Amendments/Improvements to MFRSs issued but not yet effective (Continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

3. Audit Report

The auditors' report on the financial statements for the year ended 31 December 2020 was not subject to any qualification.

4. Seasonal or cyclical factors

The operations of the Group for the quarter ended 30 September 2021 were not materially affected by any seasonal or cyclical factors.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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 September 2021.

8. Dividends paid

A single tier dividend of 0.15 sen per ordinary share in respect of the financial year ended 31 December 2020 was paid on 18 August 2021 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 30 June 2021.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information

For the financial period ended 30 September 2021

	Investment Holding	Hospitality	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	RM'000
Revenue									
External	198	8,381	51,537	4,127	7,353	1,304	1,710	-	74,610
Inter-segment	2,054	-	-	1,241	15	-	-	(3,310)	-
Total revenue	2,252	8,381	51,537	5,368	7,368	1,304	1,710	(3,310)	74,610
Results									
Segment results	(5,211)	(11,245)	6,227	(2,333)	(897)	(4,011)	(4,060)	-	(21,530)
Share of results of associates and joint venture	91	(7)	-	-	-	-	-	-	84
Profit/(Loss) before tax	(5,120)	(11,252)	6,227	(2,333)	(897)	(4,011)	(4,060)	-	(21,446)
Income tax expense									(2,430)
Net profit/(loss) for the financial period									(23,876)
Non-controlling interests									185
Net profit/(loss) for the financial period attributable to owners of the parent									(23,691)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2021 (Continued)

	Investment Holding	Hospitality	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	RM'000
Other information									
Segment assets	62,633	276,054	182,572	124,628	10,765	20,702	21,130	-	698,484
Investment in associates and joint venture	12,730	111	-	-	-	-	-	-	12,841
Unallocated corporate assets									7,620
Total assets									718,945
Segment liabilities	6,285	145,128	17,002	38,678	2,557	6,393	4,063	-	220,106
Unallocated corporate liabilities									6,126
Total liabilities									226,232
Capital expenditure:									
- Property, plant & equipment	2	7,994	438	717	-	752	124	-	10,027
- Software development expenditure	-	-	483	-	-	-	6	-	489

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2020

	Investment Holding	Hospitality	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	RM'000
Revenue									
External	317	16,307	48,062	699	17,263	3,346	422	-	86,416
Inter-segment	2,478	-	-	-	69	-	-	(2,547)	-
Total revenue	2,795	16,307	48,062	699	17,332	3,346	422	(2,547)	86,416
Results									
Segment results	(9,465)	(11,209)	1,168	(1,385)	(1,043)	(3,979)	(5,719)	-	(31,632)
Share of results of associates and joint venture	121	1	-	-	-	-	-	-	122
Profit/(Loss) before tax	(9,344)	(11,208)	1,168	(1,385)	(1,043)	(3,979)	(5,719)	-	(31,510)
Income tax expense									(1,760)
Net profit/(loss) for the financial period									(33,270)
Non-controlling interests									757
Net profit/(loss) for the financial period attributable to owners of the parent									(32,513)

9. Segmental Information (Continued)

For the financial period ended 30 September 2020 (Continued)

	Investment Holding	Hospitality	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	RM'000
Other information									
Segment assets	47,923	287,282	205,828	106,931	22,241	24,843	13,554	-	708,602
Investment in associates and joint venture	12,622	116	-	-	355	-	-	-	13,093
Unallocated corporate assets									9,944
Total assets									731,639
Segment liabilities	10,450	120,842	17,848	38,173	7,986	12,088	1,865	-	209,252
Unallocated corporate liabilities									10,401
Total liabilities									219,653
Capital expenditure:									
- Property, plant & equipment	59	8,440	1,114	1,129	127	771	33	-	11,673
- Software development expenditure	-	-	956	-	-	-	-	-	956

10. Property, plant and equipment

The valuation of land and buildings had been brought forward without amendment from the financial statements for the year ended 31 December 2020.

11. Significant events after the reporting period

There are no significant events after the reporting period except as disclosed below:

On 10 November 2021, Dama TCM Sdn Bhd ("Dama TCM"), an indirect wholly-owned subsidiary of the Company, acquired 1 ordinary share representing the remaining 50% equity interest in Medical Palace Sdn Bhd ("MPSB") not already owned by Dama TCM for a total cash consideration of RM1.00. On the same date, MPSB became a wholly-owned indirect subsidiary company of the Company.

12. Changes in the composition of the Group

On 3 March 2021, Synergy Holidays Company Limited, a dormant indirect 50%-owned associate of the Company registered in the Republic of The Union of Myanmar, was liquidated.

13. Changes in contingent liabilities

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2020.

14. Review of performance

	Year-to-date 9 months ended			
	30.09.2021	**30.09.2020**	**Changes**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue	74,610	86,416	(11,806)	(13.7)
Profit/(Loss) from operations	(16,262)	(28,648)	12,386	43.2
Profit/(Loss) before tax	(21,446)	(31,510)	10,064	31.9
Net profit/(loss) for the financial period	(23,876)	(33,270)	9,394	28.2
Net profit/(loss) for the financial period attributable to the Owners of the Parent	(23,691)	(32,513)	8,822	27.1

14. Review of performance (Continued)

Overall performance

For the current 9-month period ended 30 September 2021 ("9M 2021"), the impact of the global coronavirus ("Covid-19") outbreak and movement control order ("MCO") continued to drag down the revenue of the Group resulting in the Group recording lower revenue of RM74.6 million compared to RM86.4 million in the corresponding period last year ended 30 September 2020 ("9M 2020"), a significant decrease in revenue of RM11.8 million or approximately 13.7%. In 2020, MCO was imposed in the country with effect from 18 March 2020. All divisions reported lower revenue in 9M 2021 compared to 9M 2020 except for the Information & Communications Technology, Property Development & Investment and Others divisions.

The significant decrease in revenue for the Group resulted in lower gross profit of RM31.2 million in 9M 2021 compared to RM32.4 million in 9M 2020.

The Group recorded comparable other operating income for 9M 2021 and 9M 2020.

Operating expenses reduced by approximately RM13.6 million from RM67.4 million in 9M 2020 to RM53.8 million in 9M 2021 mainly due to lower fair value loss assessed on the venture investment portfolio, staff cost, distribution cost and other expenses The closure of Holiday Villa London, United Kingdom in the third quarter of 2020 also contributed to the lower operating expenses in 9M 2021. The lower operating expenses were partly offset by higher finance costs.

Despite the lower revenue in 9M 2021, the Group recorded lower loss before tax of RM21.4 million compared to loss before tax of RM31.5 million in 9M 2020 mainly attributable to lower operating expenses.

Investment Holding

In 9M 2021, the division recorded lower revenue of RM2.3 million compared to the revenue of RM2.8 million in 9M 2020. The lower revenue was mainly attributable to lower interest income and absence of intercompany rental income which had no impact to the Group's revenue. Despite the lower revenue for 9M 2021 the division reported lower loss before tax of RM5.1 million in 9M 2021 compared to loss of RM9.3 million in 9M 2020 mainly due to a fair value gain on investment securities coupled with lower operating expenses in the period under review as opposed to fair value loss in 9M 2020.

14. Review of performance (Continued)

Hospitality

The Hospitality division recorded significantly lower revenue of RM8.4 million in 9M 2021 compared to RM16.3 million in 9M 2020, a decline of approximately RM7.9 million or 48.6%. The outbreak of Covid-19 adversely affected the overall performance of the hotels operated and managed by the division. Besides that, closure of Holiday Villa London, United Kingdom in the third quarter of 2020 contributed to the overall lower revenue in 9M 2021.

Despite the drop in revenue for 9M 2021, the division reported comparable loss before tax of RM11.3 million in 9M 2021 compared to loss before tax of RM11.2 million in 9M 2020 mainly attributable to lower operating expenses from closure of Holiday Villa London, United Kingdom. The better operating results were offset by the absence of settlement of the court case of RM1.7 million in favour of one of the subsidiaries which was recorded in 9M 2020 coupled with fair value loss on investment securities of RM1.7 million recognised in 9M 2021 mitigated by gain on disposal of investment securities of RM0.6 million in 9M 2021.

Information & Communications Technology

The division recorded higher revenue of RM51.5 million in 9M 2021 compared to RM48.1 million in 9M 2020, an increase in revenue of RM3.4 million or approximately 7.2%. This was mainly due to higher revenue from Unifiedcomms business unit ("BU") which reported an increase in revenue of 29.2% in the current period under review compared to 9M 2020 mainly driven by higher revenue from system sale and managed service contracts. The improved revenue from Unifiedcomms BU was offset partly by the lower revenue from GlobeOSS BU as a result of lower managed service contract revenue.

With the increase in revenue in 9M 2021 compared to corresponding period last year coupled with lower operating expenses in the current period under review compared to 9M 2020, the ICT division recorded higher profit before tax of RM6.2 million in 9M 2021 compared to profit before tax of RM1.2 million in 9M 2020. The lower operating expenses in the current period under review were mainly attributable to lower fair value loss assessed on the venture investment portfolio of RM0.7 million in 9M 2021 compared to fair value loss of RM6.6 million in 9M 2020 partly offset by higher payroll cost and professional fees recorded in 9M 2021 compared to 9M 2020.

Property Development & Investment

The division recorded revenue at RM5.4 million in 9M 2021 whilst RM0.7 million was recorded in 9M 2020. Despite the higher revenue, the division's loss before tax increased by RM0.9 million from loss of RM1.4 million in 9M 2020 to loss of RM2.3 million in 9M 2021. The increased loss mainly resulted from the higher operating expenditure incurred under the property investment unit.

14. Review of performance (Continued)

Travel & Tours

The Covid-19 pandemic which resulted in the imposition of MCO in Malaysia and international travel restrictions has impacted the performance of the travel & tours division adversely. The first time MCO and travel restrictions were imposed in the country was on 18 March 2020 and since then, there were various forms of travel restrictions in the country and globally which continued to have adverse impact on the division up to the reporting period of 9M 2021. The division reported substantially lower revenue in 9M 2021 of RM7.4 million compared to RM17.3 million in 9M 2020, a drop in revenue of RM9.9 million or approximately 57.5%. Despite the substantially lower revenue, with the lower operating expenses due mainly to lower payroll cost and the receipt of government subsidy allowances coupled with other income from rental reduction during the current period under review, the division recorded lower loss before tax of RM0.9 million in 9M 2021 compared to loss before tax of RM1.0 in 9M 2020.

Financial Services

Due to the adverse trading conditions resulting from the Covid-19 pandemic, our Financial Services division recorded lower revenue of RM1.3 million in 9M 2021 compared to RM3.3 million in 9M 2020. Both card & payment services and money services units reported lower revenue during the period under review. The flow-down effect of lower revenue was mitigated by concerted efforts to reduce operating cost. As a result, the division recorded comparable loss before tax of RM4.0 million in both 9M 2021 and 9M 2020.

Others

The Others division registered higher revenue of RM1.7 million in 9M 2021 compared to the revenue of RM0.4 million for 9M 2020. Both the bus-body fabrication and education units continued to show loss before tax totalling RM4.1 million in 9M 2021 compared to loss before tax of RM5.7 million in 9M 2020.

15. Comparison of results with immediate preceding quarter

	Quarter 3 months ended		Changes	
	30.09.2021	30.06.2021		
	RM'000	RM'000	RM'000	%
Revenue	26,658	24,238	2,420	10.0
Profit/(Loss) from operations	(4,439)	(5,359)	920	17.2
Profit/(Loss) before tax	(6,057)	(7,397)	1,340	18.1
Net profit/(loss) for the financial period	(7,350)	(7,972)	622	7.8
Net profit/(loss) for the financial period attributable to the Owners of the Parent	(6,808)	(8,287)	1,479	17.8

Overall performance

The Group recorded slightly higher revenue of RM26.7 million for current quarter ended 30 September 2021 ("Q3 2021") compared to the revenue of RM24.2 million in the immediate preceding quarter ended 30 June 2021 ("Q2 2021"), an increase of RM2.4 million or approximately 10.0%. With the higher revenue and higher other operating income partly offset by higher operating expenses, the Group recorded lower loss before tax of RM6.1 million in Q3 2021 compared to loss before tax of RM7.4 million in Q2 2021.

Investment Holding

The division reported loss before tax of RM1.7 million in Q3 2021 compared to loss before tax of RM1.4 million in Q2 2021. This was mainly attributable to the lower revenue of RM0.8 million in Q3 2021 compared to RM1.3 million in Q2 2021 mainly attributable to lower intercompany shared costs charged in Q3 2021 compared to Q2 2021 which had no impact to the revenue of the Group.

Hospitality

The division recorded slightly higher revenue of RM3.0 million in Q3 2021 compared to RM2.7 million in Q2 2021. The division recorded lower loss before tax of RM2.6 million in Q3 2021 compared to loss before tax of RM3.6 million in Q2 2021 mainly attributable to higher other operating income in Q3 2021.

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

Information & Communications Technology

The division registered slightly higher revenue of RM17.9 million in Q3 2021 compared to RM17.2 million in Q2 2021 mainly due to higher revenue share contract revenue of Unifiedcomms BU. The division reported higher profit before tax of RM2.0 million in Q3 2021 compared to the profit before tax of RM1.3 million in Q2 2021 mainly attributable to no fair value loss assessed on the division's venture investment portfolio in the current quarter under review compared to fair value loss of RM1.0 million in the preceding quarter.

Property Development & Investment

Revenue of RM1.8 million was recorded in Q3 2021 compared to revenue of RM1.4 million recorded in Q2 2021. Despite the higher revenue, the division recorded higher loss before tax of RM1.1 million in Q3 2021 compared to loss before tax of RM0.7 million in the preceding quarter mainly attributable to higher operating expenses from the property investment unit.

Travel & Tours

The division recorded revenue of RM3.1 million in Q3 2021 compared to the revenue of RM2.0 million in Q2 2021 as a result of higher revenue from corporate ticketing during the quarter under review. With the higher revenue recorded in the current quarter under review, the division recorded a lower loss before tax of RM0.2 million in Q3 2021 compared to loss before tax of RM0.3 million in the preceding quarter.

Financial Services

The financial services division comprising the card & payment services and money services units recorded comparable revenue of RM0.4 million in both Q3 2021 and Q2 2021. However, there was a slight increase in loss before tax of RM1.5 million in the quarter under review compared to loss before tax of RM1.4 million in the preceding quarter.

Others

The Others division recorded no significant change in revenue of RM0.8 million in Q3 2021 compared to RM0.9 million in Q2 2021. The division reported a smaller loss before tax of RM1.0 million in Q3 2021 compared to loss before tax of RM1.3 million in Q2 2021 due to effect on modification to lease term adjustment for the education unit in the quarter under review.

16. Prospects

As we enter the last quarter of fiscal 2021, the Covid-19 pandemic continues to dominate the global and local landscape. With the earlier encouraging growth forecasts by international bodies for Malaysia, the Group had hoped to hasten the implementation of our business development plans to in turn deliver better Group financial performance. However, the recent increase in Covid-19 infections and the continuing movement and travel restrictions, albeit some relaxation of movement and travel restriction, may now dampen the earlier growth projections for Malaysia. With uncertainty of economic recovery, the Group will continue to actively pursue measures to manage our operating costs and re-work on the future business plans to minimise any potential negative impact arising from the prolonged Covid-19 pandemic.

Hospitality

The continuous outbreak of Covid-19 coupled with its new delta variants have aggravated adversely the financial result of our hospitality division for the nine months of fiscal 2021 and is likely to spill over for the rest of the year as economic recovery, relaxation of travel restrictions and opening of borders are far from certain.

However, with the current aggressive vaccination programme in place, the division is hopeful that more travel restrictions will be relaxed which will allow the division an opportunity for a gradual recovery with the expected pent-up demand for travel. The latest proposal by the government to turn Langkawi into a pilot project for the tourism bubble and the interest of international airline like Qatar Airways to Langkawi will augur well for our hotel in Langkawi. The division will also place greater emphasis and be more aggressive and creative in marketing its packages to the respective local market of each country as it expects domestic demand to recover faster than international demand.

The upgrading of our hotel in Cherating is nearing its completion whereas the renovation of our aparthotel in Earls Court, London is underway and will continue during this expected slow period in 2021 in order to capitalise on the hotel/aparthotel once the industry recovers. There are also upgrading plans for Holiday Villa Beach Resort & Spa Langkawi which include among others, extension of existing ballroom and refurbishment of guest rooms.

As set out in Note 20(c) of this announcement, the expected completion of the Proposed Disposal by end of fiscal 2021 will provide the division with an opportunity to rationalise the operations to focus on assets investment and to have the flexibility to work with various hospitality providers to suit the needs and requirements of the target market for these assets.

16. Prospects (Continued)

Information & Communications Technology

The Covid-19 pandemic continues to affect many countries in the division's regions of focus, though certain territories have recently relaxed movement and travel restrictions. The uncertainty of economic recovery from the shock caused by Covid-19 and the prospect of a protracted economic slowdown or a slow recovery, especially in the division's regions of focus, have weighed on the division when considering the outlook for the remainder of the financial year.

The impact of Covid-19 on Unifiedcomms and GlobeOSS operations in the current financial year has fortunately remained minimal. This is because these businesses operate primarily in the field of telecommunications, an essential service in any economy today. In addition, Unifiedcomms and GlobeOSS businesses have been made capable of fully-functioning under a work-from-home mode of operation, well ahead of movement control restrictions or lockdown orders being enforced. The division's primary customers in the Unifiedcomms and GlobeOSS businesses are telecommunications network operators and service providers that have continued to operate normally throughout Covid-19 restrictions, albeit remotely and through digital engagement, rather than face-to-face interaction. Contracts in-hand continue to be progressed and 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 current financial year, may be further deferred, or even abandoned entirely if macroeconomic and industry conditions do not improve quickly or significantly enough. Some managed service contracts of the division which are impacted by government restrictions or directives arising from Covid-19 policy measures, may meanwhile continue to show weaker performance.

At Captii Ventures, the division's venture investment business, the climate for business development and funding has improved but continues to be challenging for certain start-ups in industries or business areas that continue to be severely impacted by Covid-19 related restrictions. On the positive side, one of our investees - OOPA Pte Ltd ("OOPA") which was previously under litigation, had in the current financial year achieved a favorable outcome where the High Court issued a judgment in favour of OOPA. This has recently culminated in a deed of settlement being entered between OOPA and the relevant parties, to bring this matter to a positive conclusion for the division. The priority at Captii Ventures for the remainder of the financial year continues to be on investment management activities that can preserve if not further improve the value of our venture investment portfolio.

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 Coivd-19-related developments on division financial performance. The division continues to take an active and measured approach to managing risks to protect its people and assets, and will sustain these efforts until the pandemic truly resolves.

16. Prospects (Continued)

Property Development & Investment

The property development & investment division has obtained development approvals for Phase 2 of the Federal Park project and the Sejijak project. In view of the pandemic crisis, Phase 2 of the Federal Park project comprising 116 residential houses is expected to be launched in the first half of 2022. This will be followed by the launching of the Sejijak project comprising 208 units of residential houses in the last quarter of year 2022.

All the remaining units of the single-storey detached houses in Taman Sri Matang have now been sold. Demand for shophouses in Kuching remains weak but with the right incentives, the division is hopeful that some of the shophouses under Phase 1 of the Federal Park Project can be sold by year end.

Once development works for both Jalan Sejijak and Federal Park projects commence, the division expects to be back on track on its earnings.

As a reputable niche player, the division will remain focused on its target market segment of medium to medium-low properties. Although the division expects the property market in Kuching to remain soft coupled with stringent financing requirements, with the right pricing and affordability for its development properties, the division is confident of the marketability of its properties to provide a steady income stream.

In fiscal 2020, the division commenced renovation of the two investment properties, Synergy 9 in Temasya Glenmarie, Selangor and Yap Ah Shak House in Kuala Lumpur, in which it has a 70% equity interest. Synergy 9 is presently occupied by the Group to house its corporate office and the operationa1 headquarters of some fellow subsidiaries. This investment property will generate recurring income for the division from fiscal 2021 onwards.

Yap Ah Shak House in Kuala Lumpur meanwhile, has been renovated and refurbished in 2021 to a high quality mixed-use property comprising serviced offices, meeting facilities, an event-space as well as two floors of food and beverage operation. This property is expected to be operational by end of 2021 as it undergoes a more protracted ramp-up period post-opening while the economic impact of and uncertainty brought about by the Covid-19 pandemic continues to linger.

Travel & Tours

Our Travel and Tours division has been most affected by the Covid-19 pandemic. With grounding of airplanes, closing of hotels and travel restrictions in many countries, the division saw a major dive in its business and the division’s performance in financial year 2021 depends very much on the easing of travel restrictions and pattern of travel due to Covid-19 pandemic. However, its business plan to focus on building its corporate client base for the ticketing business and in developing and adapting its products to sustain growth in the leisure and corporate group markets for both inbound and outbound travel and tours remains.

16. Prospects (Continued)

Financial Services

The emergence of Covid-19 outbreak 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"), a money services business, operate.

Paydee has been working closely with various new strategic partners to launch new payment services including e-commerce, eWallets, Financial Process Exchange and Tap-on-Phone to better address market needs and opportunities. The division is cautiously optimistic that the new product roadmap and business strategies of Paydee will deliver positive results for the division in the coming years.

The outlook for Qurex in fiscal 2021 remains negative, with international business travel expected to remain constrained and significantly depressed. Qurex will continue to practise cost discipline while exploring opportunities to generate new sources of sustainable business.

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.

As the testing and certification for Aviva bus body has been completed in Australia, the unit expects sale of buses to Australia to improve as its Australian customer is cautiously optimistic on the sale of buses in the year ahead. Although the Covid-19 pandemic has affected the business operations during the MCO, this has not derailed its business plan for 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 2021.

Operations at our education unit continue to be adversely impacted by the Covid-19 pandemic and consequential movement control restrictions. The unit remains cautiously optimistic with improvements in enrolment later in the year although any sustained recovery is not to be expected before 2022. However, in view of the continued uncertainty due to the Covid-19 pandemic, our education unit continues to explore other avenues of revenue through its new value strategy within the digital education ecosystem.

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 30.09.2021 RM'000	Year-to-date ended 30.09.2021 RM'000
On current quarter results		
- Corporate income tax	(1,293)	(2,430)

The effective income tax rate of the Group for the current quarter and year-to-date ended 30 September 2021 are 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) The Company announced on 8 August 2019 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 Cherating, measuring in aggregate area of approximately 42,634.7875 square metres for a buy back price of RM22,965,600.00 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) The Company announced on 6 November 2020 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.

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) The Company announced on 7 May 2021 that the below-mentioned direct or indirect subsidiaries of Alangka-Suka Hotels & Resorts Sdn Bhd ("ASHR"), a wholly-owned subsidiary of the Company, had on 7 May 2021 entered into the following agreements with Holiday Villa Hotels and Resorts Sdn Bhd ("HVHR") and/or Holiday Villas Hotels and Resorts Limited ("HVHRL") for disposal of management services agreements, licensing agreements and trademarks of ASHR Group ("Proposed Disposal") on "willing-buyer willing-seller" basis:-

- Antara Holiday Villas Sdn Bhd, Holiday Villas International Limited and Holiday Villa Middle East Limited each entered into an agreement relating to the transfer of their respective contracts and/or trademarks and CHV entered into an agreement relating to the transfer of its trademarks, with HVHR or HVHRL (collectively referred to as "Agreements") for total cash consideration of RM7.0 million only, subject to the terms and conditions as stipulated in the Agreements. Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed before the end of 2021 as announced by the Company on 10 May 2021.

21. Utilisation of proceeds from disposal of Helenium

The status of utilisation of proceeds raised from the disposal of the entire investment of 40% equity interest in Helenium Holdings Limited by Synergy Realty Incorporated, an indirect wholly-owned subsidiary of the Company, as at 30 September 2021 is as follows:

	Proposed Utilisation GBP'000	Utilisation to-date GBP'000	Balance unutilised GBP'000	Intended timeframe for Utilisation from 18.07.2019	Extended timeframe for Utilisation
Refurbishment of hotels and working capital	3,000	937	2,063	Within 12 months	Additional 24 months
Operating expenses of the Group	1,600	1,600	-	Within 12 months	-
Expenses for the disposal	150	145	5	Within 12 months	-
	4,750	2,682	2,068		

22. 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 September 2021 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Intended timeframe for Utilisation from 08.11.2019	Extended timeframe for Utilisation
Repayment of borrowings	61,340	61,336	4	Within 3 months	-
Working capital of the Group	51,900	32,982	18,918	Within 12 months	Additional 24 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	124,000	105,078	18,922		

23. Utilisation of proceeds from disposal of Arosa Land

The status of utilisation of proceeds raised from the disposal of a land in Arosa, by Posthotel Arosa AG, an indirect 65%-owned subsidiary of the Company, as at 30 September 2021 is as follows:

	Proposed Utilisation CHF'000	Utilisation to-date CHF'000	Balance unutilised CHF'000	Intended timeframe for Utilisation from 04.12.2020
Working capital of the Group	5,300	748	4,552	Within 24 months
Expenses for the disposal	650	650	-	Within 12 months
	5,950	1,398	4,552	

24. Group borrowings

Details of the borrowings by the Group are as follows:

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Short term - secured		
- Term loans	4,506	5,757
- Bank overdraft	473	354
- Revolving credit	34,500	13,000
	39,479	19,111
Long term - secured		
- Term loans	63,359	38,347
	63,359	38,347
Total borrowings	102,838	57,458

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.

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 save for the following:

The Company announced on 6 September 2019, 17 June 2021 and 18 June 2021 pertaining to the announcements made by Captii Limited ("Captii"), a 58.3%-owned subsidiary of the Company (held via Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of the Company), to the Singapore Exchange Securities Trading Limited ("SGX") in relation to the suit HC/S 885/2019 in the High Court of the Republic of Singapore ("Suit") filed by OOPA Pte Ltd ("OOPA"), an associate company, against Mr Bui Sy Phong (Mr Bui).

On 25 October 2021, Captii announced to the SGX that a deed of settlement was entered into between OOPA, Mr Bui and Telio Pte. Ltd. on 25 October 2021, for OOPA and Mr Bui to come to a full and final settlement of all claims in connection with, relating to, or arising out of the subject matter of the Suit.

27. Notes To The Statement of Comprehensive Income

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

	9 months ended 30.09.2021 RM'000	9 months ended 30.09.2020 RM'000
Amortisation of intangible assets	(758)	(1,007)
Bad debts written off	-	(2)
Depreciation	(10,902)	(9,377)
Dividend received	44	-
Effect of modification to lease terms	279	-
Fair value change in unquoted investment securities	274	(8,804)
Fair value change in held for trading investments	(2,260)	-
Impairment loss on:		
- amount due from an associate	-	(626)
- investment in securities	-	(5)
- trade and other receivables	-	(154)
- property, plant and equipment	-	(3)
Interest expenses	(5,268)	(2,984)
Interest income	997	1,389
Inventory written down	-	(2,157)
Net gain/(loss) on disposal of:		
- property, plant and equipment	-	(1)
- unquoted investment securities	(430)	73
- held for trading investments	609	-
Net unrealised (loss)/gain on foreign exchange	(1,577)	36
Property, plant and equipment written off	(8)	(570)
Provision for retirement benefits plan	(145)	(239)

28. Dividend

A single tier dividend in respect of the financial year ended 31 December 2020 was paid on 18 August 2021 as approved by the shareholders of the Company at the Annual General Meeting held on 30 June 2021.

29. 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 RM6,808,000 and RM23,691,000 respectively, divided by the weighted average number of ordinary shares of 929,194,943 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	No. of shares		No. of shares	
Issued / weighted average number of ordinary shares	929,194,943	929,194,943	929,194,943	929,194,943

	3 months ended		Year-to-date ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Basic loss per share (sen)	(0.73)	(1.48)	(2.55)	(3.50)

Diluted loss per share

	3 months ended		Year-to-date ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Diluted loss per share (sen)	(0.73)	(1.48)	(2.55)	(3.50)

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.

30. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
24 November 2021