

COMPANY ANNOUNCEMENT

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2022

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 2022.

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 2021.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<u>3 months ended</u>		<u>Year-to-date</u> <u>9 months ended</u>	
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	64,349	26,658	153,580	74,610
Cost of sales	(51,213)	(15,345)	(114,203)	(43,408)
Gross profit	13,136	11,313	39,377	31,202
Other operating income	2,559	3,287	5,734	6,307
Operating expenses	(18,633)	(19,039)	(57,469)	(53,771)
Profit/(Loss) from operations	(2,938)	(4,439)	(12,358)	(16,262)
Finance costs	(2,479)	(1,647)	(6,645)	(5,268)
Share of results of associates and joint venture	(5)	29	107	84
Profit/(Loss) before tax	(5,422)	(6,057)	(18,896)	(21,446)
Income tax expense	(1,397)	(1,293)	(2,107)	(2,430)
Net profit/(loss) for the financial period	(6,819)	(7,350)	(21,003)	(23,876)
Attributable to:				
Owners of the parent	(6,515)	(6,808)	(19,236)	(23,691)
Non-controlling interests	(304)	(542)	(1,767)	(185)
	(6,819)	(7,350)	(21,003)	(23,876)
Loss per share attributable to owners of the parent:				
Basic (sen)	(0.70)	(0.73)	(2.07)	(2.55)
Diluted (sen)	(0.70)	(0.73)	(2.07)	(2.55)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	(6,819)	(7,350)	(21,003)	(23,876)
Other comprehensive income/(expenses):				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Foreign currency translation differences				
for foreign operations	5,508	(936)	7,889	(1,765)
<i>Total items that may be reclassified</i>				
<i>subsequently to profit or loss</i>	5,508	(936)	7,889	(1,765)
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Fair value through other comprehensive				
income financial assets	(804)	804	(81)	4,019
<i>Total items that will not be reclassified</i>				
<i>subsequently to profit or loss</i>	(804)	804	(81)	4,019
Other comprehensive income/(loss) for the				
financial period	4,704	(132)	7,808	2,254
Total comprehensive income/(loss) for the				
financial period	(2,115)	(7,482)	(13,195)	(21,622)
Attributable to:				
Owners of the parent	(3,251)	(6,858)	(14,626)	(21,497)
Non-controlling interests	1,136	(624)	1,431	(125)
Total comprehensive income/(loss) for the				
financial period	(2,115)	(7,482)	(13,195)	(21,622)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at <u>30.09.2022</u> RM'000	Audited as at <u>31.12.2021</u> RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	275,198	243,305
Right-of-use assets	35,451	41,416
Investment properties	18,630	18,630
Investment in associates and joint venture	3,965	3,858
Investment securities	109,794	106,306
Goodwill	87,619	87,619
Intangible assets	2,488	2,330
Deferred tax assets	5,234	5,189
Inventories	4,635	4,634
	543,014	513,287
<u>Current assets</u>		
Inventories	37,429	37,295
Receivables, prepayments and contract assets	104,544	89,210
Current tax assets	2,291	2,662
Investment securities	2,516	4,189
Financial assets held for trading	53	-
Short term deposits	55,524	59,408
Cash and bank balances	48,298	67,285
	250,655	260,049
TOTAL ASSETS	<u>793,669</u>	<u>773,336</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the Company</u>		
Share capital	381,377	381,377
Reserves	56,113	71,972
	437,490	453,349
Non-controlling interests	83,304	83,837
Total equity	520,794	537,186
<u>Non-current liabilities</u>		
Borrowings	90,639	61,631
Lease liabilities	40,734	45,069
Payables	8,231	8,945
Deferred tax liabilities	3,973	4,358
Provision for retirement benefit obligations	1,406	1,413
	144,983	121,416
<u>Current liabilities</u>		
Payables and contract liabilities	73,116	62,260
Borrowings	47,433	43,719
Lease liabilities	5,467	7,058
Current tax liabilities	1,876	1,697
	127,892	114,734
Total Liabilities	272,875	236,150
TOTAL EQUITY AND LIABILITIES	<u>793,669</u>	<u>773,336</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	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	-	-	-	-	(19,236)	(19,236)	(1,767)	(21,003)
Fair value of financial assets through other comprehensive income	-	-	-	(81)	-	(81)	-	(81)
Foreign currency translation differences for foreign operations	-	-	4,691	-	-	4,691	3,198	7,889
Total comprehensive income/(loss) the financial period	-	-	4,691	(81)	(19,236)	(14,626)	1,431	(13,195)
Transactions with owners								
Dividend paid	-	-	-	-	(1,394)	(1,394)	-	(1,394)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,753)	(1,753)
Acquisition of additional interest in a subsidiary	-	-	-	-	161	161	(211)	(50)
	-	-	-	-	(1,233)	(1,233)	(1,964)	(3,197)
Balance as at 30 September 2022	381,377	17,164	16,585	(793)	23,157	437,490	83,304	520,794

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (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 2021	381,377	15,614	12,766	(3,537)	46,498	452,718	70,266	522,984
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 interests 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	10,941	482	21,413	429,827	69,137	498,964

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	9 months ended <u>30.09.2022</u> RM'000	9 months ended <u>30.09.2021</u> RM'000
Cash flows from operating activities		
Loss before tax	(18,896)	(21,446)
Adjustments for:-		
Non-cash items	14,444	14,834
Other investing and financing items	5,677	4,227
Operating profit/(loss) before working capital changes	1,225	(2,385)
Changes in working capital		
Inventories	(134)	787
Receivables	(16,524)	(5,782)
Financial assets held for trading	(53)	8
Payables	10,624	412
Net cash used in operations	(4,862)	(6,960)
Retirement benefits paid	(104)	-
Net tax paid	(1,986)	(4,963)
Net cash used in operating activities	(6,952)	(11,923)
Cash flows from investing activities		
Acquisition of additional interest in a subsidiary	(51)	-
Acquisition of quoted investment securities	(153)	(3,601)
Acquisition of unquoted investment securities	(158)	(926)
Addition of intangible assets	(842)	(489)
Addition of investment properties	-	(1,818)
Interest received	921	997
Dividend received	47	44
Proceeds from disposal of quoted investment securities	620	2,301
Proceeds from disposal of unquoted investment securities	4,816	1,291
Proceeds from disposal of property, plant and equipment	22	-
Proceeds from disposal of hotel management services	400	-
Purchase of property, plant and equipment	(44,639)	(10,027)
Withdrawal/(Placement) of pledged deposits	211	2,722
Net cash used in investing activities	(38,806)	(9,506)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (Continued)**

	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Cash flows from financing activities		
Dividend paid	(1,394)	(1,394)
Dividend paid to non-controlling interests of a subsidiary	(1,753)	(1,004)
Drawdown of borrowings	38,202	49,408
Interest paid	(6,645)	(5,268)
Repayment of borrowings	(3,870)	(3,741)
Repayment of lease liabilities	(5,469)	(3,014)
Net cash generated from financing activities	19,071	34,987
Effect of exchange rate changes	1,615	(6,189)
Net (decrease)/increase in cash and cash equivalents	(25,072)	7,369
Cash and cash equivalents as at beginning of the financial period		
As previously reported	96,472	86,959
Effect of exchange rate changes	2,650	351
As restated	99,122	87,310
Cash and cash equivalents as at end of the financial period #	74,050	94,679
# Cash and cash equivalents at the end of the financial period comprising the following:		
Short term deposits	55,524	67,868
Cash and bank balances	48,298	58,266
Bank overdrafts	-	(473)
	103,822	125,661
Less: Deposits placed with lease payables as security deposit for lease payments	(9,521)	(11,448)
Cash held under Housing Development Accounts	(373)	(671)
Deposits pledged to licensed banks	(19,878)	(18,863)
	(29,772)	(30,982)
	74,050	94,679

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 2021.

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 2021, except for the adoption of the following Amendments/Improvements to Malaysian Financial Reporting Standard (“MFRS”):

Amendments/ Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 [#]
MFRS 3	Business Combinations	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 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
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 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	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 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

3. Audit Report

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

4. Seasonal or cyclical factors

The operations of the Group for the financial quarter ended 30 September 2022 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 2022.

8. Dividends paid

A single tier dividend of 0.15 sen per ordinary share in respect of the financial year ended 31 December 2021 was paid on 18 August 2022 after obtaining the approval from the shareholders of the Company at the Annual General Meeting held on 30 June 2022.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information

For the financial period ended 30 September 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
Revenue								
External	353	50,084	22,758	69,294	3,059	8,032	-	153,580
Inter-segment	2,571	-	1,546	7	-	-	(4,124)	-
Total revenue	2,924	50,084	24,304	69,301	3,059	8,032	(4,124)	153,580
Results								
Segment results	(9,090)	5,868	(10,328)	1,814	(4,323)	(2,452)	(492)	(19,003)
Share of results of associates and joint venture	110	-	(3)	-	-	-	-	107
Profit/(Loss) before tax	(8,980)	5,868	(10,331)	1,814	(4,323)	(2,452)	(492)	(18,896)
Income tax expense								(2,107)
Net profit/(loss) for the financial period								(21,003)
Non-controlling interests								1,767
Net profit/(loss) for the financial period attributable to owners of the parent								(19,236)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 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
<u>Other information</u>								
Segment assets	58,983	233,763	419,762	27,371	18,807	23,493	-	782,179
Investment in associates and joint venture	3,860	-	105	-	-	-	-	3,965
Unallocated corporate assets								7,525
Total assets								793,669
Segment liabilities	5,571	11,198	219,834	20,002	7,026	3,395	-	267,026
Unallocated corporate liabilities								5,849
Total liabilities								272,875
Capital expenditure:								
- Property, plant & equipment	16	582	43,913	-	22	106	-	44,639
- Software development expenditure	-	842	-	-	-	-	-	842

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2021

	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
Revenue								
External	198	51,537	12,508	7,353	1,304	1,710	-	74,610
Inter-segment	2,054	-	1,241	15	-	-	(3,310)	-
Total revenue	2,252	51,537	13,749	7,368	1,304	1,710	(3,310)	74,610
Results								
Segment results	(5,211)	6,227	(13,578)	(897)	(4,011)	(4,060)	-	(21,530)
Share of results of associates and joint venture	91	-	(7)	-	-	-	-	84
Profit/(Loss) before tax	(5,120)	6,227	(13,585)	(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	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
<u>Other information</u>								
Segment assets	62,633	188,823	400,682	10,765	20,702	21,130	-	704,735
Investment in associates and joint venture	12,730	-	111	-	-	-	-	12,841
Unallocated corporate assets								7,620
Total assets								725,196
Segment liabilities	6,285	17,002	183,806	2,557	6,393	4,063	-	220,106
Unallocated corporate liabilities								6,126
Total liabilities								226,232
Capital expenditure:								
- Property, plant & equipment	2	438	8,711	-	752	124	-	10,027
- Software development expenditure	-	483	-	-	-	6	-	489

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 2021.

11. Significant events after the reporting period

There are no significant events after the reporting period except as disclosed in Note 20(c).

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2022 except as disclosed below:

- (a) On 13 January 2022, Jiwa Baru Sdn Bhd (“JBSB”) was incorporated with an issued share capital of RM100. JBSB is 60%-owned by Advance Synergy Realty Sdn Bhd, a direct wholly-owned subsidiary of the Company. On 8 June 2022, the total issued share capital of JBSB has increased to RM2,000,100.00.
- (b) On 18 January 2022, the deregistration notices for Builderworks Pty Ltd and Home Cinema Studio Pty Ltd, both dormant indirect wholly-owned subsidiaries of the Company registered in Australia, were published by Australian Securities and Investments Commission. Builderworks Pty Ltd was deregistered on 5 March 2022 and Home Cinema Studio Pty Ltd was deregistered on 1 June 2022.
- (c) On 10 May 2022, Interwell Management Limited, an indirect wholly-owned subsidiary of the Company registered in England and Wales was dissolved via compulsory strike-off.
- (d) On 17 June 2022, Alangka-Suka Hotels & Resorts Sdn Bhd (“ASHR”), a direct wholly-owned subsidiary of the Company, acquired 9,481 shares representing 94.81% equity interest in PT Diwangkara Holiday Villa Bali (“PTDHSV”) for a total consideration of Rp2,370,250,000.00 (equivalent to USD174,469.00 or RM768,099.77) from Alangka-Suka International Limited, its direct wholly-owned subsidiary which is in turn an indirect wholly-owned subsidiary of the Company.

On the same day, Antara Holiday Villas Sdn Bhd (“AHVSB”), an indirect wholly-owned subsidiary of the Company, acquired 519 shares representing the remaining 5.19% equity interest in PTDHSV for a total consideration of Rp129,750,000 (equivalent to USD11,541.50 or RM50,684.82) from Mr Triadi Putranto Suwondo.

Accordingly, PTDHSV became an indirect wholly-owned subsidiary of the Company on 17 June 2022.

13. Changes in contingent liabilities

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2021.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance

	<u>Year-to-date</u>		<u>Changes</u>	
	<u>9 months ended</u>			
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		
Revenue	153,580	74,610	78,970	105.8
Profit/(Loss) from operations	(12,358)	(16,262)	3,904	24.0
Profit/(Loss) before tax	(18,896)	(21,446)	2,550	11.9
Net profit/(loss) for the financial period	(21,003)	(23,876)	2,873	12.0
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(19,236)</u>	<u>(23,691)</u>	4,455	18.8

Overall performance

For the current 9-month period ended 30 September 2022 (“9M 2022”), with the relaxation of movement control order (“MCO”) restrictions, the Group recorded higher revenue of RM153.6 million compared to RM74.6 million in the corresponding period ended 30 September 2021 (“9M 2021”), an increase in revenue of RM79.0 million or 105.8%. All divisions, except for ICT, reported higher revenue in 9M 2022 compared to 9M 2021.

Operating expenses increased by approximately RM3.7 million from RM53.8 million in 9M 2021 to RM57.5 million in 9M 2022 mainly due to higher administrative expenses incurred in 9M 2022.

The flow-down effect of the higher revenue was partly offset by lower gross profit margin, higher operating expenses and finance cost resulting in the Group recording lower loss before tax of RM18.9 million in 9M 2022 compared to loss before tax of RM21.4 million in 9M 2021, an improvement of RM2.5 million.

Investment Holding

In 9M 2022, the division recorded higher revenue of RM2.9 million compared to the revenue of RM2.3 million in 9M 2021. The higher revenue was mainly attributable to higher intercompany management fee charged which had no impact to the Group’s revenue. The division reported higher loss before tax of RM9.0 million in 9M 2022 compared to loss of RM5.1 million in 9M 2021 mainly due to lower fair value gain assessed on the venture investment portfolio investment securities coupled with higher administrative expenses in 9M 2022 compared to 9M 2021.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Information & Communications Technology

The division recorded lower revenue of RM50.1 million in 9M 2022 compared to RM51.5 million in 9M 2021, a slight decrease in revenue of approximately 2.8%. The decline in division revenue for 9M 2022 is mainly attributable to lower revenue from system sale contracts recorded by both GlobeOSS and Unifiedcomms business units.

The division recorded slightly lower profit before tax of RM5.9 million in 9M 2022 compared to RM6.2 million in 9M 2021 mainly due to the flow-down effects of the lower revenue and lower gross profit margin of 47% in 9M 2022 compared to 50% in 9M 2021 partly mitigated by lower net total expenses recorded in 9M 2022 of RM17.9 million compared to RM19.3 million in 9M 2021.

The decrease in the division's gross profit margin was mainly attributable to the lower gross profit margin recorded on the division's managed service contract revenues. This decrease was mainly due to higher third-party costs on certain managed service contracts. The impact of the lower gross profit margin from the managed service contracts was partly mitigated by the increased gross profit margin on system sale contract revenues in 9M 2022 against 9M 2021. The improvement in gross profit margin for system sale contract was contributed by the lower 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 lower net total expenses was mainly due to lower fair value loss assessed on the venture investment portfolio of RM0.3 million in 9M 2022 compared to fair value loss of RM0.7 million in 9M 2021 and lower technical support expenses recorded in 9M 2022 due to higher capitalisation effort on product development in 9M 2022 coupled with higher net foreign exchange gain as a result of favourable exchange rate movement of United States dollars against Singapore dollars.

Property Development & Investment

The division recorded revenue of RM24.3 million in 9M 2022, higher compared to the revenue of RM13.7 million recorded in 9M 2021 mainly contributed by higher revenue from the property investment unit. Overall, the division recorded lower loss before tax of RM10.3 million in 9M 2022 compared to loss of RM13.6 million in 9M 2021.

Development

During the current period under review, the property development unit, Advance Synergy Realty Sdn Bhd ("ASR"), recorded no revenue for 9M 2022 compared to RM3.4 million in 9M 2021 as all units of Taman Sri Matang project were sold in 2021. This has resulted in higher loss before tax of RM1.1 million in 9M 2022 compared to loss of RM0.6 million in 9M 2021.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Property Development & Investment (Continued)

Investment

Overall, the property investment unit recorded better performance in 9M 2022 compared to 9M 2021 with higher revenue contribution from the hospitality unit and the food and beverage (“F&B”) business operated by Osteria Gamberoni Sdn Bhd (“OGSB”) pursuant to the recent relaxation of movement control restrictions by the Malaysian government. Our hospitality unit recorded a significant improvement in revenue from RM8.4 million in 9M 2021 to RM18.9 million in 9M 2022, an increase of approximately RM10.5 million or 125.6%, coupled with the increase in revenue from the F&B business of RM3.0 million. The flow-down effect of higher revenue resulted in a lower losses for these businesses.

Hospitality unit recorded a lower loss before tax of RM6.5 million in 9M 2022 compared to a loss before tax of RM11.3 million in 9M 2021 arising from improvement in average room rate and average occupancy rate of all operating hotels. The F&B business by OGSB recorded a profit before tax in the period under review compared to a loss before tax in the corresponding period last year. Our investment property, Yap Ah Shak House, commenced operations in Q1 2022 with a loss of RM1.1 million in 9M 2022 compared to the loss of RM0.7 million in 9M 2021. 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 some international destinations for tourists, the performance of the Travel & Tours division recorded significant improvement with substantially higher revenue in 9M 2022 of RM69.3 million compared to RM7.4 million in 9M 2021, an increase in revenue of RM61.9 million or approximately 840.6%. The division recorded profit before tax of RM1.8 million in 9M 2022 compared to loss before tax of RM0.9 million in 9M 2021.

Financial Services

Financial Services division recorded higher revenue of RM3.1 million in 9M 2022 compared to RM1.3 million in 9M 2021. Despite the higher revenue, the division recorded higher loss before tax of RM4.3 million in 9M 2022 compared to loss of RM4.0 million in 9M 2021 mainly due to higher operating expenses in 9M 2022 compared to 9M 2021.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Others

The Others division registered higher revenue of RM8.0 million in 9M 2022 compared to the revenue of RM1.7 million for 9M 2021 mainly attributable to the higher revenue from the bus-body fabrication unit with the commencement of export of buses to Australia as the testing and certification of bus-body by the Australian authority was completed in the third quarter of 2021. This division recorded lower loss before tax of RM2.5 million in the period under review compared to the corresponding period last year of RM4.1 million. The bus-body fabrication unit recorded lower loss before tax of RM2.0 million in 9M 2022 compared to loss before tax of RM3.7 million in 9M 2021 mainly attributable to the flow down effect of higher revenue. Revenue for the education unit remained flat with loss before tax of RM0.5 million in 9M 2022 compared to loss before tax of RM0.4 million in 9M 2021.

15. Comparison of results with immediate preceding quarter

	<u>Quarter</u>		<u>Changes</u>	
	<u>3 months ended</u>			
	<u>30.09.2022</u>	<u>30.06.2022</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Revenue	64,349	50,272	14,077	28.0
Profit/(Loss) from operations	(2,938)	(4,968)	2,030	40.9
Profit/(Loss) before tax	(5,422)	(7,258)	1,836	25.3
Net profit/(loss) for the financial period	(6,819)	(7,601)	782	10.3
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(6,515)</u>	<u>(5,781)</u>	(734)	(12.7)

Overall performance

The Group recorded higher revenue of RM64.3 million for the current quarter ended 30 September 2022 ("Q3 2022") compared to the revenue of RM50.3 million in the immediate preceding quarter ended 30 June 2022 ("Q2 2022").

Lower loss before tax of RM5.4 million in Q3 2022 was recorded by the Group compared to loss of RM7.3 million in Q2 2022 mainly due to the flow-down effect of higher revenue partly offset by lower gross profit margin of 20.4% in Q3 2022 compared to 28.8% in Q2 2022.

Investment Holding

The division reported lower revenue of RM1.0 million in Q3 2022 compared to the revenue of RM1.2 million in Q2 2022 mainly attributable to lower intercompany management fee charged which had no impact to the Group's revenue. Despite the lower revenue, the division recorded lower loss before tax of RM2.9 million in Q3 2022 compared to loss before tax of RM3.3 million in Q2 2022 mainly due to lower operating expenses in Q3 2022 compared to Q2 2022.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

Information & Communications Technology

The division registered slightly lower revenue of RM16.5 million in Q3 2022 compared to RM17.0 million in Q2 2022 due to lower revenue from both system sale and managed service contracts. With the lower revenue coupled with lower gross profit margin compared to Q2 2022, the division recorded a lower profit before tax of RM1.7 million in Q3 2022 compared to profit of RM2.2 million in Q2 2022 although this was partly offset by lower fair value loss assessed on the venture investment portfolio of RM0.2 million in Q3 2022 compared to fair value loss of RM0.5 million in Q2 2022.

Property Development & Investment

The division recorded higher revenue of RM10.2 million Q3 2022 compared to revenue of RM8.7 million recorded in the previous quarter. The bulk of the revenue was contributed by the hospitality business which recorded revenue of RM7.9 million in Q3 2022 compared to RM6.9 million in Q2 2022.

In the quarter under review, the division recorded a loss before tax of RM2.3 million compared to a loss of RM4.6 million in the previous quarter. The lower loss recorded in Q3 2022 compared to Q2 2022 was mainly attributable to higher revenue and lower expenses in Q3 2022. The higher expenses in Q2 2022 was mainly due to the acquisition cost arising from the purchase of a factory in Selangor.

Development

The property development unit registered a slightly lower loss before tax in Q3 2022 of RM0.3 million compared Q2 2022 of RM0.5 million as the unit did not launch any property development project in these two quarters.

Investment

With the higher revenue of RM10.2 million in Q3 2022 compared to RM8.7 million in Q1 2022, the investment unit recorded lower loss before tax of RM2.0 million in Q3 2022 compared to a loss of RM4.0 million in Q2 2022 mainly attributable to higher revenue and lower expenses in Q3 2022.

With further relaxation in travel restrictions, the hospitality unit recorded improved revenue in Q3 2022 compared to the previous quarter whereby revenue increased by RM1.0 million, from RM6.9 million in Q2 2022 to RM7.9 million in Q3 2022. The positive impact of revenue resulted in lower loss before tax for the hospitality unit of RM1.6 million in Q3 2022 compared to loss before tax of RM2.2 million in Q2 2022. Our F&B unit operated by OGSB also showed improved revenue in the quarter under review from the previous quarter resulting in profit before tax for both Q3 2022 and Q2 2022. Yap Ah Shak property which commenced operations in Q1 2022 recorded comparable loss in Q3 2022 and Q2 2022.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

Travel & Tours

The division recorded higher revenue of RM34.5 million in Q3 2022 compared to the revenue of RM20.9 million in Q2 2022 as a result of higher revenue from group ticketing and tours during the quarter under review. With the higher revenue recorded in the current quarter under review, the division recorded profit before tax of RM1.1 million in Q3 2022 compared to profit before tax of RM0.4 million in the preceding quarter.

Financial Services

The Financial Services division comprising the card & payment services and money services units generated higher revenue of RM1.2 million in Q3 2022 compared to RM1.1 million Q2 2022 with more merchant transactions recorded in the current quarter under review. Despite the higher revenue, higher loss before tax of RM1.6 million was recorded in Q3 2022 compared to loss before tax of RM1.4 million in the preceding quarter mainly attributable to higher operating expenses in the current quarter.

Others

The Others division recorded slightly lower revenue of RM2.5 million in Q3 2022 compared to RM2.9 million in Q2 2022 mainly attributable to the lower number of buses exported by the bus-body fabrication unit whilst revenue of the education unit remained nominal in the both Q3 2022 and Q2 2022. With the lower revenue, the division reported higher loss before tax of RM0.9 million in Q3 2022 compared to loss before tax of RM0.6 million in Q2 2022.

16. Prospects

As we enter the fourth quarter of fiscal 2022, the country is in the transition to endemic phase from the coronavirus (“COVID-19”) pandemic stage which will augur well to facilitate the gradual recovery of the economy. However, the Group remains mindful of the challenges of COVID-19 pandemic and thus the successful execution of our business plans with tight focus on costs and continued investment into our businesses to deliver better Group financial performances, is critically important for the year ahead.

Information & Communications Technology

The COVID-19 pandemic continues to affect many countries in the division’s regions of focus, although many territories have relaxed movement and travel restrictions. The uncertainty of economic recovery from the shock caused by COVID-19 and the prospect of another economic slowdown or a slow recovery, especially in the division’s regions of focus, have weighed on the minds of management when considering the outlook for the remainder of the financial year.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Information & Communications Technology (Continued)

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 continues 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 worsen or do not improve significantly enough. Some managed service contracts of the division which have been 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 remain significantly affected by COVID-19. On a more positive note, the division had in the current quarter successfully materialised certain unrealised fair value gains recorded in prior years by disposing one venture investment. As a result of this exit, disposal proceeds of Singapore Dollars 1.5 million were received and are reflected in the consolidated statement of cash flows for the current quarter. Moreover, a number of other investees in the portfolio continued to grow strongly through the period under review, and contributed to the improvement in value of the overall 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 COVID-19 on the financial performance of the division. The division continues to take an active and measured approach to managing risks to protect the division's people and assets, and will sustain these efforts until the effects of the lingering pandemic abate.

Property Development & Investment

Development

ASR commenced the development works for Phase 2 of Federal Park project which comprises 88 units of double storey terrace houses and 28 units of single storey terrace houses in July 2022. With a revised gross development value in excess of RM59 million, Phase 2 of the Federal Park project is expected to contribute positively towards the earnings of the development unit.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Property Development & Investment (Continued)

Development (Continued)

This will be followed by the launching of Sejijak Project with a revised estimated gross development value of RM75 million and 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 million, the development unit is expected to turn the corner towards profitability.

Although the development unit expects the property market in Kuching to remain soft due to the negative impact of the pandemic crisis and stringent financing requirements in Year 2022, with the right pricing and affordability for its development properties, the development unit is confident of the marketability of Phase 2 of Federal Park project and Sejijak project which comprised mainly of 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.

Investment

With the transition to endemic phase in Malaysia, the hospitality unit is hopeful that more travel restrictions will be relaxed which will allow the hospitality business an opportunity for a gradual recovery with the expected pent-up demand for travel. However, we anticipate travellers to remain cautious which may deter recovery to pre-pandemic level coupled with largely closed borders of China, one of the world's largest outbound travel market and limited international flights with high flight ticket cost. For the near term, the hospitality unit will focus on domestic tourism in respective countries where its hotels are located as it expects domestic demand to recover faster than international demand.

The hospitality unit took the opportunity during the border closures to introduce new facilities (such as a new thematic pool specially designed for corporate team-building activities and a children fun pool for family) and upgrading works for guestrooms and toilets since 2020. This will position the two hotels of the hospitality unit, namely, Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Beach Resort & Spa Cherating to be in a competitive position to attract the domestic and international travellers for 2022. With expectation of more international tourists into Malaysia, we are hopeful for a stronger trading recovery in 2022 for our Holiday Villa Beach Resort & Spa Langkawi. Holiday Villa Beach Resort & Spa Cherating performed well when travel restrictions were relaxed with an upsurge in demand from the local tourists and this trend is expected to continue barring unforeseen circumstances. The renovation of our aparthotel in Earls Court, London is expected to be completed in the fourth quarter of 2022. Further, Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. was on its upward trend since beginning of 2022 but experienced a downward trend from March 2022 pursuant to a surge of the COVID-19 pandemic cases in China which resulted in many cities, including Shanghai, experiencing a wide lockdown. However, the improved performance in early 2022 for Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. demonstrated the release of pent-up demand of travellers once travel restrictions are relaxed although the upward trend may remain limited this year with uncertainty in the relaxation of restrictions in China.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Property Development & Investment (Continued)

Investment (Continued)

The renovation and improvements to Yap Ah Shak House in Kuala Lumpur was completed in mid-2021, to deliver a high quality mixed-use property comprising serviced offices, meeting facilities, an event space as well as two floors of food and beverage operations. This mixed-use investment property of the Group in the heart of Kuala Lumpur is now fully operational, but a protracted ramp-up period is expected post-opening due to the economic impact of the COVID-19 pandemic on many industries. Operation and management of the serviced offices, meeting facilities, event space and the food and beverage venues at Yap Ah Shak House are internalised and undertaken by subsidiaries of ASR, Yap Ah Shak House Sdn Bhd and OGSB.

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 for the past two years and the division's performance in fiscal 2022 depends very much on the easing of travel restrictions and pattern of travel. 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.

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.

Paydee launched an improved e-commerce payment acceptance service in fiscal 2021 after completing integration with strategic partners to support e-wallet and FPX modes of payment. The operating environment for Paydee's existing payment application services continues to be challenging in terms of technology, competition from banks and other non-bank acquirers and also the economic uncertainty for certain merchant segments brought about by the lingering pandemic. Paydee has since in fiscal 2021 initiated the process of evolving its operations, technologies and application services to better address the enormous opportunity for innovation in the SME market for B2B payments. The division is cautiously optimistic that its new product roadmap and business development strategies will deliver positive results for the division in the coming years.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Financial Services (Continued)

The business environment for retail currency exchange and international remittance services in Malaysia meanwhile, continues to be challenging due to competition from digital service providers and lower cost, safe alternative to physical travelling for business. 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 2022.

The education unit, The Language House, continues to work with student recruitment agencies to bolster student numbers focusing on both domestic and foreign markets. We have expanded our footprint as an education content provider within the digital ecosystem while strengthening courses offered.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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 <u>30.09.2022</u> RM'000	Year-to-date ended <u>30.09.2022</u> RM'000
On current quarter results		
- Corporate income tax	(1,397)	(2,107)

The effective income tax rate of the Group for the current quarter and year-to-date ended 30 September 2022 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 42,634.7875 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) 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)

- (c) On 11 March 2022, the Company announced the following proposals:
- (i) proposed renounceable rights issue of up to 1,858,389,886 new ordinary shares in the Company (“Rights Shares”) on the basis of two (2) Rights Shares for every one (1) existing ordinary share in the Company (“ASB Share” or “Share”) held on an entitlement date to be determined later (“Proposed Rights Issue”);
 - (ii) proposed exemption for Dato’ Ahmad Sebi Bakar and the persons acting in concert with him, namely Suasana Dinamik Sdn Bhd, Bright Existence Sdn Bhd, Aryati Sasya Dato’ Ahmad Sebi, Anton Syazi Dato’ Ahmad Sebi and Eighth Review (M) Sdn Bhd under subparagraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer for the remaining ASB Shares not already owned by them, upon the completion of the Proposed Rights Issue (“Proposed Exemption”); and
 - (iii) proposed establishment of a share grant scheme of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible directors of the Company and/or employees of the Company and its subsidiaries (“Group”) (excluding subsidiary(ies) listed on any stock exchange as well as its group of companies, and any dormant subsidiary(ies) of the Group) (“Proposed SGS”).

(Collectively, referred to as the “Proposals”)

The proceeds to be raised from the Proposed Rights Issue will be primarily used for investment in existing businesses and/or future business expansion/new strategic investment and working capital of the Group.

Bursa Securities had vide its letter dated 19 May 2022 resolved to approve the listing of and quotation for the new ASB Shares to be issued pursuant to the Proposed Rights Issue and Proposed SGS on the Main Market of Bursa Securities.

All the relevant resolutions pertaining to the Proposals were approved by the shareholders of the Company at the EGM held on 29 July 2022.

The application to Securities Commission for the Proposed Exemption was approved on 12 August 2022.

On 3 November 2022, the Company announced that the Proposed Rights Issue was completed on 3 November 2022 following the listing of and quotation for 1,600,000,000 Rights Shares on the Main Market of Bursa Securities.

On 17 November 2022, the Company announced that the effective date of implementation of the Proposed SGS is on 17 November 2022.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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 (“Helenium”) by Synergy Realty Incorporated, an indirect wholly-owned subsidiary of the Company, as at 30 September 2022 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 time frame for Utilisation
Refurbishment of hotels and working capital	3,000	3,000	-	Within 12 months	Additional 24 months
Operating expenses of the Group	1,600	1,605 *	-	Within 12 months	-
Expenses for the disposal	150	145 *	-	Within 12 months	-
	<u>4,750</u>	<u>4,750</u>	<u>-</u>		

* The remaining amount of GBP5,000 which was not utilised for expenses in relation to the disposal was utilised for operating expenses of the Group.

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 2022 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 time frame for Utilisation
Repayment of borrowings	61,340	61,336 *	-	Within 3 months	-
Working capital of the Group	51,900	41,757 *	10,147	Within 12 months	Additional 24 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	<u>124,000</u>	<u>113,853</u>	<u>10,147</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)

23. Utilisation of proceeds from disposal of Arosa Land

The status of utilisation of proceeds raised from the disposal of a land in Arosa (“Arosa Land”), by Posthotel Arosa AG, an indirect 65%-owned subsidiary of the Company, as at 30 September 2022 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	4,888	412	Within 24 months
Expenses for the disposal	650	650	-	Within 12 months
	<u>5,950</u>	<u>5,538</u>	<u>412</u>	

24. 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 September 2022 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Intended timeframe for Utilisation from 03.12.2021
Working capital of the Group	4,844	4,857 *	-	<u>Proceeds of RM4.4844 million</u> - Within 24 months
	2,000	600	1,400	<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	156	143 *	-	Within 12 months
	<u>7,000</u>	<u>5,600</u>	<u>1,400</u>	

* 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)

25. Group borrowings

Details of the borrowings by the Group are as follows:

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Short term - secured		
- Term loans	7,433	4,881
- Bank overdraft	-	238
- Revolving credit	40,000	38,600
	<u>47,433</u>	<u>43,719</u>
Long term - secured		
- Term loans	90,639	61,631
	<u>90,639</u>	<u>61,631</u>
Total borrowings	<u>138,072</u>	<u>105,350</u>

26. 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.

27. 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.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

28. Notes To The Statement of Comprehensive Income

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

	9 months ended <u>30.09.2022</u> RM'000	9 months ended <u>30.09.2021</u> RM'000
Amortisation of intangible assets	(599)	(758)
Depreciation	(11,527)	(10,902)
Dividend received	47	44
Effect of modification to lease terms	111	279
Fair value change in unquoted investment securities	(277)	274
Fair value change in quoted investment securities	(1,134)	(2,260)
Interest expenses	(6,645)	(5,268)
Interest income	921	997
Net gain/(loss) on disposal of:		
- property, plant and equipment	22	-
- unquoted investment securities	-	(430)
- quoted investment securities	(128)	609
Net unrealised loss on foreign exchange	(843)	(1,577)
Property, plant and equipment written off	(81)	(8)
Provision for retirement benefits plan	(98)	(145)

29. Dividend

A single tier dividend in respect of the financial year ended 31 December 2021 was paid on 18 August 2022 as approved by the shareholders of the Company at the Annual General Meeting held on 30 June 2022.

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 RM6,515,000 and RM19,236,000 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	
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
	No. of shares		No. of shares	
Issued / weighted average number of ordinary shares	<u>929,194,943</u>	<u>929,194,943</u>	<u>929,194,943</u>	<u>929,194,943</u>
	3 months ended		Year-to-date ended	
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
Basic loss per share (sen)	<u>(0.70)</u>	<u>(0.73)</u>	<u>(2.07)</u>	<u>(2.55)</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.

	3 months ended		Year-to-date ended	
	<u>30.09.2022</u>	<u>30.09.2021</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
Diluted loss per share (sen)	<u>(0.70)</u>	<u>(0.73)</u>	<u>(2.07)</u>	<u>(2.55)</u>

31. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
29 November 2022