COMPANY ANNOUNCEMENT

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022

The Board of Directors of Advance Synergy Berhad wishes to announce the unaudited financial results of the Group for the quarter and year ended 31 December 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 financial year ended 31 December 2021.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		Year-to-date 12 months ended	
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Revenue	89,522	41,675	243,102	116,285
Cost of sales	(59,387)	(27,556)	(173,590)	(70,964)
Gross profit	30,135	14,119	69,512	45,321
Other operating income	2,058	36,874	7,792	43,181
Operating expenses	(54,490)	(25,387)	(111,959)	(79,158)
Profit/(Loss) from operations	(22,297)	25,606	(34,655)	9,344
Finance costs	(2,512)	(2,100)	(9,157)	(7,368)
Share of results of associates and joint venture	6	17	113	101
Profit/(Loss) before tax	(24,803)	23,523	(43,699)	2,077
Income tax expense	(1,064)	(1,056)	(3,171)	(3,486)
Net profit/(loss) for the financial period/year	(25,867)	22,467	(46,870)	(1,409)
Attributable to:				
Owners of the parent	(17,639)	12,422	(36,875)	(11,269)
Non-controlling interests	(8,228)	10,045	(9,995)	9,860
	(25,867)	22,467	(46,870)	(1,409)
(Loss)/Earnings per share attributable to owners of the parent:				
Basic (sen)	(0.88)	1.34	(3.07)	(1.21)
Diluted (sen)	(0.88)	1.34	(3.07)	(1.21)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date 12 months ended	
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Net profit/(loss) for the financial period/year	(25,867)	22,467	(46,870)	(1,409)
Other comprehensive income/(expenses):				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(5,556)	762	2,333	(1,003)
Total items that may be reclassified subsequently to profit or loss	(5,556)	762	2,333	(1,003)
Items that will not be reclassified subsequently to profit or loss:				
Fair value through other comprehensive income financial assets	-	(1,194)	(81)	2,825
Revaluation of land and buildings	(433)	1,687	(433)	1,687
Total items that will not be reclassified subsequently to profit or loss	(433)	493	(514)	4,512
Other comprehensive income/(loss) for the financial period/year	(5,989)	1,255	1,819	3,509
Total comprehensive income/(loss) for the financial period/year	(31,856)	23,722	(45,051)	2,100
Attributable to:				
Owners of the parent	(25,170)	13,868	(39,796)	(7,629)
Non-controlling interests	(6,686)	9,854	(5,255)	9,729
Total comprehensive income/(loss) for the financial period/year	(31,856)	23,722	(45,051)	2,100

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31.12.2022 RM'000	Audited as at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	275,552	243,305
Right-of-use assets	33,858	41,416
Investment properties	16,100	18,630
Investment in associates and joint venture	3,971	3,858
Investment securities	92,200	106,306
Goodwill	78,658	87,619
Intangible assets	4,854	2,330
Deferred tax assets	4,627	5,189
Inventories	4,635	4,634
	514,455	513,287
Current assets		
Inventories	35,989	37,295
Receivables, prepayments and contract assets	106,362	89,210
Current tax assets	2,287	2,662
Investment securities	2,532	4,189
Financial assets held for trading	22	-
Short term deposits	120,000	59,408
Cash and bank balances	55,103	67,285
	322,295	260,049
TOTAL ASSETS	836,750	773,336
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	461,377	381,377
Reserves	30,944	71,972
	492,321	453,349
Non-controlling interests	76,613	83,837
Total equity	568,934	537,186
Non-current liabilities		
Borrowings	88,915	61,631
Lease liabilities	38,539	45,069
Payables	8,527	8,945
Deferred tax liabilities	3,925	4,358
Provision for retirement benefit obligations	1,294	1,413
	141,200	121,416
Current liabilities		
Payables and contract liabilities	69,619	62,260
Borrowings	49,999	43,719
Lease liabilities	5,812	7,058
Current tax liabilities	1,186	1,697
	126,616	114,734
Total Liabilities	267,816	236,150
TOTAL EQUITY AND LIABILITIES	836,750	773,336

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	(36,875)	(36,875)	(9,995)	(46,870)
Fair value of financial assets through other comprehensive income	-	-	-	(81)	-	(81)	-	(81)
Revaluation of properties	-	(433)	-	-	-	(433)	-	(433)
Foreign currency translation differences for foreign operations	-	-	(2,407)	-	-	(2,407)	4,740	2,333
Total comprehensive income/(loss) the financial year	-	(433)	(2,407)	(81)	(36,875)	(39,796)	(5,255)	(45,051)
Transactions with owners								
Dividend paid	-	-	-	-	(1,394)	(1,394)	-	(1,394)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,758)	(1,758)
Issuance of shares	80,000	-	-	-	-	80,000	-	80,000
Acquisition of additional interest in a subsidiary	-	-	-	-	162	162	(211)	(49)
	80,000	-	-	-	(1,232)	78,768	(1,969)	76,799
Balance as at 31 December 2022	461,377	16,731	9,487	(793)	5,519	492,321	76,613	568,934

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	(11,269)	(11,269)	9,860	(1,409)
Fair value of financial assets through other comprehensive income	-	-	-	2,825	-	2,825	-	2,825
Crystalisation of revaluation reserve	-	(137)	-	-	137	-	-	-
Revaluation of properties	-	1,687	-	-	-	1,687	-	1,687
Foreign currency translation differences for foreign operations	-	-	(872)	-	-	(872)	(131)	(1,003)
Total comprehensive income/(loss) the financial year	-	1,550	(872)	2,825	(11,132)	(7,629)	9,729	2,100
Transactions with owners								
Dividend paid	-	-	-	-	(1,394)	(1,394)	-	(1,394)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,004)	(1,004)
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	16,574	16,574
Changes in ownership interests in a subsidiary	-	-	-	-	9,654	9,654	(11,728)	(2,074)
	-	-	-	-	8,260	8,260	3,842	12,102
Balance as at 31 December 2021	381,377	17,164	11,894	(712)	43,626	453,349	83,837	537,186

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	12 months ended 31.12.2022 Unaudited RM'000	12 months ended 31.12.2021 Audited RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(43,699)	2,077
Adjustments for:-		
Non-cash items	39,102	(14,884)
Other investing and financing items	7,390	5,952
Operating profit/(loss) before working capital changes	2,793	(6,855)
Changes in working capital		
Inventories	1,306	3,296
Receivables	(18,376)	(14,935)
Financial assets held for trading	(22)	8
Payables	6,952	8,714
Net cash used in operations	(7,347)	(9,772)
Retirement benefits paid	(246)	(119)
Net tax paid	(3,177)	(7,062)
Net cash used in operating activities	(10,770)	(16,953)
Cash flows from investing activities		
Acquisition of additional interest in a subsidiary	(51)	-
Acquisition of quoted investment securities	(156)	(3,707)
Acquisition of unquoted investment securities	(160)	(924)
Addition of intangible assets	(1,078)	(578)
Addition of investment properties	-	(1,876)
Interest received	1,648	1,343
Dividend received	119	9,073
Proceeds from disposal of quoted investment securities	658	1,974
Proceeds from disposal of unquoted investment securities	7,855	1,291
Proceeds from disposal of investment property	2,947	-
Proceeds from disposal of property, plant and equipment	24	-
Proceeds from disposal of hotel management services	800	5,000
Purchase of property, plant and equipment	(47,870)	(18,169)
Withdrawal of pledged deposits	1,135	3,721
Net cash used in investing activities	(34,129)	(2,852)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

	12 months ended 31.12.2022 Unaudited RM'000	12 months ended 31.12.2021 Audited RM'000
Cash flows from financing activities		
Dividend paid	(1,394)	(1,394)
Dividend paid to non-controlling interests of a subsidiary	(1,758)	(1,004)
Drawdown of borrowings	38,187	53,508
Interest paid	(9,157)	(7,368)
Issuance of shares	80,000	-
Repayment of borrowings	(7,060)	(5,128)
Repayment of lease liabilities	(9,260)	(6,539)
Net cash generated from financing activities	89,558	32,075
Effect of exchange rate changes	2,095	(3,242)
Net increase in cash and cash equivalents	46,754	9,028
Cash and cash equivalents as at beginning of the financial year		
As previously reported	96,472	86,959
Effect of exchange rate changes	3,029	485
As restated	99,501	87,444
Cash and cash equivalents as at end of the financial year #	146,255	96,472
# Cash and cash equivalents at the end of the financial year comprising the following:		
Short term deposits	120,000	59,408
Cash and bank balances	55,103	67,285
Bank overdrafts	-	(238)
	175,103	126,455
Less: Deposits placed with lease payables as security deposit for lease payments	(8,626)	(10,339)
Cash held under Housing Development Accounts	(368)	(674)
Deposits pledged to licensed banks	(19,854)	(18,970)
	(28,848)	(29,983)
	146,255	96,472

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"):

<u>Amendments/ Improvements to MFRSs</u>

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#

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
Amendments/Improvements to MFRSs (Continued)		
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 year ended 31 December 2022 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

There were no unusual significant items during the quarter under review.

6. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

7. Debt and equity securities

On 3 November 2022, the 1,600,000,000 ordinary shares issued on 31 October 2022 pursuant to the proposed renounceable rights issue on the basis of two (2) new ordinary shares of the Company for every one (1) existing ordinary share in the Company was listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

As at the quarter ended 31 December 2022, no new ordinary share of the Company was issued to the eligible persons pursuant to the Advance Synergy Share Grant Scheme.

Save as disclosed above, there were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial year ended 31 December 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.

9. Segmental Information

For the financial year ended 31 December 2022

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Elimina- tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External	738	74,412	33,149	116,319	4,403	14,081	-	243,102
Inter-segment	21,333	-	2,241	184	-	-	(23,758)	-
Total revenue	22,071	74,412	35,390	116,503	4,403	14,081	(23,758)	243,102
Results								
Segment results	1,154	(8,085)	(13,382)	3,068	(6,762)	(2,385)	(17,420)	(43,812)
Share of results of associates and joint venture	115	-	(2)	-	-	-	-	113
Profit/(Loss) before tax	1,269	(8,085)	(13,384)	3,068	(6,762)	(2,385)	(17,420)	(43,699)
Income tax expense								(3,171)
Net profit/(loss) for the financial year								(46,870)
Non-controlling interests								9,995
Net profit/(loss) for the financial year attributable to owners of the parent								(36,875)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial year ended 31 December 2022 (Continued)

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information								
Segment assets	127,848	225,080	414,806	13,714	18,890	25,527	-	825,865
Investment in associates and joint venture	3,866	-	105	-	-	-	-	3,971
Unallocated corporate assets								6,914
Total assets								836,750
Segment liabilities	5,321	18,462	218,616	5,206	11,062	4,038	-	262,705
Unallocated corporate liabilities								5,111
Total liabilities								267,816
Capital expenditure:								
- Property, plant & equipment	12	721	46,962	31	31	113	-	47,870
- Software development expenditure	-	1,078	-	-	-	-	-	1,078

9. Segmental Information (Continued)

For the financial year ended 31 December 2021

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External	298	73,630	19,891	15,448	1,964	5,054	-	116,285
Inter-segment	16,261	-	1,675	20	-	-	(17,956)	-
Total revenue	16,559	73,630	21,566	15,468	1,964	5,054	(17,956)	116,285
Results								
Segment results	4,807	31,903	(11,762)	(947)	(5,577)	(6,588)	(9,860)	1,976
Share of results of associates and joint venture	111	-	(10)	-	-	-	-	101
Profit/(Loss) before tax	4,918	31,903	(11,772)	(947)	(5,577)	(6,588)	(9,860)	2,077
Income tax expense								(3,486)
Net profit/(loss) for the financial year								(1,409)
Non-controlling interests								(9,860)
Net profit/(loss) for the financial year attributable to owners of the parent								(11,269)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial year ended 31 December 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
Other information								
Segment assets	63,573	236,197	402,806	11,468	21,420	26,163	-	761,627
Investment in associates and joint venture	3,750	-	108	-	-	-	-	3,858
Unallocated corporate assets								7,851
Total assets								773,336
Segment liabilities	5,900	23,186	182,687	3,450	7,238	7,634	-	230,095
Unallocated corporate liabilities								6,055
Total liabilities								236,150
Capital expenditure:								
- Property, plant & equipment	33	580	16,642	-	781	133	-	18,169
- Software development expenditure	-	578	-	-	-	-	-	578

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.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 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 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.

(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 ("PTDHV") 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 PTDHV for a total consideration of Rp129,750,000 (equivalent to USD11,541.50 or RM50,684.82) from Mr Triadi Putranto Suwondo.

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

(e) On 7 December 2022, Paydee Nura Sdn Bhd ("PNSB") was incorporated with an issued share capital of RM2.00. PNSB is a wholly-owned subsidiary of Advance Synergy Capital Sdn Bhd, which is in turn is an indirect wholly-owned subsidiary of the Company.

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.

14. Review of performance

	Year-to-date 12 months ended 31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000	Changes RM'000	%
Revenue	243,102	116,285	126,817	109.1
Profit/(Loss) from operations	(34,655)	9,344	(43,999)	(470.9)
Profit/(Loss) before tax	(43,699)	2,077	(45,776)	(2,203.9)
Net profit/(loss) for the financial period	(46,870)	(1,409)	(45,461)	(3,226.5)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	(36,875)	(11,269)	(25,606)	(227.2)

Overall performance

For the current financial year ended 31 December 2022 ("FY 2022"), with the relaxation of movement control order ("MCO") restrictions, the Group recorded higher revenue of RM243.1 million compared to RM116.3 million in the previous financial year ended 31 December 2021 ("FY 2021"), an increase in revenue of RM126.8 million or 109.1%. All divisions reported higher revenue in FY 2022 compared to FY 2021.

The Group recorded lower other operating income for FY 2022 compared to FY 2021 as the other operating income in FY 2021 was mainly attributable to fair value gain assessed on the venture investment portfolio of RM6.7 million, fair value gain on remeasurement of the Group's previously held interest in an associate of RM15.8 million, bargain purchase arising from step-up of interest in an associate to subsidiary of RM5.0 million and gain from disposal of hotel management services contracts of RM7.0 million.

Operating expenses increased by approximately RM32.8 million from RM79.2 million in FY 2021 to RM112.0 million in FY 2022 mainly due to fair value loss assessed on the venture investment portfolio of RM11.6 million and impairment loss on goodwill of RM9.0 million in FY 2022 coupled with higher administrative expenses incurred in FY 2022 as most divisions geared up the operations.

On exclusion of the abovementioned exceptional gains or losses such as fair value gains/losses, bargain purchase, gain on disposal and impairment loss, the Group recorded a lower loss before tax in FY 2022 compared to FY 2021 due to the flow down effect of higher revenue with most divisions recording improved performance except for investment holding, property development and investment, and financial services divisions.

14. Review of performance (Continued)

Investment Holding

In FY 2022, the division recorded higher revenue of RM22.1 million compared to the revenue of RM16.6 million in FY 2021. The higher revenue was mainly attributable to higher dividends from the subsidiaries and intercompany management fee charged which had no impact to the Group's revenue. In FY 2021, there were fair value gain on an associate, fair value gain assessed on venture investment portfolio and other impairment loss such as impairment loss on investment in subsidiaries whilst in FY 2022, there was fair value loss assessed on venture investment portfolio. The net impact of these exceptional items resulted in a lower profit before tax of RM1.3 million in FY 2022 compared to a profit before tax of RM4.9 million in FY 2021.

Information & Communications Technology

The division recorded slightly lower revenue in FY 2022 compared to FY 2021, in its functional currency Singapore Dollar ("SGD"), of approximately 2.6%. The decline in revenue for FY 2022 is mainly attributable to lower revenue from system sale contracts recorded by both GlobeOSS and Unifiedcomms business units. However, with the higher exchange rate of SGD to RM in FY 2022 compared to FY 2021, the lower SGD denominated revenue for FY 2022 after conversion at the higher exchange rate resulted in higher RM denominated revenue in FY 2022 of RM74.4 million compared to of RM73.6 million in FY 2021.

The division recorded loss before tax of RM8.1 million in FY 2022 compared to profit before tax of RM31.9 million in FY 2021 mainly due to significantly lower other operating income and higher operating expenses in FY 2022 compared to FY 2021.

Other operating income in FY 2022 was lower compared to FY 2021. This is mainly attributable to the fair value gain assessed on the venture investment portfolio of RM6.1 million, fair value gain on remeasurement of the division's previously held interest in an associate of RM13.7 million and bargain purchase arising on step-up of interest in an associate to subsidiary of RM5.0 million recorded in the other operating income for FY 2021. The higher operating expenses in FY 2022 compared to FY 2021 was mainly due to fair value loss assessed on the venture investment portfolio of RM6.6 million and impairment loss on goodwill of RM9.0 million recorded in FY 2022. The impairment loss on goodwill was mainly due to the impact of a higher discount rate applied to the forecast cashflows of a cash-generating unit of the division. Had the same discount rate used in the valuation in FY 2021 been applied to the valuation in FY 2022, no impairment loss would have been recognised.

Property Development & Investment

The division recorded revenue of RM35.4 million in FY 2022, higher compared to the revenue of RM21.6 million recorded in FY 2021 mainly contributed by higher revenue from the property investment unit. Despite the higher revenue, the division recorded higher loss before tax of RM13.4 million in FY 2022 compared to loss before tax of RM11.8 million in FY 2021.

Development

During the current year under review, the property development unit, Advance Synergy Realty Sdn Bhd ("ASR"), recorded no revenue for FY 2022 compared to revenue of RM3.4 million in FY 2021 as all units of Taman Sri Matang project were sold in 2021. This resulted in higher loss before tax of RM2.0 million in FY 2022 compared to loss before tax of RM0.9 million in FY 2021.

14. Review of performance (Continued)

Property Development & Investment (Continued)

Investment

Overall, the property investment unit recorded improved revenue in FY 2022 compared to FY 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 RM14.8 million in FY 2021 to RM27.4 million in FY 2022, an increase of approximately RM12.6 million or 85.1%, coupled with the increase in revenue from the F&B business of RM3.9 million.

Hospitality unit recorded a higher loss before tax of RM9.3 million in FY 2022 compared to a loss before tax of RM8.8 million in FY 2021 despite the higher revenue in FY 2022 as FY 2021 results included gain on disposal of hotel management services contracts of RM7.0 million, partly offset by impairment loss on goodwill and higher fair value loss on quoted investment securities. Excluding the gain and impairment loss from FY 2021 results, the Hospitality unit recorded lower loss before tax in FY 2022 of RM8.1 million compared to FY 2021 of RM11.7 million arising from improvement in average room rate and average occupancy rate of all operating hotels partly offset by higher expenses. The F&B business by OGSB recorded a profit before tax in FY 2022 compared to a loss before tax in FY 2021. Our investment property, Yap Ah Shak House, recorded a loss before tax of RM1.6 million in FY 2022 compared to the loss before tax of RM1.1 million in FY 2021 as higher expenses were incurred in FY 2022 as it commenced operations in January 2022. 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 FY 2022 of RM116.5 million compared to RM15.5 million in FY 2021, an increase in revenue of RM101.0 million or approximately 651.6%. The division recorded profit before tax of RM3.1 million in FY 2022 compared to loss before tax of RM0.9 million in FY 2021.

Financial Services

Financial Services division recorded higher revenue of RM4.4 million in FY 2022 compared to RM2.0 million in FY 2021. Despite the higher revenue, the division recorded higher loss before tax of RM6.8 million in FY 2022 compared to loss before tax of RM5.6 million in FY 2021 mainly due to lower gross profit margin coupled with higher operating expenses in FY 2022 compared to FY 2021.

14. Review of performance (Continued)

Others

The Others division registered higher revenue of RM14.1 million in FY 2022 compared to the revenue of RM5.1 million for FY 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 RM2.4 million in FY 2022 compared to a loss of RM6.6 million in FY 2021. The bus-body fabrication unit recorded lower loss before tax of RM1.7 million in FY 2022 compared to loss before tax of RM6.1 million in FY 2021 mainly attributable to the flow down effect of higher revenue. Revenue for the education unit remained flat with loss before tax of RM0.6 million in FY 2022 compared to loss before tax of RM0.5 million in FY 2021.

15. Comparison of results with immediate preceding quarter

	Quarter 3 months ended		Changes	
	31.12.2022 Unaudited	30.09.2022 Unaudited		
	RM'000	RM'000	RM'000	%
Revenue	89,522	64,349	25,173	39.1
Profit/(Loss) from operations	(22,297)	(2,938)	(19,359)	(658.9)
Profit/(Loss) before tax	(24,803)	(5,422)	(19,381)	(357.5)
Net profit/(loss) for the financial period	(25,867)	(6,819)	(19,048)	(279.3)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	(17,639)	(6,515)	(11,124)	(170.7)

Overall performance

The Group recorded higher revenue of RM89.5 million for the current quarter ended 31 December 2022 ("Q4 2022") compared to the revenue of RM64.3 million in the immediate preceding quarter ended 30 September 2022 ("Q3 2022").

Higher loss before tax of RM24.8 million in Q4 2022 was recorded by the Group compared to loss of RM5.4 million in Q3 2022 despite the higher revenue in Q4 2022 mainly due to the higher fair value loss assessed on the venture investment portfolio of RM11.3 million and absence of impairment loss on goodwill in Q3 2022 compared to an impairment loss of RM9.0 million recorded in Q4 2022.

Investment Holding

The division reported higher revenue of RM19.1 million in Q4 2022 compared to the revenue of RM1.0 million in Q3 2022 mainly attributable to dividends from the subsidiaries which had no impact to the Group's revenue. With the higher revenue, the division recorded profit before tax of RM10.2 million in Q4 2022 compared to loss before tax of RM2.9 million in Q3 2022. The higher revenue in Q4 2022 compared to Q3 2022 was partly offset by fair value loss assessed on the venture investment portfolio of RM5.0 million in Q4 2022 (Q3 2022: NIL).

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

Information & Communications Technology

The division registered higher revenue of RM24.3 million in Q4 2022 compared to RM16.5 million in Q3 2022 due mainly to higher revenue from system sale contracts of GlobeOSS business unit. Q4 2022 results included an impairment loss on goodwill of RM9.0 million (Q3 2022: NIL) and fair value loss assessed on the venture investment portfolio of RM6.3 million (Q3 2022: RM0.2 million) resulting in the division recording loss before tax of RM14.0 million in Q4 2022 compared to profit before tax of RM1.7 million in Q3 2022. Excluding the impairment loss and fair value loss mentioned above, lower profit before tax was recorded compared to Q3 2022 despite the higher revenue in Q4 2022 mainly due to higher operating expenses incurred in Q4 2022 mitigated by higher gross profit margin of 51.1% in Q4 2022 compared to 45.7% in Q3 2022. The higher gross profit margin in Q4 2022 compared to Q3 2022 was mainly attributable to both Unifiedcomms business unit recurring revenue contracts and GlobeOSS business unit system sale contract revenues recording higher gross profit margin contributed by lower third party component costs.

Property Development & Investment

The division recorded slightly higher revenue of RM11.1 million Q4 2022 compared to revenue of RM10.2 million in the previous quarter. The bulk of the revenue was contributed by the hospitality business which recorded revenue of RM8.5 million in Q4 2022 compared to RM7.9 million in Q3 2022.

In the quarter under review, the division recorded a slightly lower loss before tax of RM2.6 million compared to a loss of RM2.7 million in the previous quarter. The lower loss recorded in Q4 2022 compared to Q3 2022 was mainly attributable to higher revenue.

<u>Development</u>
The property development unit registered a slightly lower loss before tax in Q4 2022 of RM0.4 million compared to loss before tax in Q3 2022 of RM0.7 million as the unit did not launch any property development project in these two quarters.

<u>Investment</u>
Despite the slightly higher revenue of RM11.1 million in Q4 2022 compared to RM10.2 million in Q3 2022, the investment unit recorded slightly higher loss before tax of RM2.2 million in Q4 2022 compared to a loss of RM2.0 million in Q4 2022 mainly attributable to higher expenses in Q4 2022.

With further relaxation in travel restrictions, the hospitality unit showed improved revenue in Q4 2022 compared to the previous quarter whereby revenue increased by RM0.6 million, from RM7.9 million in Q3 2022 to RM8.5 million in Q4 2022. Despite the positive impact of revenue, there was higher loss before tax for the hospitality unit of RM2.7 million in Q4 2022 compared to loss before tax of RM1.6 million in Q3 2022 mainly attributable to higher operating expenses in Q4 2022 compared to Q3 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 Q4 2022 and Q3 2022. Yap Ah Shak property which commenced operations in Q1 2022 recorded slightly higher loss in Q4 2022 compared to Q3 2022 due to higher operating expenses.

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

Travel & Tours

The division recorded higher revenue of RM47.2 million in Q4 2022 compared to the revenue of RM34.5 million in Q3 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 RM1.3 million in Q4 2022 compared to profit before tax of RM1.1 million in the preceding quarter.

Financial Services

The Financial Services division comprising the card & payment services and money services units generated higher revenue of RM1.3 million in Q4 2022 compared to RM1.2 million Q3 2022 with more merchant transactions recorded in the current quarter under review. Despite the higher revenue, higher loss before tax of RM2.4 million was recorded in Q4 2022 compared to loss before tax of RM1.6 million in the preceding quarter mainly attributable to higher operating expenses in the current quarter with higher payroll due to new recruitment of staff and foreign exchange loss recorded in Q4 2022 compared to foreign exchange gain in Q3 2022.

Others

The Others division recorded higher revenue of RM6.0 million in Q4 2022 compared to RM2.5 million in Q3 2022 mainly attributable to the higher number of buses exported by the bus-body fabrication unit whilst revenue of the education unit remained nominal in the both Q4 2022 and Q3 2022. With the higher revenue, the division reported profit before tax of RM67,000 in Q4 2022 compared to loss before tax of RM0.9 million in Q3 2022.

16. Prospects

As we enter the first quarter of fiscal 2023, there continued to be relaxation of restriction on business operations and social activities in the country which will augur well to facilitate the gradual recovery of the economy. However, the Group remains mindful of the rising inflation and interest rates, possible disruptions in supply chain and geopolitics concerns which may adversely impact the global economic recovery and thus the successful execution of our business plans with focus on costs and continued investment into our businesses to deliver better Group financial performances, is critical for the year ahead.

Information & Communications Technology

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

16. Prospects (Continued)

Information & Communications Technology (Continued)

The operations of Unifiedcomms and GlobeOSS in the financial year under review had been minimally impacted by geo-political tensions and supply chain disruption. However, Unifiedcomms' weighted average cost of capital (otherwise the discount rate applied to future cash flows), which is relevant to its valuation, had increased significantly due mainly to interest rates hikes. In 2022, the valuation of Unifiedcomms as a cash-generating unit ("CGU") was significantly affected by the changes in equity market and macroeconomic conditions, in particular the impact from higher benchmark interest rates. As a result, an impairment loss on goodwill of S$2.8 million (RM9.0 million) in relation to this business was provided and reflected in the financial year under review, though this impairment loss has no cash flow impact to the division.

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

At Captii Ventures, the division's venture investment business, the climate for business development and funding continues to be challenging for start-ups in certain industries. Such a challenging environment for business operations and market valuations for some of our investees had resulted in a substantial reduction in the fair value of Captii Ventures' investment portfolio, translating to a fair value loss of S$2.1 million (RM6.6 million) in the financial year under review. On a more positive note, the division had successfully materialised certain unrealised fair value gains recorded in prior years by exiting from two venture investments. As a result of these exits, disposal proceeds of S$2.4 million (RM7.7 million) were received and are reflected in the consolidated statement of cash flows for the financial year under review.

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

Property Development & Investment

<u>Development</u>
Advance Synergy Realty Sdn Bhd ("ASR") commenced the development works for Phase 2 of the Federal Park project comprising 88 units of double storey terrace houses and 28 units of single storey terrace houses in August 2022 and expects to generate total revenue of RM59.7 million with targeted sales of 60% by end of 2023.

16. Prospects (Continued)

Property Development & Investment (Continued)

Development (Continued)

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

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

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. The good news is effective from 8 January 2023, China has lifted pandemic restrictions on foreign travel, ending quarantine requirements for inbound travellers and with it, nearly three years of self-imposed isolation. However, for 2023, we anticipate travellers to remain cautious which may prolong the recovery to pre-pandemic level as lingering effects of Covid-19 besides continuing inflation resulting in higher travelling costs, recessionary risks and geopolitics concerns may continue to drag down the industry. For the near term, the hospitality unit will continue to 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 in Holiday Villa Beach Resort & Spa Langkawi and Holiday Villa Beach Resort & Spa Cherating and most of these works have been completed. This will position the two hotels to be in a competitive position to attract the domestic and international travellers for 2023.

With expectation of more international tourists into Malaysia, we look forward to a stronger trading recovery in 2023 for 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. Both hotels in Langkawi and Cherating showed improved performance in early 2023 compared to the same period last year.

16. Prospects (Continued)

Property Development & Investment (Continued)

Investment (Continued)

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

Holiday Villa Hotel & Residence Shanghai Jiading P.R.C.'s business 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. With the relaxation of pandemic restrictions in China, we are hopeful that Holiday Villa Hotel & Residence Shanghai Jiading P.R.C. will record improved performance in 2023 compared to last year with the release of pent-up demand of travellers since travel restrictions in China are now relaxed although the upward trend may remain limited as travellers may continue to be cautious in their travelling plans.

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 being experienced post-opening due to the lingering impact of the COVID-19 pandemic on the market for commercial office space. 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 2020 and 2021. With the relaxation of MCO restrictions, the division recorded a significantly improved performance in 2022. The division's performance in fiscal 2023 depends very much on the continued easing of travel restrictions although rising inflation resulting in higher travel costs and geopolitics concerns may dampen the growth of travel industry. However, the division's 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 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.

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 2023.

16. Prospects (Continued)

Others (Continued)

Although 2022 has been a slow year for our education unit, The Language House ("TLH"), with nominal revenue recorded, the unit is cautiously optimistic that with its strong leadership in the language education industry, 2023 will see a steady rise in student numbers as it expands its course offerings and strengthens its digital ecosystem. TLH will also leverage partnerships with recruitment agencies to identify growth opportunities. Looking ahead, TLH will explore integrating technology into programs, offer specialized courses, enhance the student experience, foster community building, and leverage recruitment and marketing strategies. These efforts are expected to yield positive results in 2023 and improve TLH's position in the market as technological advancements continue to provide exciting opportunities for growth.

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 31.12.2022 RM'000	Year-to-date ended 31.12.2022 RM'000
On current quarter results		
- Corporate income tax	(1,064)	(3,171)

The effective income tax rate of the Group for the current quarter and year-to-date ended 31 December 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.

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 31 December 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 timeframe 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	-
	4,750	4,750	-		

* 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 31 December 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 timeframe for Utilisation
Repayment of borrowings	61,340	61,336 *	-	Within 3 months	-
Working capital of the Group	51,900	42,775 *	9,129	Within 12 months	Additional 36 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	124,000	114,871	9,129		

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

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 31 December 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	5,300	-	Within 24 months
Expenses for the disposal	650	650	-	Within 12 months
	5,950	5,950	-	

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 31 December 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 *	-	Proceeds of RM4.4844 million - Within 24 months
	2,000	800	1,200	Proceeds of RM200,000 per quarter totaling RM2.0 million for Remaining Balance - Within 3 months from the receipt of the quarterly payment
Expenses for the disposal	156	143 *	-	Within 12 months
	7,000	5,800	1,200	

* The remaining amount of RM13,000 which was not utilised for expenses in relation to the disposal was utilised for working capital of the Group.

25. Utilisation of proceeds from the Rights Issue

The status of utilisation of proceeds raised from the Rights Issue as at 31December 2022 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Intended timeframe for Utilisation from 04.11.2022
Investment in existing businesses and/or future business expansion/ new strategic investment	53,200	1,484	51,716	Within 36 months
Working capital	25,600	3,293 *	22,325	Within 36 months
Estimated expenses	1,200	1,182 *	-	Immediately
	80,000	5,959	74,041	

* The remaining amount of RM18,000 which was not utilised for expenses in relation to the Rights Issue will be utilised for working capital of the Group.

26. Group borrowings

Details of the borrowings by the Group are as follows:

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Short term - secured		
- Term loans	9,999	4,881
- Bank overdraft	-	238
- Revolving credit	40,000	38,600
	49,999	43,719
Long term - secured		
- Term loans	88,915	61,631
	88,915	61,631
Total borrowings	138,914	105,350

27. 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.

28. 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.

29. Notes To The Statement of Comprehensive Income

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

	12 months ended 31.12.2022 Unaudited RM'000	12 months ended 31.12.2021 Audited RM'000
Amortisation of intangible assets	(784)	(915)
Depreciation	(15,190)	(14,358)
Dividend received	119	73
Effect of modification to lease terms	92	279
Fair value change in unquoted investment securities	(11,608)	6,702
Fair value change in quoted investment securities	(1,075)	(2,650)
Bargain purchase	-	4,998
(Impairment loss)/Reversal of impairment loss on:		
- goodwill	(8,962)	(2,788)
- investment in associates	-	15,760
- investment properties	250	860
- trade and other receivables	-	(108)
Interest expenses	(9,157)	(7,368)
Interest income	1,648	1,343
Net gain/(loss) on disposal of:		
- property, plant and equipment	22	-
- investment properties	167	-
- unquoted investment securities	-	(430)
- quoted investment securities	(128)	237
- hotel management services	-	7,000
Net unrealised (loss)/gain on foreign exchange	(1,791)	344
Property, plant and equipment written off	(81)	(3)
Provision for retirement benefits plan	(127)	(146)

30. Dividend

The Board will decide on the recommendation of dividend after finalisation of the audited financial results for the financial year ended 31 December 2022.

31. (Loss)/Earnings per share

Basic (loss)/earnings per share

The basic (loss)/earnings 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 RM17,639,000 and RM36,875,000 respectively, divided by the weighted average number of ordinary shares of 2,007,455,813 and 1,200,972,765 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	No. of shares		No. of shares	
Issued ordinary shares at beginning of the period/year	929,194,943	929,194,943	929,194,943	929,194,943
Weighted average number of new ordinary shares arising from the rights issue	1,078,260,870	-	271,780,822	-
Issued / weighted average number of ordinary shares	2,007,455,813	929,194,943	1,200,975,765	929,194,943

	3 months ended		Year-to-date ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Basic (loss)/earnings per share (sen)	(0.88)	1.34	(3.07)	(1.21)

Diluted (loss)/earnings per share

The basic and diluted (loss)/earnings 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Diluted loss/(earnings) per share (sen)	(0.88)	1.34	(3.07)	(1.21)

32. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

HO TSAE FENG
Company Secretary
24 February 2023