

COMPANY ANNOUNCEMENT

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2024

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 2024.

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 2023.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<u>3 months ended</u>		<u>Year-to-date</u>	
	<u>30.09.2024</u>	<u>30.09.2023</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	64,613	63,358	188,219	212,781
Cost of sales	<u>(46,827)</u>	<u>(46,160)</u>	<u>(144,454)</u>	<u>(159,262)</u>
Gross profit	17,786	17,198	43,765	53,519
Other operating income	715	3,184	6,702	5,836
Operating expenses	<u>(36,556)</u>	<u>(22,390)</u>	<u>(85,547)</u>	<u>(65,212)</u>
Profit/(Loss) from operations	<u>(18,055)</u>	<u>(2,008)</u>	<u>(35,080)</u>	<u>(5,857)</u>
Finance income	436	155	1,802	684
Finance costs	<u>(2,558)</u>	<u>(1,773)</u>	<u>(8,112)</u>	<u>(6,321)</u>
Share of results of associates and joint venture	7	(2)	38	22
Profit/(Loss) before tax	<u>(20,170)</u>	<u>(3,628)</u>	<u>(41,352)</u>	<u>(11,472)</u>
Income tax expense	<u>(727)</u>	<u>(673)</u>	<u>(670)</u>	<u>(1,200)</u>
Net profit/(loss) for the financial period	<u><u>(20,897)</u></u>	<u><u>(4,301)</u></u>	<u><u>(42,022)</u></u>	<u><u>(12,672)</u></u>
Attributable to:				
Owners of the parent	(11,682)	(2,645)	(26,683)	(10,376)
Non-controlling interests	<u>(9,215)</u>	<u>(1,656)</u>	<u>(15,339)</u>	<u>(2,296)</u>
	<u><u>(20,897)</u></u>	<u><u>(4,301)</u></u>	<u><u>(42,022)</u></u>	<u><u>(12,672)</u></u>
Profit/(Loss) per share attributable to owners of the parent:				
Basic (sen)	<u><u>(0.46)</u></u>	<u><u>(0.10)</u></u>	<u><u>(1.05)</u></u>	<u><u>(0.41)</u></u>
Diluted (sen)	<u><u>(0.46)</u></u>	<u><u>(0.10)</u></u>	<u><u>(1.05)</u></u>	<u><u>(0.41)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year-to-date	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	(20,897)	(4,301)	(42,022)	(12,672)
Other comprehensive income/(expenses):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(2,487)	(226)	(2,816)	5,807
<i>Total items that may be reclassified subsequently to profit or loss</i>	(2,487)	(226)	(2,816)	5,807
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income	(1,085)	2,934	(1,205)	1,367
<i>Total items that will not be reclassified subsequently to profit or loss</i>	(1,085)	2,934	(1,205)	1,367
Other comprehensive income/(loss) for the financial period	(3,572)	2,708	(4,021)	7,174
Total comprehensive income/(loss) for the financial period	(24,469)	(1,593)	(46,043)	(5,498)
Attributable to:				
Owners of the parent	(17,214)	(866)	(33,565)	(6,009)
Non-controlling interests	(7,255)	(727)	(12,478)	511
Total comprehensive income/(loss) for the financial period	(24,469)	(1,593)	(46,043)	(5,498)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	233,206	239,114
Right-of-use assets	37,183	47,741
Investment properties	16,300	16,300
Investment in associates and joint venture	3,571	3,933
Investment securities	42,335	70,715
Goodwill	39,192	39,192
Intangible assets	3,375	2,791
Deferred tax assets	4,148	4,230
Inventories	4,701	4,699
	384,011	428,715
<u>Current assets</u>		
Inventories	58,104	45,016
Receivables, prepayments and contract assets	85,664	155,686
Current tax assets	1,686	1,362
Investment securities	2,337	2,323
Financial assets held for trading	31	47
Fixed deposits	42,202	49,129
Cash and bank balances	71,294	65,135
	261,318	318,698
TOTAL ASSETS	645,329	747,413
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the Company</u>		
Share capital	461,377	461,377
Reserves	(75,568)	(40,738)
	385,809	420,639
Non-controlling interests	55,115	67,593
Total equity	440,924	488,232
<u>Non-current liabilities</u>		
Borrowings	77,620	85,632
Lease liabilities	15,260	26,497
Payables	6,017	6,384
Deferred tax liabilities	3,844	4,368
	102,741	122,881
<u>Current liabilities</u>		
Payables and contract liabilities	62,448	82,145
Borrowings	36,381	49,302
Lease liabilities	2,801	3,985
Current tax liabilities	34	868
	101,664	136,300
Total Liabilities	204,405	259,181
TOTAL EQUITY AND LIABILITIES	645,329	747,413

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2024	461,377	16,413	7,895	(954)	(64,092)	420,639	67,593	488,232
Net loss for the financial period	-	-	-	-	(26,683)	(26,683)	(15,339)	(42,022)
Fair value loss on equity instruments designated at fair value through other other comprehensive income	-	-	-	(1,205)	-	(1,205)	-	(1,205)
Crystallisation of revaluation reserve	-	(135)	-	-	135	-	-	-
Exchange differences on translation of foreign operations	-	-	(5,677)	-	-	(5,677)	2,861	(2,816)
Total comprehensive loss for the financial period	-	(135)	(5,677)	(1,205)	(26,548)	(33,565)	(12,478)	(46,043)
Transactions with owners								
Dividend paid	-	-	-	-	(1,265)	(1,265)	-	(1,265)
	-	-	-	-	(1,265)	(1,265)	-	(1,265)
Balance as at 30 September 2024	461,377	16,278	2,218	(2,159)	(91,905)	385,809	55,115	440,924

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (Continued)**

	Share Capital RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2023								
- As previously reported	461,377	16,594	9,487	(793)	7,240	493,905	77,468	571,373
- Prior year adjustments	-	-	-	-	(5,548)	(5,548)	(2,266)	(7,814)
Restated balance as at 1 January 2023	461,377	16,594	9,487	(793)	1,692	488,357	75,202	563,559
Net loss for the financial period	-	-	-	-	(10,376)	(10,376)	(2,296)	(12,672)
Fair value gain of equity instruments through other comprehensive income	-	-	-	1,367	-	1,367	-	1,367
Crystallisation of revaluation reserve	-	(181)	-	-	181	-	-	-
Exchange differences on translation of foreign operations	-	-	3,000	-	-	3,000	2,807	5,807
Total comprehensive income/(loss) the financial period	-	(181)	3,000	1,367	(10,195)	(6,009)	511	(5,498)
Transactions with owners								
Dividend paid	-	-	-	-	(2,529)	(2,529)	-	(2,529)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(1,542)	(1,542)
Acquisition of additional interest in a subsidiary	-	-	-	-	(11,831)	(11,831)	11,831	-
	-	-	-	-	(14,360)	(14,360)	10,289	(4,071)
Balance as at 30 September 2023	461,377	16,413	12,487	574	(22,863)	467,988	86,002	553,990

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	9 months ended 30.09.2024 RM'000	9 months ended 30.09.2023 RM'000
Cash flows from operating activities		
Loss before tax	(41,352)	(11,472)
Adjustments for:-		
Non-cash items	31,201	9,579
Other investing and financing items	5,986	4,115
Operating (loss)/profit before working capital changes	(4,165)	2,222
Changes in working capital		
Inventories	(13,090)	(11,795)
Receivables	25,155	(5,864)
Financial assets held for trading	16	2
Payables	(20,058)	(1,315)
Net cash used in operations	(12,142)	(16,750)
Retirement benefits paid	-	(1,378)
Net tax paid	(2,272)	(560)
Net cash used in operating activities	(14,414)	(18,688)
Cash flows from investing activities		
Acquisition of unquoted investment securities	(583)	(450)
Addition of intangible assets	(1,156)	(862)
Interest received	2,105	2,162
Dividend received	421	44
Change in deposit placed with licensed bank	426	81,067
Proceeds from disposal of unquoted investment securities	1,205	456
Proceed from compensation of lease termination	45,000	-
Proceeds from disposal of property, plant and equipment	-	140
Proceeds from disposal of hotel management services	400	600
Purchase of property, plant and equipment	(6,806)	(8,266)
Placement of pledged deposits	1,886	(494)
Net cash generated from investing activities	42,898	74,397

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (Continued)**

	9 months ended 30.09.2024 RM'000	9 months ended 30.09.2023 RM'000
Cash flows from financing activities		
Dividend paid	(1,265)	(2,529)
Dividend paid to non-controlling interests of a subsidiary	-	(1,542)
Drawdown of borrowings	-	1,261
Interest paid	(8,112)	(6,321)
Repayment of borrowings	(18,820)	(8,145)
Repayment of lease liabilities	(2,387)	(5,528)
Net cash used in financing activities	<u>(30,584)</u>	<u>(22,804)</u>
Effect of exchange rate changes	<u>5,787</u>	<u>(5,271)</u>
Net increase in cash and cash equivalents	3,687	27,634
Cash and cash equivalents as at beginning of the financial period		
As previously reported	88,084	61,101
Effect of exchange rate changes	(2,142)	1,971
As restated	<u>85,942</u>	<u>63,072</u>
Cash and cash equivalents as at end of the financial period #	<u>89,629</u>	<u>90,706</u>
# Cash and cash equivalents at the end of the financial period comprising the following:		
Fixed deposits	42,202	70,328
Cash and bank balances	<u>71,294</u>	<u>53,807</u>
	113,496	124,135
Less: Deposits placed with lease payables as security deposit for lease payments	-	(8,788)
Deposit with maturity more than three months	(2,754)	(3,255)
Deposits pledged to licensed banks	(21,113)	(21,386)
	<u>(23,867)</u>	<u>(33,429)</u>
	<u>89,629</u>	<u>90,706</u>

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The unaudited interim financial report has been prepared in compliance with MFRS 134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

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 2023, except for the adoption of the following amendments to Malaysian Financial Reporting Standard (“MFRS”):

Amendments to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments 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 that have been issued, but yet to be effective

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

3. Audit Report

The auditors’ report on the financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4. Seasonal or cyclical factors

The operations of the Group for the financial quarter ended 30 September 2024 were not materially affected by any seasonal or cyclical factors.

5. Unusual items

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

6. Changes in estimates

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

7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities during the financial period ended 30 September 2024.

As at the quarter ended 30 September 2024, no new ordinary share of the Company was issued to the eligible persons pursuant to the Advance Synergy Share Grant Scheme.

8. Dividends paid

A single tier dividend in respect of the financial year ended 31 December 2023 was paid on 19 August 2024 after obtaining approval from the shareholders of the Company at the Annual General Meeting held on 19 June 2024.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information

For the financial period ended 30 September 2024

	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	483	39,181	18,718	108,535	3,310	17,992	-	188,219
Inter-segment	38,264	-	2,086	89	-	-	(40,439)	-
Total revenue	38,747	39,181	20,804	108,624	3,310	17,992	(40,439)	188,219
Results								
Segment results	27,573	(23,946)	(9,454)	4,657	(7,233)	556	(33,543)	(41,390)
Share of results of associates and joint venture	45	-	(7)	-	-	-	-	38
Profit/(Loss) before tax	27,618	(23,946)	(9,461)	4,657	(7,233)	556	(33,543)	(41,352)
Income tax expense								(670)
Net profit/(loss) for the financial period								(42,022)
Non-controlling interests								15,339
Net profit/(loss) for the financial period attributable to owners of the parent								(26,683)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2024 (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	30,456	149,122	382,743	27,483	22,753	23,366	-	635,923
Investment in associates and joint venture	3,477	-	94	-	-	-	-	3,571
Unallocated corporate assets								5,835
Total assets								645,329
Segment liabilities	5,128	8,475	162,799	8,836	5,353	9,937	-	200,528
Unallocated corporate liabilities								3,877
Total liabilities								204,405
Capital expenditure:								
- Property, plant & equipment	17	522	4,937	3	1,113	214	-	6,806
- Software development expenditure	-	1,156	-	-	-	-	-	1,156

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2023

	Investment Holding	Information & Communications Technology	Property Development & Investment	Travel & Tours	Financial Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External	1,672	46,071	31,881	119,381	7,347	6,429	-	212,781
Inter-segment	3,501	-	2,087	78	-	-	(5,666)	-
Total revenue	5,173	46,071	33,968	119,459	7,347	6,429	(5,666)	212,781
Results								
Segment results	(6,438)	244	(1,962)	4,925	(5,088)	(2,937)	(238)	(11,494)
Share of results of associates and joint venture	25	-	(3)	-	-	-	-	22
Profit/(Loss) before tax	(6,413)	244	(1,965)	4,925	(5,088)	(2,937)	(238)	(11,472)
Income tax expense								(1,200)
Net profit/(loss) for the financial period								(12,672)
Non-controlling interests								2,296
Net profit/(loss) for the financial period attributable to owners of the parent								(10,376)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

9. Segmental Information (Continued)

For the financial period ended 30 September 2023 (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	80,017	220,543	424,467	18,174	24,241	23,247	-	790,689
Investment in associates and joint venture	3,890	-	103	-	-	-	-	3,993
Unallocated corporate assets								6,019
Total assets								800,701
Segment liabilities	4,356	11,744	206,067	4,807	9,981	4,900	-	241,855
Unallocated corporate liabilities								4,856
Total liabilities								246,711
Capital expenditure:								
- Property, plant & equipment	19	387	6,983	6	779	92	-	8,266
- Software development expenditure	-	862	-	-	-	-	-	862

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 2023.

11. Significant events after the reporting period

There are no significant events after the reporting period.

12. Changes in the composition of the Group

- (a) On 20 March 2024, Medical Palace Sdn Bhd, an indirect wholly-owned subsidiary of the Company, was struck off from the register under Section 550 of Companies Act 2016 and henceforth dissolved following the publication of the notice of striking off in the Gazette on 20 March 2024.
- (b) On 17 April 2024, Alam Samudera Corporation Sdn Bhd (“ASCBSB”), a wholly-owned subsidiary of the Company, disposed its entire equity interest of 1,043,000 ordinary shares representing 100% of issued share capital of Synergy Tours (Borneo) Sdn Bhd (“STB”) for a total cash consideration of RM50,000.00 to Mohamad Firrus bin Said and Amir Hamzah bin Mohd Yusof. Consequently, STB ceased to be a subsidiary of the Company.
- (c) On 14 May 2024, with the final gazette notice for Beaver Hotels Limited (“BHL”), an indirect wholly-owned subsidiary of the Company registered in England and Wales, published by Companies House, BHL was officially deregistered.
- (d) On 12 August 2024, Aras Tiga Sdn Bhd (“ATSB”) was incorporated with an issued and paid-up ordinary share capital of RM100.00. ATSB is a 70% owned subsidiary of Advance Synergy Realty Sdn Bhd, a wholly owned subsidiary of the Company.

Save for the above, there were no changes in the composition of the Group during the financial period ended 30 September 2024.

13. Changes in contingent liabilities

There are no changes in contingent liabilities since the last annual statements of financial position as at 31 December 2023.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance

	Year-to-date		Changes	
	9 months ended		RM'000	%
	<u>30.09.2024</u>	<u>30.09.2023</u>		
	RM'000	RM'000		
Revenue	188,219	212,781	(24,562)	(11.5)
Profit/(Loss) from operations	(35,080)	(5,857)	(29,223)	(498.9)
Profit/(Loss) before tax	(41,352)	(11,472)	(29,880)	(260.5)
Net profit/(loss) for the financial period	(42,022)	(12,672)	(29,350)	(231.6)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(26,683)</u>	<u>(10,376)</u>	(16,307)	(157.2)

Overall performance

For the current 9-month period ended 30 September 2024 (“9M 2024”), the Group recorded lower revenue of RM188.2 million compared to RM212.8 million in the corresponding period last year ended 30 September 2023 (“9M 2023”), reflecting a decrease of RM24.6 million or 11.5%. All divisions reported lower revenue in 9M 2024 compared to 9M 2023, except for Investment Holding and Others divisions. The higher revenue recorded by the Investment Holding division was mainly dividend income from a subsidiary which had no impact on the Group results.

The Group recorded a higher loss before tax of RM41.4 million in 9M 2024, compared to a loss of RM11.5 million in 9M 2023, mainly due to a higher fair value loss of RM22.0 million on the venture investment portfolio recorded by the Information & Communications Technology division in 9M 2024, compared to a minimal fair value loss in 9M 2023, as well as a RM1.7 million impairment loss on unquoted investment recorded by the hospitality unit. This was coupled with the impact of lower revenue and unfavourable results across all divisions, except for the Investment Holding and Others divisions.

Investment Holding

In 9M 2024, the division recorded higher revenue of RM38.7 million compared to RM5.2 million in 9M 2023, primarily attributable to the dividend received from a subsidiary of RM34.4 million and higher intercompany management fee charged, both of which had no impact on the Group’s overall revenue. The division achieved a profit before tax of RM27.6 million, compared to a loss before tax of RM6.4 million in 9M 2023, mainly due to the dividend income from a subsidiary in 9M 2024 of RM34.4 million which had no impact on the Group’s overall results.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Information & Communications Technology

The division recorded lower revenue in 9M 2024 of RM39.2 million compared to RM46.1 million in 9M 2023, a drop of approximately 15.0%. The decline was mainly attributable to lower revenue from Unifiedcomms managed service contract revenue and GlobeOSS system sale contract revenue.

The division reported a loss before tax of RM23.9 million in 9M 2024 compared to profit before tax of RM0.2 million in 9M 2023 mainly due to the flow down effects of lower revenue and higher net operating expenses, partly mitigated by higher gross profit margin. The higher gross profit margin of 53.7% in 9M 2024 compared to 44.3% in 9M 2023 was mainly driven by the improvement in gross profit margin on system sale contract revenue and managed service contract revenue.

The division's higher net operating expenses in 9M 2024, compared to 9M 2023, were mainly attributable to higher fair value loss of RM22.0 million on the venture investment portfolio, higher foreign exchange loss due to weaker exchange rate of Singapore Dollar (“SGD”) against RM, as well as higher technical support expenses due to the headcount increase in both Unifiedcomms and GlobeOSS business units. This was partly offset by lower administrative and distribution costs in 9M 2024.

Property Development & Investment

The division recorded revenue of RM20.8 million in 9M 2024, lower compared to the revenue of RM34.0 million in 9M 2023, mainly due to lower revenue from the hospitality unit resulting from the absence of revenue from Holiday Villa Beach Resort & Spa Langkawi (“Langkawi hotel”) following the cessation of business due to termination of hotel lease at the end of 2023. The division reported a higher loss before tax of RM9.5 million in 9M 2024 compared to loss before tax of RM2.0 million in 9M 2023 mainly due to the flow down effects of lower revenue, and impairment loss on unquoted investment of RM1.7 million recorded in the hospitality unit.

Development

The property development unit, Advance Synergy Realty Sdn Bhd (“ASR”), recorded revenue of RM0.7 million in 9M 2024 with the construction of the Federal Park Phase 2 project still on-going. This unit recorded a higher loss before tax of RM1.6 million for 9M 2024 compared to loss before tax of RM1.4 million in 9M 2023 mainly due to higher staff cost and overall increase in operating expenses from RM1.4 million in 9M 2023 to RM1.6 million in 9M 2024.

Investment

The property investment unit recorded lower revenue of RM20.1 million in 9M 2024 compared to revenue of RM34.0 million in 9M 2023 mainly due to lower revenue from the hospitality unit and food and beverage (“F&B”) business operated by Osteria Gamberoni Sdn Bhd (“OGSB”). In 9M 2023, OGSB recorded higher revenue than the current period under review as consumer demand surged following the relaxation of extended lockdown, leading to increased dining out.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Property Development & Investment (Continued)

Investment (Continued)

Our hospitality unit recorded a significant drop in revenue, from RM28.1 million in 9M 2023 to RM14.4 million in 9M 2024, reflecting a decrease of approximately RM13.7 million or 48.8%, resulting from the absence of revenue from Langkawi hotel following the cessation of business after the termination of its lease at the end of 2023, partly mitigated by the increase in revenue from Holiday Villa Beach Resort & Spa Cherating (“Cherating hotel”) and revenue from The Marloes, an aparthotel in London, which had a soft launch in mid December 2023 and was fully operational in April 2024.

In 9M 2024, the hospitality unit recorded a loss before tax of RM4.9 million compared to a profit before tax of RM2.7 million in 9M 2023. This was primarily attributable to the flowdown effect of lower revenue, mainly due to the absence of revenue from the Langkawi hotel after its lease termination at the end of 2023, as well as a RM1.7 million impairment loss on unquoted investments recognised in 9M 2024. These were partly mitigated by a net gain of RM0.5 million from the reversal of impairment losses on receivables in 9M 2024. The profit recorded in 9M 2023 was also attributable to a RM2.8 million gain from the modification of the Langkawi hotel lease following the cessation of its operations.

The Cherating hotel reported a slightly lower profit before tax of RM0.9 million in 9M 2024, down from RM1.0 million in 9M 2023, despite the increase in revenue. This was mainly due to lower gross profit margin in 9M 2024 compared to the corresponding period last year. The Marloes reported a higher loss of RM4.0 million in 9M 2024 compared to a loss of RM1.3 million in 9M 2023, mainly due to the higher net operating expenses incurred following the soft launch of The Marloes in mid December 2023.

Despite the lower revenue recorded by Holiday Villa Hotel & Residence Jiading P.R.C. (“Shanghai hotel”) in 9M 2024 compared to 9M 2023, Shanghai hotel contributed positively with a profit before tax of RM0.2 million in 9M 2024, compared to the loss of RM1.7 million in 9M 2023, mainly due to gain of RM2.1 million from the modification of lease terms.

Our investment property, Yap Ah Shak House (“YASH”), which currently houses the F&B and serviced office businesses, recorded lower revenue of RM3.5 million in 9M 2024 compared to RM3.8 million in 9M 2023 mainly due to lower revenue from our F&B business. Consequently, a higher loss before tax of RM2.1 million was recorded in 9M 2024 compared to a loss before tax of RM1.8 million in 9M 2023 mainly due to the flow down effect of lower revenue. Besides the hospitality unit and YASH, there was no significant impact in 9M 2024 compared to 9M 2023 from the other properties as most are leased to the Group with no major changes in rental income.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14. Review of performance (Continued)

Travel & Tours

Our Travel & Tours division recorded lower revenue in 9M 2024 of RM108.6 million compared to RM119.5 million in 9M 2023, reflecting a decrease of approximately RM10.8 million or 9.0%. 2023 was an exceptional growth year for the travel and tourism sector after the COVID-19 pandemic. With the lower revenue recorded from the travel and tour business, the division recorded a lower profit before tax of RM4.7 million in 9M 2024 compared to RM4.9 million in 9M 2023.

Financial Services

The Financial Services division comprising the card & payment services and money services units recorded lower revenue of RM3.3 million in 9M 2024 compared to RM7.3 million in 9M 2023, mainly due to a decrease in gross processing volume recorded from its merchants. With the lower revenue coupled with higher operating cost from higher international payment scheme (“IPS”) licence fee and staff costs, as well as a foreign exchange loss of RM0.7 million in 9M 2024 compared to a foreign exchange gain of RM0.3 million in 9M 2023, the division recorded a higher loss before tax of RM7.2 million in 9M 2024 compared to loss before tax of RM5.1 million in 9M 2023.

Others

The Others division recorded higher revenue of RM18.0 million in 9M 2024 compared to the revenue of RM6.4 million in 9M 2023. This was mainly attributable to a higher number of buses exported by the bus-body fabrication unit in 9M 2024 compared 9M 2023 due to logistical issues. With the flow down effect of higher revenue, the bus-body fabrication unit reported a profit before tax of RM0.8 million in 9M 2024 compared to a loss before tax of RM2.3 million in 9M 2023. The education unit recorded higher revenue of RM0.8 million in 9M 2024 compared to RM0.3 million in 9M 2023. With the higher revenue, the unit reported a lower loss before tax of RM0.2 million in 9M 2024 compared to loss before tax of RM0.7 million in 9M 2023.

15. Comparison of results with immediate preceding quarter

	Quarter		Changes	
	3 months ended		RM'000	%
	<u>30.09.2024</u>	<u>30.06.2024</u>		
	RM'000	RM'000		
Revenue	64,613	56,407	8,206	14.5
Profit/(Loss) from operations	(18,055)	(11,028)	(7,027)	(63.7)
Profit/(Loss) before tax	(20,170)	(13,163)	(7,007)	(53.2)
Net profit/(loss) for the financial period	(20,897)	(13,135)	(7,762)	(59.1)
Net profit/(loss) for the financial period attributable to the Owners of the Parent	<u>(11,682)</u>	<u>(7,111)</u>	(4,571)	(64.3)

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

Overall performance

The Group recorded higher revenue of RM64.6 million for current quarter ended 30 September 2024 (“Q3 2024”) compared to the revenue of RM56.4 million in the preceding quarter ended 30 June 2024 (“Q2 2024”), mainly due to higher revenue from all divisions except for Investment Holding.

However, the Group registered a higher loss before tax of RM20.2 million in Q3 2024 compared to a loss of RM13.2 million in Q2 2024, mainly due to a higher fair value loss of RM15.3 million on the venture investment portfolio in Q3 2024, compared to a fair value loss of RM7.3 million in Q2 2024. Excluding the fair value loss, the Group recorded a lower loss before tax of RM4.9 million in Q3 2024 compared to a loss before tax of RM5.8 million in Q2 2024.

Investment Holding

The division reported lower revenue of RM1.3 million in Q3 2024 compared to the revenue of RM35.8 million in Q2 2024 and a loss before tax of RM1.9 million in Q3 2024 compared to a profit before tax of RM32.2 million in Q2 2024 mainly due to the absence of dividend income received from a subsidiary in Q2 2024, which had no impact to the Group’s financial results.

Information & Communications Technology

The division recorded higher revenue of RM16.3 million in Q3 2024 compared to RM12.3 million in Q2 2024, mainly due to higher Unifiedcomms and GlobeOSS system sale contract revenue. Despite the higher revenue, the division reported a higher loss before tax of RM14.4 million in Q3 2024 compared to loss of RM8.2 million in Q2 2024. The loss was mainly due to a higher fair value loss on venture investment portfolio of RM15.3 million in Q3 2024, compared to a fair value loss of RM7.3 million in Q2 2024.

Excluding the fair value loss as mentioned above, the division achieved a profit before tax of RM0.9 million in Q3 2024 as opposed to a loss in Q2 2024, mainly due to the flow down effect of higher revenue and higher gross profit margin of 60% in Q3 2024 compared to 53% in Q2 2024. The higher gross profit margin was mainly attributable to lower contribution from certain managed service contracts which typically yield lower gross profit margin due to higher third-party component costs.

Property Development & Investment

The division recorded higher revenue of RM8.3 million in Q3 2024 compared to revenue of RM7.0 million in the previous quarter. The bulk of the revenue of the division for both Q3 2024 and Q2 2024 was contributed by the hospitality and property development units.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

Property Development & Investment (Continued)

In the quarter under review, the division reported a higher loss before tax of RM2.6 million compared to loss before tax of RM2.3 million in the previous quarter, primarily due to the increased losses from the property investment and hospitality units.

Development

The property development unit, ASR, recorded revenue of RM0.6 million generated from progress billing of Federal Park Phase 2, as the construction of the Federal Park Phase 2 project is still on-going. ASR registered a comparable loss before tax of RM0.5 million in Q3 2024 and Q2 2024.

Investment

The property investment unit recorded higher revenue of RM7.7 million in Q3 2024 compared to RM6.9 million in Q2 2024 mainly attributable to our hospitality business, which reported higher revenue for Q3 2024 of RM5.8 million compared to RM5.0 million in Q2 2024, with all hotels recording higher revenue in the quarter under review, except for the Shanghai hotel. Overall, the hospitality unit achieved higher average room rates and average occupancy rates in Q3 2024 compared to Q2 2024.

The hospitality unit recorded a comparable loss before tax of RM1.0 million in both Q3 2024 and Q2 2024. The results in Q2 2024 included the net impact of a RM2.1 million gain from the modification of lease terms for the Shanghai hotel, offset by a RM1.7 million impairment loss on unquoted investments and a net impairment loss of RM0.4 million on receivables.

The other property investment unit recorded comparable revenue in both Q3 2024 and Q2 2024. However, the unit reported a higher loss before tax of RM0.8 million in Q3 2024 compared to a loss of RM0.5 million in Q2 2024, mainly due overall increase in expenses at Yap Ah Shak House (“YASH”) as the property geared up to be fully operational.

Travel & Tours

The division recorded higher revenue of RM34.8 million in Q3 2024 compared to the revenue of RM32.5 million in Q2 2024 mainly due to higher sales from corporate ticketing, incentive bookings and tours during the quarter under review. As a result, the division achieved a higher profit before tax of RM1.4 million in Q3 2024 compared to profit before tax of RM1.2 million in Q2 2024.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

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

Financial Services

The Financial Services division recorded higher revenue of RM1.2 million in Q3 2024 compared to RM1.0 million in Q2 2024 with higher gross processing volume recorded by its merchant acquiring business in the current quarter under review. The bulk of the revenue for the division was generated by the card & payment services unit with nominal revenue generated by the money services unit. Despite the higher revenue, the division reported a higher loss of RM2.9 million in Q3 2024 compared to RM2.2 million in Q2 2024. This was mainly due to a lower gross profit margin and significantly higher foreign exchange losses arising from unfavourable exchange rate fluctuations of USD against RM during the quarter under review.

Others

The Others division recorded higher revenue of RM4.6 million in Q3 2024 compared to RM4.2 million in Q2 2024. Despite the higher revenue, the division reported loss before tax of RM0.5 million in Q3 2024 compared to a profit before tax of RM0.6 million in Q2 2024. This was mainly due to unfavourable exchange rate fluctuations of Australian dollar against RM in the bus fabrication unit, resulting in foreign exchange loss in Q3 2024 coupled with a fair value loss on quoted investments in Q3 2024 as opposed to a fair value gain in Q2 2024. However, the education unit recorded a profit before tax in Q3 2024 compared to loss before tax in Q2 2024 mainly due to the flow down effect of higher revenue in the current quarter.

16. Prospects

The Group remains mindful of the ongoing inflationary pressures, 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. Our continued focus on managing costs and investment into our businesses to deliver better Group financial performance, is critical for the remainder of the financial year.

Information & Communications Technology

The outlook of Unifiedcomms and GlobeOSS has been challenging, especially within the telecommunication industry, where the impact of the diminished performance of certain major managed service contracts, followed by intensified pricing pressure and delays in securing new opportunities, are adversely affecting the business of Unifedcomms and GlobeOSS, resulting in a lower-than-expected performance in the financial period under review. 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 and certain managed service contracts that have yet to be committed in the financial year under review, may be further deferred, or even abandoned entirely if industry conditions worsen or do not improve significantly enough.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Information & Communications Technology (Continued)

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, resulting in a fair value loss of RM15.3 million in the Captii Ventures investment portfolio for the current quarter, and a cumulative loss of RM22.0 million for the nine-month period under review.

Against this negative industry backdrop for the future, the division remains optimistic and will continue to work closely with customers and investees, to minimise the negative impact on group financial performance.

Property Development & Investment

Development

Phase 2 of the Federal Park project which comprises 88 units of double storey terrace houses and 28 units of single storey terrace houses has attained 84% completion in construction works by end of October 2024. The sales have started to pick up since the showhouse was completed and made available for viewing in August 2024. Phase 2 of the Federal Park project is expected to contribute significantly towards the results for 2024 and 2025.

Meanwhile, the development works of Sejijak Project are now ready for commencement. This project comprises 88 units of double storey terrace houses, 80 units of townhouses and 40 units of single storey terrace houses.

Phase 2 of the Federal Park project is expected to generate a total revenue of RM57.9 million while Sejijak project has an estimated gross development value of RM75 million. With these two new projects generating a total gross development value in excess of RM132.9 million, the property development unit is set to turn the corner towards profitability for 2024 onwards.

The property market in Kuching is expected to remain soft due to various issues such as escalated construction costs, labour shortages, interest rates hike and tightening of end financing for buyers. Although the market environment is challenging on many fronts, ASR is confident to navigate through this tough period with its longstanding experience in the property market. ASR will adopt a more cautious approach in new project launches and explore improvement in various areas such as cost effective and attractive new building designs and remain competitive in the market.

Investment

The hospitality unit is hopeful that the gradual recovery in the business with the pent-up demand for travel in fiscal 2023 will continue for the remainder of the financial year. Though growth is very much dependant on geographical region of the hotels, the unit remains cautious on the hospitality industry's growth in the coming year due to external pressures, which may prolong the recovery to pre-pandemic level as lingering effects of COVID-19 pandemic, continuing pressures from rising costs, staff shortage, recessionary risks and geopolitics concerns may continue to drag down the industry.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Property Development & Investment (Continued)

Investment

Cherating continues to be a popular destination for local tourists. Driven by vigorous marketing campaigns and seasonal events, Cherating hotel achieved a growth rate of 26% in Q3 2024 compared to the previous quarter. This trend is anticipated to continue barring any unforeseen circumstances.

Our aparthotel in Earls Court, London, The Marloes, had a soft launch on 11 December 2023. Fiscal 2023 saw the rebound in demand for UK hotels which may however face some uncertainties in fiscal 2024 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.

Although China's economy exhibits signs of post pandemic recovery, the hotel sector remains cautiously optimistic as it faces a slow rebound in occupancy and average room rates. In addition, the troubled property sector and lingering geopolitical tensions may derail the recovery of the travel industry when considering the outlook for the remainder of the financial year which is anticipated to remain challenging for our Shanghai hotel.

YASH in Kuala Lumpur, a high-quality mixed-use property after undergoing a review and revamp in its operations, will feature F&B venues, and an event hall as a destination for music, arts and culinary experiences, complementing its existing serviced office business. With this new business roadmap, the division anticipates income potential from YASH once it is operational in the second half of fiscal 2024.

Travel & Tours

Our Travel & Tours division has been most affected by the COVID-19 pandemic as many countries introduced curfews and travel restrictions to contain the spread of the virus. With the relaxation of travel restrictions, the division recorded a significantly improved performance since fiscal 2022. The division's performance continued to improve in fiscal 2023 and the division remains cautiously optimistic about its performance for fiscal 2024 although external factors such as increasing inflation, higher travel costs, and geopolitical concerns may dampen growth in the travel industry. The division's business plan to focus on building its corporate client base for the ticketing, group series tours and company incentive groups business and in exploring to develop more competitive inbound and outbound travel products and services remains.

Financial Services

The division comprises Paydee Sdn Bhd ("Paydee") which is engaged in card & payment services; Paydee Nura Sdn Bhd ("Nura") which is engaged in the provision of solutions for cash flow management for both small and medium-sized enterprises ("SMEs") and individuals through Shariah-compliant financing; and Qurex Sdn Bhd ("Qurex") which is involved in money services, namely currency exchange and international remittance services.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16. Prospects (Continued)

Financial Services (Continued)

Paydee will continue to focus on the evolution of its New Payment Application Services (“NPAS”). NPAS aims to deliver innovative business-to-business (“B2B”) payment application services to address several high-potential SME business segments, as well as to be the non-bank partner of choice for payment facilitators addressing the growing e-commerce and social commerce markets.

Nura launched its Shariah-compliant financing and SME cashflows management products in Q1 2024 and Q3 2024 respectively, as part of the NPAS offering of the division.

Key areas of focus for both Paydee and Nura include investment in technology renewal and the development of new capabilities and the recruitment of additional staff to further enhance, operate and manage the NPAS as well as efforts to identify and evaluate opportunities for business collaboration.

Qurex intends to synergise with Paydee for its growth plan and pending the full implementation of a new product roadmap, Qurex does not anticipate its existing businesses to grow substantially in fiscal 2024.

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. The unit will continue to focus on the Australia market as it anticipates a strong demand for the buses to Australia and with bus body orders in hand, there is a cautious optimism in the sale of the buses.

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

Our education unit represented by The Language House, (“TLC”) has reached significant milestones. We offer diversified courses using digitalised content. We have established strategic collaborations and successfully tapped markets such as China and Korea. These efforts have increased enrolments over the past quarter.

TLH has strengthened partnerships with education agents particularly in China and Korea. We have simplified our admission procedures and provide improved support for new arrivals. By tailoring programmes for cultural and academic relevance and engaging alumni as language ambassadors, our education unit has cultivated a supportive community both internally and externally. Furthermore, cross-cultural training for staff handling foreign students ensures seamless integration and effective communication.

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>30.09.2024</u> RM'000	Year-to-date ended <u>30.09.2024</u> RM'000
On current quarter results		
- Corporate income tax	(727)	(670)

The effective income tax rate of the Group for the current quarter and year-to-date ended 30 September 2024 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for taxation purpose and the non-availability of group relief for losses incurred by certain subsidiaries in the Group.

20. Status of corporate proposals

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

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

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

21. Utilisation of proceeds from disposal of Wisma Synergy

The status of utilisation of proceeds raised from the disposal of a property, Wisma Synergy, by AESBI Power Systems Sdn Bhd, an indirect wholly-owned subsidiary of the Company, as at 30 September 2024 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	48,509	3,395	Within 12 months	Additional 48 months
Expenses for the disposal	10,760	10,760	-	Within 3 months	-
	<u>124,000</u>	<u>120,605</u>	<u>3,395</u>		

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

22. Utilisation of proceeds from the Rights Issue

The status of utilisation of proceeds raised from the Rights Issue as at 30 September 2024 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	44,805	8,395	Within 36 months
Working capital	25,600	25,618	-	Within 36 months
Expenses for the Rights Issue	1,200	1,182 *	-	Immediately
	<u>80,000</u>	<u>71,605</u>	<u>8,395</u>	

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

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

23. Utilisation of proceeds from termination of lease for Langkawi Holiday Villa Sdn Bhd (“LHV”)

The status utilisation of proceeds from termination of lease for LHV as at 30 September 2024 is as follows:

	Proposed Utilisation RM'000	Utilisation to-date RM'000	Balance unutilised RM'000	Intended timeframe for Utilisation from 01.01.24
Working capital of the Group	29,890	38,117	-	Within 36 months from the Completion
Incidental expenses	15,050	6,823 *	-	Within 12 months from the Unconditional Date
Expenses for the termination	60	60	-	Within 6 months from date of the Lease Termination Agreement
	<u>45,000</u>	<u>45,000</u>	<u>-</u>	

* The remaining amount of RM8.2 million which was not utilised for incidental expenses in relation to the termination of lease for LHV was utilised for working capital of the Group.

24. Group borrowings

Details of the borrowings by the Group are as follows:

	As at 30.09.2024 RM'000	As at 31.12.2023 RM'000
Short term - secured		
- Term loans	7,381	10,302
- Revolving credit	29,000	39,000
	<u>36,381</u>	<u>49,302</u>
Long term - secured		
- Term loans	77,620	85,632
	<u>77,620</u>	<u>85,632</u>
Total borrowings	<u>114,001</u>	<u>134,934</u>

25. Financial Instruments

(a) Derivatives

The Group does not have any outstanding derivatives as at the date of this report.

(b) Gain/Loss arising from fair value changes of financial liabilities

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

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

26. Material litigation

On 29 September 2020, Antara Holiday Villas Sdn. Bhd. (“Plaintiff”) initiated a legal action against Tedulous Travel & Tours Sdn Bhd (“Defendant”) for inter alia the infringement of the “La Villa” trademark (“Suit”). On 28 August 2024, the High Court dismissed the Suit and allowed the Defendant's counterclaim with costs and damages (if any) to be further assessed. Pursuant thereto, the Plaintiff have since filed an appeal against the Judgment to the Court of Appeal as well as a stay of execution of the High Court Judgment in the High Court. The case management for the appeal in the Court of Appeal is now fixed on 9 December 2024, whereas the case management for the assessment of damages and the hearing for the stay of execution of the Judgment is now fixed on 7 January 2025. The Suit is not expected to materially affect the financial position or business of the Group.

27. Notes To The Statement of Comprehensive Income

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

	9 months ended <u>30.09.2024</u> RM'000	9 months ended <u>30.09.2023</u> RM'000
Amortisation of intangible assets	(555)	(559)
Depreciation	(9,121)	(11,368)
Dividend received	21	44
Effect of modification to lease terms	2,623	2,785
Fair value change in unquoted investment securities	(21,987)	(55)
Fair value change in quoted investment securities	41	(114)
(Impairment loss)/Reversal of impairment loss on:		
- trade and other receivables	531	-
- investment in unquoted shares	(1,693)	-
Interest expenses	(8,112)	(6,321)
Interest income	2,105	2,162
Net gain on disposal of:		
- property, plant and equipment	-	35
- quoted investment securities	10	-
Net unrealised loss on foreign exchange	(1,093)	(242)
Provision for retirement benefits plan obligations	-	(84)
Gain on disposal of a subsidiary	37	-
Loss on dissolution of subsidiary	(32)	-

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

28. Dividend

A single tier dividend in respect of the financial year ended 31 December 2023 was paid on 19 August 2024 after obtaining approval from the shareholders of the Company at the Annual General Meeting held on 19 June 2024.

29. Loss per share

Basic loss per share

The basic loss per share for the current quarter and current year-to-date are computed based on the Group's net loss attributable to equity holders of the Company of RM11,682,000 and RM26,683,000 respectively, divided by the weighted average number of ordinary shares of 2,529,194,943 for the current quarter and current year-to-date respectively as follows:

	3 months ended		Year-to-date ended	
	<u>30.09.2024</u>	<u>30.09.2023</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
	No. of shares		No. of shares	
Issued / weighted average number of ordinary shares	<u>2,529,194,943</u>	<u>2,529,194,943</u>	<u>2,529,194,943</u>	<u>2,529,194,943</u>
	3 months ended		Year-to-date ended	
	<u>30.09.2024</u>	<u>30.09.2023</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
Basic loss per share (sen)	<u>(0.46)</u>	<u>(0.10)</u>	<u>(1.05)</u>	<u>(0.41)</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>30.09.2024</u>	<u>30.09.2023</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
Diluted loss per share (sen)	<u>(0.46)</u>	<u>(0.10)</u>	<u>(1.05)</u>	<u>(0.41)</u>

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

30. Status of E-commerce activities

Not applicable.

BY ORDER OF THE BOARD
ADVANCE SYNERGY BERHAD

K. JAYAVATHANI A/P KANAGARATNAM
Company Secretary
27 November 2024