



AVILLION

BERHAD

Registration No. 199201013018 (244521-A)

Interim Financial Report for The Quarter Ended 30 June 2022

## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2022.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 March 2022 under the Malaysian Financial Reporting Standards (MFRSs) framework except for the adoption of the following MFRSs:

#### **Effective for annual period beginning on or after 1 January 2022**

MFRS 3	Business Combinations
MFRS 9	Financial Instruments: Disclosures
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above standards did not have a significant financial impact to the Group.

#### **Effective for annual periods beginning on or after 1 January 2023**

MFRS 17	Insurance Contracts
MFRS 101	Presentation of Financial Statements
MFRS 107	Statements of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 140	Investment Property

The Group will adopt the above MFRSs when they become effective in the respective financial periods. These MFRSs may have an impact on the amounts reported and disclosure made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of the above accounting standards until the Group performs the detailed review.



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## **A2 Audit Report of Preceding Annual Financial Statement**

The independent auditors reported the following material uncertainty related to going concern on the audited financial statements for the year ended 31 March 2022:

"As disclosed in Note 2.7 to the financial statements, which disclosed that the Group and the Company reported a net loss of RM9.102 million and RM10.959 million respectively during the financial year ended 31 March 2022 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter".

## **A3 Seasonal or Cyclical Factors**

The Group is principally engaged in the following business operations:

- a) Hotel
- b) Property
- c) Travel

The major festivities and school holidays generally affect the performance of Hotel & Travel Division. The performance of Property Division is affected by the sentiments of the property cycle, as the division's profitability is dependent on the sale of its properties.

## **A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

## **A5 Accounting Estimates**

There were no changes in estimates of amounts reported in prior financial quarters of the current financial year or in prior financial years that have a material effect in the current financial quarter.

## **A6 Issuance or Repayment of Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

## **A7 Dividend Paid**

There were no dividends paid during the year under review.



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## A8 Segmental Reporting

### a) Revenue

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2022 (RM'000)	Preceding Quarter Ended 30.06.2021 (RM'000)	Current Year Ended 30.06.2022 (RM'000)	Preceding Year Ended 30.06.2021 (RM'000)
<b>Continuing Operations</b>				
Hotel	8,057	1,305	8,057	1,305
Property	2,965	647	2,965	647
Travel	2,046	367	2,046	367
<b>Grand Total</b>	<b>13,068</b>	<b>2,319</b>	<b>13,068</b>	<b>2,319</b>

### b) Profit / (loss) before tax

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2022 (RM'000)	Preceding Quarter Ended 30.06.2021 (RM'000)	Current Year Ended 30.06.2022 (RM'000)	Preceding Year Ended 30.06.2021 (RM'000)
<b>Continuing Operations</b>				
Hotel	146	(3,759)	146	(3,759)
Property	(113)	(983)	(113)	(983)
Travel	(97)	(151)	(97)	(151)
Holding company & others	(1,619)	(1,282)	(1,619)	(1,282)
<b>Grand Total</b>	<b>(1,683)</b>	<b>(6,175)</b>	<b>(1,683)</b>	<b>(6,175)</b>

## A9 Material Subsequent Events

There were no material events subsequent to the current financial period ended 30 June 2022 and up to the date of this report.

## A10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 30 June 2022 and up to the date of this report.

## A11 Significant related party transactions

There were no significant related party transactions for the current financial period ended 30 June 2022 and up to the date of this report.



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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of Performance of the Company and its Principal Subsidiaries**

Revenue of the Group for the current quarter recorded RM13.07 million, an increase of 464% compared with the previous year's corresponding quarter's revenue of RM2.32 million.

The Hotel and Property Divisions recorded an increase of 517% and 358% respectively in revenue in the current quarter compared with previous year's corresponding quarter mainly due to higher business volume as a result of the easing of travel restrictions since mid-October 2021. Revenue for the previous year's corresponding quarter was impacted by the re-imposition of travel restriction across the country as a result of the covid-19 pandemic. The Travel Division has recorded an increase of 457% in revenue mainly due to higher business volume as a result of the opening of international border and easing of travel restrictions.

The earnings before interest, depreciation and tax ("EBITDA") of the Group for the current quarter was RM2.291 million compared with loss before interest, depreciation and tax ("LBITDA") of RM2.193 million in the previous year's corresponding quarter, an improvement of 204%. The improvement was mainly due to the higher revenue achieved in the current quarter as compared to previous year's corresponding quarter.

**B2 Material Changes in the Quarterly Results as compared to the Preceding quarter**

Revenue of the Group for the current quarter recorded RM13.07 million, a slight increase of 2% compared to the preceding quarter of RM12.8 million.

The EBITDA of the Group for the current quarter was RM2.291million compared with EBITDA of RM3.924 million in the preceding quarter. The higher EBITDA in the preceding quarter was mainly due

- a) Covid-19 related rent concession income received in Malaysia;
- b) Covid-19 related Government Grant received by our Singapore and Hong Kong Travel Companies;

Current quarter results were also affected by higher payroll due to the implementation of minimum wage and related expenses.

**B3 Variance from Profit Forecast**

Not applicable.



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## **B4 Commentary on Prospect**

### **Cautious Optimism Tampered with New Challenges**

The Group witnessed a welcomed, albeit muted recovery the past three quarters after being battered by the devastating effects of the prolonged Covid-19 pandemic. The phasing into the endemic stage for Covid-19 brought much hope and optimism. However, even as this was just beginning to set in, we were confronted with the Ukrainian war and the spiraling inflation brought on as a result of the disruption in the supply chain and the sanctions imposed on Russia. The impact of these factors put a damper on our initial high hopes and brought us face-to-face with the stark reality that we are still not fully out of the woods.

Domestically, the imposition of a new minimum wage had a far-reaching effect on the Group. As a result, the outlook has been tampered to one of cautious optimism, and slow but steady growth. It has become glaringly obvious that in order to survive and to thrive, the Group needs to be nimble and flexible in adapting to changes and in adopting new and innovative practices to ensure higher productivity and efficiency.

In the immediate and short term, The Group must maximize revenue whilst remaining resolute in optimizing costs to ensure profitability and positive cash flows. Concurrently and in the medium term, The Group will continue to intensify efforts to better employ its assets and maximize yields especially from the landbank in its stable. Undergirding these efforts must be the goal to source and generate new income and revenue streams over and beyond the existing three core businesses to ensure long term sustainability of The Group.

We are cautiously confident of a better outlook for the Hotel Division going forward as long as the domestic tourism market remains vibrant. As the international market is slowly opening up, we will need to concentrate on not just retaining, but improving our domestic clientele by providing unforgettable service as well as a wider range of in-house services. With the ongoing upgrading and renovation work for our properties, guests will be better served with new-look rooms, an extended lobby and other ancillary facilities. These efforts will definitely help in terms of higher occupancy and room rates for our properties.

Our hotel guests need to spend and we will be instituting various incentives to encourage spending by hotel guests. The promotion of F&B outlets, activities, spa and discount coupons will be done aggressively to spur guests into spending more in-house. Other activities that are in the pipeline include leisure cruises and parties on board private yachts and providing discounts for guests booking directly through our website. Participation at consumer fairs can no longer be done in the same manner but we will use such opportunities fruitfully and creatively to market and sell our hotel memberships which include accommodation and F&B vouchers.

As far as the Property division is concerned, we are hopeful that we will be able to seal the Sales & Purchase Agreement for the purchase of 15 shop units in Block C of Phase 2A by a public institution in the near future. This conclusion, coinciding with the expected completion of Phase 2A will result in an influx of residents and this in turn will spur greater commercial activity and augurs well for the future planning of Phase 2B.



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#### **B4 Commentary on Prospect (continued)**

We remain cautious for the Travel Division in both Singapore and Hong Kong. The impact of the Ukrainian war and even higher inflation in Europe was definitely a damper to an initial marked uptick in international travel. With increased worries over overall price increases, international travel may be affected through reduced spending on travel. We will ensure that our Singapore operation capitalizes on the island's desire to host major international events which will see an influx of foreign arrivals into the island Republic. We are also hopeful that the recent success of sorts in Hong Kong in containing the Omicron outbreaks there, will lead to a more relaxed stance taken by the Governments as far as international travel is concerned. Our Travel Division will continue to persevere, with a leaner but more efficient and productive structure.

The Management remains cautiously upbeat that the Group will continue to recover and grow in the coming year.

#### **B5 Profit / (loss) before tax**

Profit / (loss) before tax is derived after charging / (credited) of the following:

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Quarter Ended 30.06.2022 (RM'000)</b>	<b>Preceding Quarter Ended 30.06.2021 (RM'000)</b>	<b>Current Year Ended 30.06.2022 (RM'000)</b>	<b>Preceding Year Ended 30.06.2021 (RM'000)</b>
Interest income	(1)	(6)	(1)	(6)
Rental income	(16)	(16)	(16)	(16)
COVID-19 related rent concessions income	(0)	(19)	(0)	(19)
COVID-19 fund from government	(11)	(103)	(11)	(103)

#### **B6 Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Quarter Ended 30.06.2022 (RM'000)</b>	<b>Preceding Quarter Ended 30.06.2021 (RM'000)</b>	<b>Current Year Ended 30.06.2022 (RM'000)</b>	<b>Preceding Year Ended 30.06.2021 (RM'000)</b>
a) Income Tax				
i) Current year	88	0	88	0
ii) Underprovision in prior year	4	0	4	0
<b>Total</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>

The Group tax rate is higher than the statutory tax rate applicable due to the Provision of taxation on profit by certain subsidiary companies.



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## B7 Status of Corporate proposals

On 17 October 2019 the Company announced the proposed listing and quotation of up to 188,881,350 Placement Shares and an issuance of up to 566,644,050 free warrants on the basis of one Warrant for every two ordinary shares of the Company held on an entitlement date to be determined by the Board and announced at a later date.

In June 2021, the Company had placed out 2,083,334 Placement Shares at RM0.12 each and listed on the Main Market of Bursa Securities on 21 June 2021. The Company had further placed out 96,333,330 Placement Shares at RM0.12 each and 90,464,686 Placement Shares at RM0.12 each in August and November 2021 respectively, of which such Placement Shares were listed on the Main Market of Bursa Securities on 24 August and 19<sup>th</sup> November 2021 respectively.

The status of utilization of proceeds raised from the abovementioned Placement Shares as at 30 June 2022 were as follows:

	Circular dated 3rd Dec 2019 (RM'000)	Actual proceeds Raised (RM'000)	Approved Revised (RM'000)	Amount Utilised (RM'000)	Amount Unutilised (RM'000)	Intended Timeframe for Utilisation
Repayment of bank borrowings	6,000	6,000	4,889	4,580	309	Within 1 mths
Asset enhancement & refurbishment programme	10,000	10,000	5,611	874	4,737	Within 6 mths
Part funding of Desa Impian Project	3,000	3,000	3,000	3,000	0	
General working capital	7,093	3,316	8,816	8,816	0	
Estimated expenses	350	350	350	350	0	
<b>Total</b>	<b>26,443</b>	<b>22,666</b>	<b>22,666</b>	<b>17,620</b>	<b>5,046</b>	



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## B8 Group Borrowings

### a) Banking Facilities

	As at 30.06.2022			As at 30.06.2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a) Short term borrowings	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
i. Overdraft	15,769	1,444	17,213	24,802	1,997	26,799
ii. Revolving Credit	9,475	-	9,475	10,457	-	10,457
iii. Long term loans repayable within 12 months	10,900	-	10,900	8,400	-	8,400
iv. Lease Liabilities / Finance lease liability repayable within 12 months	1,678	-	1,678	1,464	-	1,464
v. Total	<u>37,822</u>	<u>1,444</u>	<u>39,266</u>	<u>45,123</u>	<u>1,997</u>	<u>47,120</u>
b) Long term borrowings						
i. Long term loans	61,077	-	61,077	61,598	-	61,598
Less portion payable within 12 months	(10,900)	-	(10,900)	(8,400)	-	(8,400)
	<u>50,177</u>	<u>0</u>	<u>50,177</u>	<u>53,198</u>	<u>0</u>	<u>53,198</u>
ii. Lease Liabilities / Finance lease liability	1,921	-	1,921	3,825	-	3,825
Less portion payable within 12 months	(1,678)	-	(1,678)	(1,464)	-	(1,464)
	<u>243</u>	<u>0</u>	<u>243</u>	<u>2,361</u>	<u>0</u>	<u>2,361</u>
iii. Total	50,420	0	50,420	55,559	0	55,559
c) Total borrowings	88,242	1,444	89,686	100,682	1,977	102,679

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2022 was RM0.343 million (HKD0.611 million) and as at 30 June 2021 was RM0.276 million (HKD0.516 million).





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**B9 Derivative Financial Instruments**

The Group is not a party to any financial instruments, which may have an effect to the derivative financial instruments at the date of this report.

**B10 Material Litigation**

There was no material litigation pending as at the date of this announcement

**B11 Losses Per Share**

**a) Basic**

Basic losses per share is calculated by dividing the net loss attributable to the shareholders for the current financial period ended 30 June 2022 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2022 (RM'000)	Preceding Quarter Ended 30.06.2021 (RM'000)	Current Year Ended 30.06.2022 (RM'000)	Preceding Year Ended 30.06.2021 (RM'000)
<b>Net loss attributable to Equity holders of the Parent (RM'000)</b>	(1,800)	(6,018)	(1,800)	(6,018)
<b>Basic ('000)</b>				
<b>Total Weighted average number of ordinary shares</b>	<b>1,133,288</b>	<b>945,101</b>	<b>1,133,288</b>	<b>945,101</b>
<b>Basic losses per share(sen)</b>	(0.16)	(0.64)	(0.16)	(0.64)

**b) Diluted**

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue as at the end of the current financial period ended 30 June 2022.

**B12 Authorisation for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2022.