



AVILLION

BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Quarter Ended 30 September 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 30.09.2022 (RM'000)	Preceding Quarter Ended 30.09.2021 (RM'000)	Current Year Ended 30.09.2022 (RM'000)	Preceding Year Ended 30.09.2021 (RM'000)
<b>Continuing Operations</b>				
Hotel	10,195	999	18,252	2,304
Property	2,727	1,640	5,692	2,287
Travel	3,339	597	5,385	964
<b>Grand Total</b>	<b>16,261</b>	<b>3,236</b>	<b>29,329</b>	<b>5,555</b>

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2022 (RM'000)	Preceding Quarter Ended 30.09.2021 (RM'000)	Current Year Ended 30.09.2022 (RM'000)	Preceding Year Ended 30.09.2021 (RM'000)
<b>Continuing Operations</b>				
Hotel	1,439	(3,496)	1,585	(7,255)
Property	(748)	(191)	(861)	(1,174)
Travel	217	(254)	120	(405)
Holding company & others	(1,470)	(2,002)	(3,089)	(3,284)
<b>Grand Total</b>	<b>(562)</b>	<b>(5,943)</b>	<b>(2,245)</b>	<b>(12,118)</b>

**A9 Material Subsequent Events**

There were no material events subsequent to the current financial period ended 30 September 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 September 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 September 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**

	3 months ended		Changes	
	Current year quarter ended 30.09.2022 (RM'000)	Preceding year quarter ended 30.09.2021 (RM'000)	(RM'000)	%
Revenue	16,261	3,236	13,025	403%
EBITDA/(LBITDA)	3,280	(1,963)	5,243	267%
Loss before taxation	(562)	(5,943)	5,381	91%

The Group reported revenue, EBITDA and loss before taxation of RM16.26 million, RM3.28 million and RM0.56 million respectively for the current financial quarter under review. This represents an increase in revenue of 403% against the corresponding financial quarter where revenue amounted to approximately RM3.24 million.

The Hotel and Property Divisions recorded an increase of 920% and 66% 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 460% 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 RM3.28 million compared with loss before interest, depreciation and tax ("LBITDA") of RM1.96 million in the previous year's corresponding quarter, an improvement of RM5.24 million. The improvement was mainly due to the higher revenue achieved in the current quarter as compared to previous year's corresponding quarter.

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

	3 months ended		Changes	
	Current quarter ended 30.09.2022 (RM'000)	Preceding quarter ended 30.06.2022 (RM'000)	(RM'000)	%
Revenue	16,261	13,068	3,193	24%
EBITDA/(LBITDA)	3,280	2,292	988	43%
Loss before taxation	(562)	(1,683)	1,121	67%

Revenue of the Group for the current quarter recorded RM16.26 million, an increase of 24% compared to the preceding quarter of RM13.07 million.

The EBITDA of the Group for the current quarter was RM3.28 million compared with EBITDA of RM2.29 million in the preceding quarter. The higher EBITDA in the current quarter was mainly due to higher business volume achieved by the Hotel and Travel Divisions in the current quarter as compared to previous quarter as a result of pent-up demand and the easing of travel restrictions.

**B3 Variance from Profit Forecast**

Not applicable.

**B4 Commentary on Prospect**

The global economic environment is expected to remain challenging from continued headwinds posed by geopolitical tensions and high inflation. Against the backdrop of slowing global growth, economic recovery momentum in Malaysia is expected to persist, supported by domestic demand.

The Group is cautiously optimistic of the improving general market condition in the near-term but remains positive in the longer-term. Our business has continued to recover well, and the Group will keep focusing on strategies to grow its market share.

We will continue to take proactive measures to remain resilient and will explore new opportunities and ideas to further improve the Group's performance.

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

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2022 (RM'000)	Preceding Quarter Ended 30.09.2021 (RM'000)	Current Year Ended 30.09.2022 (RM'000)	Preceding Year Ended 30.09.2021 (RM'000)
Interest income	(1)	0	(2)	(6)
Rental income	(17)	(17)	(33)	(33)
COVID-19 related rent concessions income	(13)	(10)	(13)	(29)
COVID-19 fund from government	(4)	(55)	(15)	(158)
Impairment loss on trade receivables	100	0	100	0

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**B6 Taxation**

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2022 (RM'000)	Preceding Quarter Ended 30.09.2021 (RM'000)	Current Year Ended 30.09.2022 (RM'000)	Preceding Year Ended 30.09.2021 (RM'000)
a) Income Tax				
i) Current year	75	0	163	0
ii) Under provision in prior year	0	7	4	7
<b>Total</b>	<b>75</b>	<b>7</b>	<b>167</b>	<b>7</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.

**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 September 2022 were as follows:

	Circular dated 3rd Dec 2019 (RM'000)	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	4,889	0	
Asset enhancement & refurbishment programme	10,000	10,000	5,611	967	4,644	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>18,022</b>	<b>4,644</b>	



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## B8 Group Borrowings

### a) Banking Facilities

	As at 30.09.2022			As at 30.09.2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
a) Short term borrowings						
i. Overdraft	16,443	1,443	17,886	15,957	-	15,957
ii. Revolving Credit	9,250	-	9,250	10,457	-	10,457
iii. Long term loans repayable within 12 months	5,250	-	5,250	8,400	-	8,400
iv. Lease Liabilities / Finance lease liability repayable within 12 months	1,342	-	1,342	1,162	-	1,162
v. Total	<u>32,285</u>	<u>1,443</u>	<u>33,728</u>	<u>35,976</u>	<u>0</u>	<u>35,976</u>
b) Long term borrowings						
i. Long term loans	59,541	-	59,541	61,598	-	61,598
<b>Less</b> portion payable within 12 months	<u>(5,250)</u>	<u>-</u>	<u>(5,250)</u>	<u>(8,400)</u>	<u>-</u>	<u>(8,400)</u>
	<u>54,291</u>	<u>0</u>	<u>54,291</u>	<u>53,198</u>	<u>0</u>	<u>53,198</u>
ii. Lease Liabilities / Finance lease liability	1,633	-	1,633	3,486	-	3,486
<b>Less</b> portion payable within 12 months	<u>(1,342)</u>	<u>-</u>	<u>(1,342)</u>	<u>(1,162)</u>	<u>-</u>	<u>(1,162)</u>
	<u>291</u>	<u>0</u>	<u>291</u>	<u>2,324</u>	<u>0</u>	<u>2,324</u>
iii. Total	54,582	0	54,582	55,522	0	55,522
c) Total borrowings	86,867	1,443	88,310	91,498	0	91,498

b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 September 2022 was RM0.359 million (HKD0.608 million) and as at 30 September 2021 was RM0.312 million (HKD0.579 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 September 2022 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.09.2022 (RM'000)	Preceding Quarter Ended 30.09.2021 (RM'000)	Current Year Ended 30.09.2022 (RM'000)	Preceding Year Ended 30.09.2021 (RM'000)
<b>Net loss attributable to Equity holders of the Parent (RM'000)</b>	(573)	(5,928)	(2,373)	(11,946)
<b>Basic ('000)</b>				
<b>Total Weighted average number of ordinary shares</b>	<b>1,133,288</b>	<b>961,851</b>	<b>1,133,288</b>	<b>961,851</b>
<b>Basic losses per share(sen)</b>	(0.05)	(0.62)	(0.21)	(1.24)

**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 September 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 24 November 2022.