



AVILLION

BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

**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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Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

**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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BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

## **A8 Segmental Reporting**

### **a) Revenue**

	<b>Individual Quarter</b>		<b>Cumulative Year</b>	
	<b>Current Quarter Ended 31.03.2023 (RM'000)</b>	<b>Preceding Quarter Ended 31.03.2022 (RM'000)</b>	<b>Current Year Ended 31.03.2023 (RM'000)</b>	<b>Preceding Year Ended 31.03.2022 (RM'000)</b>
<b>Continuing Operations</b>				
Hotel	9,172	8,327	39,083	21,767
Property	3,766	3,630	13,606	7,774
Travel	5,457	767	14,138	2,534
<b>Grand Total</b>	<b>18,395</b>	<b>12,724</b>	<b>66,827</b>	<b>32,075</b>

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

	<b>Individual Quarter</b>		<b>Cumulative Year</b>	
	<b>Current Quarter Ended 31.03.2023 (RM'000)</b>	<b>Preceding Quarter Ended 31.03.2022 (RM'000)</b>	<b>Current Year Ended 31.03.2023 (RM'000)</b>	<b>Preceding Year Ended 31.03.2022 (RM'000)</b>
<b>Continuing Operations</b>				
Hotel	283	2,355	4,126	(1,890)
Property	(2,511)	100	(3,413)	(1,451)
Travel	(747)	(1,097)	(349)	(1,628)
Holding company & others	(801)	(415)	(5,660)	(5,810)
<b>Grand Total</b>	<b>(3,776)</b>	<b>943</b>	<b>(5,296)</b>	<b>(10,779)</b>

## **A9 Material Subsequent Events**

There were no material events subsequent to the current financial year ended 31 March 2023 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 year ended 31 March 2023 and up to the date of this report.

## **A11 Significant related party transactions**

There were no significant related party transactions for the current financial year ended 31 March 2023 and up to the date of this report.



AVILLION

BERHAD

Registration No. 199201013018 (244521-A)

Interim Financial Report for The Year Ended 31 March 2023

**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 31.03.2023 (RM'000)	Preceding year quarter ended 31.03.2022 (RM'000)	(RM'000)	%
Revenue	18,395	12,724	5,671	44%
EBITDA	158	4,222	(4,064)	(96%)
(Loss) / Profit before taxation	(3,776)	943	(4,719)	(500%)

The Group reported revenue, EBITDA and loss before taxation of RM18.4 million, RM0.16 million and RM3.78 million respectively for the current financial quarter under review. This represents an increase in revenue of 44% against the corresponding financial quarter.

Hotel Divisions recorded an increase of 10% in revenue compared to preceding year same quarter. The increase was mainly due to the increase in business volume as a result of the easing of travel restriction. Property Division recorded an increase of 4% mainly due to the recognition of progressive billing for Desa Impian project at Johor. Travel Division has recorded an increase of 611% 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, tax, depreciation and amortisation ("EBITDA") of the Group for the current quarter was RM0.16 million compared with previous year's corresponding quarter of RM4.22 million. Lower Earning was mainly due:

- a) Provision for Liquidated and Ascertained Damages for the Property Division due to the delay in the completion of construction and issuance of Certificate of Completion and Compliance (CCC)
- b) Increase in Manning cost to ensure adequate manpower are available in the fulfillment of services in the Hotel division and the implementation of minimum wages in May 2022.
- c) Increase in Depreciation for property, plant and machine and right of use assets.



**AVILLION**

BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

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

	3 months ended		Changes	
	Current quarter ended 31.03.2023 (RM'000)	Preceding quarter ended 31.12.2022 (RM'000)	(RM'000)	%
Revenue	18,395	19,103	(708)	(4%)
EBITDA	158	4,913	(4,755)	(97%)
Profit /(loss) before taxation	(3,776)	725	(4,501)	(621%)

Revenue of the Group for the current quarter recorded RM18.4 million, a decrease of 4% compared to the preceding quarter of RM19.1 million.

The EBITDA of the Group for the current quarter was RM0.16 million compared with EBITDA of RM4.9 million in the preceding quarter.

Lower profit was mainly due to:

- a) Lower revenue in the 4<sup>th</sup> quarter due to seasonality in which 3<sup>rd</sup> quarter is traditionally a stronger quarter.
- b) Provision for Liquidated and Damages for the Property Division due to the delay in the completion of construction and issuance of Certificate of Completion and Compliance (CCC)

**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. Being in hospitality industry, the Group will continue to face the uncertain domestic consumption as corporate and households continue to adjust to the higher cost of doing business and higher cost of living respectively.

With the immediate goal of putting the group back on track on the path to profitability, we will be focused on reviewing and improving the economics of doing business and to pursue higher yields and margins.

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



**AVILLION**

BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

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

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.03.2023 (RM'000)	Preceding Quarter Ended 31.03.2022 (RM'000)	Current Year Ended 31.03.2023 (RM'000)	Preceding Year Ended 31.03.2022 (RM'000)
Interest income	(27)	3	(32)	(6)
Rental income	(16)	(16)	(66)	(66)
COVID-19 related rent concessions income	(101)	(242)	(114)	(279)
COVID-19 fund from government	(203)	(45)	(232)	(203)
Waiver of trade & other payables	0	(398)	0	(398)
Gain on disposal of property, plant & equipment & investment properties	(59)	0	(59)	0
Impairment loss on trade receivables	0	217	104	217

**B6 Taxation**

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.03.2023 (RM'000)	Preceding Quarter Ended 31.03.2022 (RM'000)	Current Year Ended 31.03.2023 (RM'000)	Preceding Year Ended 31.03.2022 (RM'000)
a) Income Tax				
i) Current year	1,699	390	1,931	390
ii) Under/(over) provision in prior year	(275)	(2)	(271)	6
b) Deferred tax				
i) Overprovision in prior year	(51)	(956)	(51)	(956)
ii) Current year	(1,501)	(1,117)	(1,501)	(1,117)
<b>Total</b>	<b>(128)</b>	<b>(1,685)</b>	<b>108</b>	<b>(1,677)</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.



**AVILLION**

BERHAD

Registration No. 199201013018 (244521-A)

**Interim Financial Report for The Year Ended 31 March 2023**

**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 31 March 2023 were as follows:

	Circular dated 3rd Dec 2019	proceeds Raised	Approved Revised	Amount Utilised	Amount Unutilised	Intended Timeframe for Utilisation
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
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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BERHAD

Registration No. 199201013018 (244521-A)

Interim Financial Report For The Year Ended 31 March 2023

## B8 Group Borrowings

### a) Banking Facilities

	As at 31.03.2023			As at 31.03.2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
a) Short term borrowings						
i. Overdraft	24,168	0	24,168	13,019	1,614	14,633
ii. Revolving Credit	8,400	-	8,400	9,475	-	9,475
iii. Long term loans repayable within 12 months	4,800	-	4,800	7,750	-	7,750
iv. Lease Liabilities / hire purchase payable repayable within 12 months	460	-	460	3,574	-	3,574
v. Total	<u>37,828</u>	<u>0</u>	<u>37,828</u>	<u>33,818</u>	<u>1,614</u>	<u>35,432</u>
b) Long term borrowings						
i. Long term loans	57,291	-	57,291	61,070	-	61,070
<b>Less</b> portion payable within 12 months	<u>(4,800)</u>	<u>-</u>	<u>(4,800)</u>	<u>(7,750)</u>	<u>-</u>	<u>(7,750)</u>
	<u>52,491</u>	<u>0</u>	<u>52,491</u>	<u>53,320</u>	<u>0</u>	<u>53,320</u>
ii. Lease Liabilities / hire purchase payable	628	-	628	4,071	-	4,071
<b>Less</b> portion payable within 12 months	<u>(460)</u>	<u>-</u>	<u>(460)</u>	<u>(3,574)</u>	<u>-</u>	<u>(3,574)</u>
	<u>168</u>	<u>0</u>	<u>168</u>	<u>497</u>	<u>0</u>	<u>497</u>
iii. Total	52,659	0	52,659	53,817	0	53,817
c) Total borrowings	90,487	0	90,487	87,635	1,614	89,249

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 31 March 2023 was RM0.5 million (HKD0.889 million) and as at 31 March 2022 was RM0.322 million (HKD0.6 million).





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Registration No. 199201013018 (244521-A)

**Interim Financial Report For The Year Ended 31 March 2023**

**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 Earnings/ (losses) Per Share**

**a) Basic**

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to the shareholders for the current financial year ended 31 March 2023 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31.03.2023 (RM'000)	Preceding Quarter Ended 31.03.2022 (RM'000)	Current Year Ended 31.03.2023 (RM'000)	Preceding Year Ended 31.03.2022 (RM'000)
Net profit/(loss) attributable To Equity holders of the Parent (RM'000)	(3,047)	2,568	(4,764)	(8,960)
Basic ('000)				
Total Weighted average number of ordinary shares	1,133,288	1,008,945	1,133,288	1,008,945
Basic earnings/(losses) per share (sen)	(0.27)	0.25	(0.42)	(0.89)

**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 year ended 31 March 2023.

**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 31 May 2023.