



AVILLION

BERHAD

Registration No. 199201013018 (244521-A)

Interim Financial Report for The Quarter Ended 30 June 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 2023. 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 2023.

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 2023 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 2023

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 3	Business Combinations*
MFRS 7	Financial Instruments: Disclosures*
MFRS 9	Financial Instruments*
MFRS 15	Revenue from Contracts with Customers*
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 116	Property, Plant and Equipment*
MFRS 119	Employee Benefits*
MFRS 132	Financial Instruments: Presentation*
MFRS 136	Impairment of Assets*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets*
MFRS 140	Investment Property*

* *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts.*

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



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A1 Basis of Preparation (Cont'd)

Effective for annual periods beginning on or after 1 January 2024

MFRS 16 Leases

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.

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 2023:

"As disclosed in Note 2.6 to the financial statements, which disclosed that the Group and the Company reported a net loss of RM5.402 million and RM4.840 million respectively during the financial year ended 31 March 2023 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.



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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.

A8 Segmental Reporting

a) Revenue

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2023 (RM'000)	Preceding Quarter Ended 30.06.2022 (RM'000)	Current Year Ended 30.06.2023 (RM'000)	Preceding Year Ended 30.06.2022 (RM'000)
Continuing Operations				
Hotel	7,961	8,057	7,961	8,057
Property	5,212	2,965	5,212	2,965
Travel	3,797	2,046	3,797	2,046
Grand Total	16,970	13,068	16,970	13,068

b) Profit / (loss) before tax

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2023 (RM'000)	Preceding Quarter Ended 30.06.2022 (RM'000)	Current Year Ended 30.06.2023 (RM'000)	Preceding Year Ended 30.06.2022 (RM'000)
Continuing Operations				
Hotel	(383)	146	(383)	146
Property	(807)	(113)	(807)	(113)
Travel	76	(97)	76	(97)
Holding company & others	(1,743)	(1,619)	(1,743)	(1,619)
Grand Total	(2,857)	(1,683)	(2,857)	(1,683)

A9 Material Subsequent Events

There were no material events subsequent to the current financial period ended 30 June 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 period ended 30 June 2023 and up to the date of this report.



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A11 Significant related party transactions

There were no significant related party transactions for the current financial period ended 30 June 2023 and up to the date of this report.

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 30.06.2023 (RM'000)	Preceding year quarter ended 30.06.2022 (RM'000)	(RM'000)	%
Revenue	16,970	13,068	3,902	30%
EBITDA	1,220	2,292	(1,072)	(47%)
Loss before taxation	(2,857)	(1,683)	(1,174)	(70%)

The Group reported revenue, EBITDA and loss before taxation of RM16.97 million, RM1.22 million and RM2.86 million respectively for the current financial quarter under review. This represents an increase in revenue of 30% against the corresponding financial quarter where revenue amounted to RM13.07 million.

While Hotel Divisions revenue is consistent with preceding year same quarter. Property Division recorded an increase of 76% in revenue mainly due to the recognition of progress billing from the issuance of Certificate of Completion and Compliance ("CCC") for our project in Desa Impian, Bandar Tenggara, Johor and delivered vacant possession to our buyers on 27 June 2023. Travel Division has recorded an increase of 86% in revenue mainly due to higher business volume after Covid-19.

The Earnings before interest, tax, depreciation and amortisation ("EBITDA") of the Group for the current quarter was RM1.22 million compared with previous year's corresponding quarter of RM2.29 million. Lower earning was mainly due to:

- Increase in manning cost to ensure adequate manpower is available in the fulfillment of services across the 3 business divisions.
- Higher cost including property maintenance and other operating expenditure.
- Profit from sale of one piece of land was recognized in the 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 30.06.2023 (RM'000)	Preceding quarter ended 31.03.2023 (RM'000)	(RM'000)	%
Revenue	16,970	18,395	(1,425)	(8%)
EBITDA	1,220	141	1,079	765%
Loss before taxation	(2,857)	(3,776)	919	24%

Revenue of the Group for the current quarter recorded at RM16.97 million, a decrease of 8% compared to the preceding quarter of RM18.4 million. The lower revenue was mainly due to seasonality in which the preceding quarter is traditionally a stronger quarter for Hotel and Travel Divisions.

Despite lower revenue in the current quarter, the EBITDA of the Group was 672% higher than the preceding quarter. This is mainly due to the provision of Liquidated and Damages (LAD) for the Property Division in the preceding quarter ended 31 March 2023. No additional provision is required in the current quarter under review.

B3 Variance from Profit Forecast

Not applicable.

B4 Commentary on Prospect

Today hospitality and travel business activities have resumed in all the markets we operate in.

With the immediate goal of putting the group back to profitability and positive cash flow, the Group will be focused on reviewing and improving the economics of doing business and to pursue higher yields and margins.

In the medium to long term, the Group will continue to intensify its efforts to maximise yield from its assets and unlocking its landbank. It is also our goal to source and generate new income streams to ensure long term sustainability of the group.

Barring any unforeseen circumstances, Avillion is optimistic that the worst is behind us and greener pastures are ahead.



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B5 Profit / (loss) before tax

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

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2023 (RM'000)	Preceding Quarter Ended 30.06.2022 (RM'000)	Current Year Ended 30.06.2023 (RM'000)	Preceding Year Ended 30.06.2022 (RM'000)
Interest income	(39)	(1)	(39)	(1)
Rental income	(21)	(16)	(21)	(16)
COVID-19 fund from government	(14)	(11)	(14)	(11)

B6 Taxation

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2023 (RM'000)	Preceding Quarter Ended 30.06.2022 (RM'000)	Current Year Ended 30.06.2023 (RM'000)	Preceding Year Ended 30.06.2022 (RM'000)
a) Income Tax				
i) Current year	29	88	29	88
ii) Underprovision in prior year	0	4	0	4
Total	29	92	29	92

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 19th November 2021 respectively.

The status of utilization of proceeds raised from the abovementioned Placement Shares as at 30 June 2023 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	
Total	26,443	22,666	22,666	18,022	4,644	



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B8 Group Borrowings

a) Banking Facilities

	As at 30.06.2023			As at 30.06.2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a) Short term borrowings	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
i. Overdraft	24,891	-	24,891	15,769	1,444	17,213
ii. Revolving Credit	7,875	-	7,875	9,475	-	9,475
iii. Long term loans repayable within 12 months	5,200	-	5,200	10,900	-	10,900
iv. Lease Liabilities / Hire purchase payable repayable within 12 months	3,479	-	3,479	1,678	-	1,678
v. Total	<u>41,445</u>	<u>0</u>	<u>41,445</u>	<u>37,822</u>	<u>1,444</u>	<u>39,266</u>
b) Long term borrowings						
i. Long term loans	56,384	-	56,384	61,077	-	61,077
Less portion payable within 12 months	(5,200)	-	(5,200)	(10,900)	-	(10,900)
	<u>51,184</u>	<u>0</u>	<u>51,184</u>	<u>50,177</u>	<u>0</u>	<u>50,177</u>
ii. Lease Liabilities / Hire purchase payable	4,767	-	4,767	1,921	-	1,921
Less portion payable within 12 months	(3,479)	-	(3,479)	(1,678)	-	(1,678)
	<u>1,288</u>	<u>0</u>	<u>1,288</u>	<u>243</u>	<u>0</u>	<u>243</u>
iii. Total	52,472	0	52,472	50,420	0	50,420
c) Total borrowings	93,917	0	93,917	88,242	1,444	89,686

- b) Foreign currency borrowings included in the above in Ringgit Malaysia equivalent as at 30 June 2023 was RM0.540 million (HKD0.904 million) and as at 30 June 2022 was RM0.343 million (HKD0.611 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 2023 as follows:

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30.06.2023 (RM'000)	Preceding Quarter Ended 30.06.2022 (RM'000)	Current Year Ended 30.06.2023 (RM'000)	Preceding Year Ended 30.06.2022 (RM'000)
Net loss attributable to Equity holders of the Parent (RM'000)	(2,747)	(1,800)	(2,747)	(1,800)
Basic ('000)				
Total Weighted average number of ordinary shares	1,133,288	1,133,288	1,133,288	1,133,288
Basic losses per share(sen)	(0.24)	(0.16)	(0.24)	(0.16)

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 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 28 August 2023.