

# ADVANCECON

ADVANCECON HOLDINGS BERHAD  
(Company Number : 426965 - M)  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR SECOND QUARTER ENDED 30 JUNE 2018

(The figures have not been audited)

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 JUNE 2018 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2017 RM	CURRENT YEAR TO DATE 30 JUNE 2018 RM	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2017 RM
Revenue	A9	73,734,299	82,186,897	135,495,636	141,336,725
Cost of Sales		(60,250,730)	(64,743,804)	(111,162,178)	(108,784,957)
Gross Profit		13,483,569	17,443,093	24,333,458	32,551,768
Other Income		1,590,352	863,524	2,802,749	1,727,954
		15,073,921	18,306,617	27,136,207	34,279,722
Administrative Expenses		(6,914,318)	(5,863,484)	(12,804,788)	(10,579,228)
Other Operating Expenses		(829,549)	(736,353)	(1,616,070)	(1,433,497)
Finance Costs		(2,047,945)	(1,393,602)	(3,743,700)	(2,741,095)
<b>Profit Before Taxation</b>	B13	<b>5,282,109</b>	<b>10,313,178</b>	<b>8,971,649</b>	<b>19,525,902</b>
Income Tax Expense	B5	(1,618,762)	(2,818,251)	(2,775,929)	(5,178,747)
<b>Profit After Taxation/Total Comprehensive income for</b>		<b>3,663,347</b>	<b>7,494,927</b>	<b>6,195,720</b>	<b>14,347,155</b>
<b>Total Comprehensive Income attributable to:-</b>					
Owners of the Company		<b>3,663,347</b>	<b>7,494,927</b>	<b>6,195,720</b>	<b>14,347,155</b>
<b>Attributable to equity holders of the Company:</b>					
Basic earnings per share (sen) <sup>(2)</sup>	B11	0.91	2.40	1.54	4.60
Diluted earnings per share (sen)		0.91	2.40	1.54	4.60

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED AS AT CURRENT QUARTER 30 JUNE 2018 RM</b>	<b>AUDITED AS AT FINANCIAL YEAR ENDED 31 DEC 2017 RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	167,645,206	151,367,890
Investment properties	34,128,456	32,927,635
Finance lease receivables	1,390,509	1,691,881
Trade receivables	140,675	155,675
	203,304,846	186,143,081
<b>CURRENT ASSETS</b>		
Contract assets	12,648,653	8,762,940
Finance lease receivables	504,000	399,149
Trade receivables	147,541,222	113,918,084
Other receivables, deposits and prepayments	6,671,087	7,993,583
Short-term investments	2,928,110	2,293,570
Current tax assets	3,530,855	2,270,569
Deposits with licensed banks	25,988,193	22,315,291
Cash and bank balances	12,681,409	24,581,370
	212,493,529	182,534,556
<b>TOTAL ASSETS</b>	<b>415,798,375</b>	<b>368,677,637</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	85,752,871	85,752,871
Retained profits	95,050,739	88,855,019
<b>TOTAL EQUITY</b>	<b>180,803,610</b>	<b>174,607,890</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	6,624,084	6,624,084
Long-term borrowings	75,816,343	64,746,151
	82,440,427	71,370,235
<b>CURRENT LIABILITIES</b>		
Contract liabilities	30,519,755	8,976,387
Trade payables	43,432,618	44,793,675
Other payables and accruals	18,333,050	25,278,026
Current tax liabilities	133,071	193,754
Short-term borrowings	56,902,582	40,556,315
Bank overdrafts	3,233,262	2,901,355
	152,554,338	122,699,512
<b>TOTAL LIABILITIES</b>	<b>234,994,765</b>	<b>194,069,747</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>415,798,375</b>	<b>368,677,637</b>
Net asset per share (RM) <sup>(2)</sup>	0.45	0.43

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR SECOND QUARTER ENDED 30 JUNE 2018**

	<b>SHARE CAPITAL RM</b>	<b>RETAINED PROFITS RM</b>	<b>TOTAL RM</b>
<b>The Group</b>			
<b>(Audited)</b>			
Balance at 1.1.2017	31,207,900	74,412,729	105,620,629
Profit after taxation/Total comprehensive income for the financial year	-	18,463,080	18,463,080
Contribution by and distribution to owners of the company:			
- Issuance of shares	56,700,000	-	56,700,000
- Dividends	-	(4,020,790)	(4,020,790)
Share issue expenses	(2,155,029)	-	(2,155,029)
<b>Balance at 31.12.2017</b>	<b>85,752,871</b>	<b>88,855,019</b>	<b>174,607,890</b>
<b>(Unaudited)</b>			
Balance at 1.1.2018	85,752,871	88,855,019	174,607,890
Profit after taxation/Total comprehensive income for the financial year	-	6,195,720	6,195,720
<b>Balance at 30.6.2018</b>	<b>85,752,871</b>	<b>95,050,739</b>	<b>180,803,610</b>

**Note:**

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR SECOND QUARTER ENDED 30 JUNE 2018**  
(The figures have not been audited)

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	<b>CUMULATIVE CURRENT PERIOD ENDED 30 JUNE 2018 RM</b>	<b>CUMULATIVE COMPARATIVE PERIOD ENDED 30 JUNE 2017 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,971,649	19,525,902
<u>Adjustments for:-</u>		
Depreciation:		
- investment properties	195,079	224,713
- property, plant and equipment	12,384,166	9,101,119
Interest expense	3,743,700	2,741,095
Property, plant and equipment written off	1,991	3,863
Gain on disposal of property, plant and equipment	(1,082,071)	(501,458)
Gain on disposal of investment property	-	(153,823)
Interest income	(582,415)	(401,856)
Operating profit before working capital changes	23,632,099	30,539,555
Increase in contract assets	(3,885,713)	(3,376,296)
Increase / (Decrease) in contract liabilities	21,543,368	(11,609,594)
(Increase)/ Decrease in trade and other receivables	(32,285,642)	19,506,470
(Decrease) / Increase in trade and other payables	(8,306,033)	23,937,311
<b>Cash from operations</b>	<b>698,079</b>	<b>58,997,446</b>
Interest paid	(3,743,700)	(2,741,095)
Tax refund	8,000	-
Tax paid	(4,104,898)	(2,551,650)
<b>NET CASH (FOR) / FROM OPERATING ACTIVITIES</b>	<b>(7,142,519)</b>	<b>53,704,701</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	547,875	401,856
Dividend income from short-term investments	34,540	-
Increase in deposits pledged with licensed bank	(8,272,902)	(692,398)
Withdrawer of deposits with original maturity more than 3 months	4,600,000	-
Purchase of property, plant and equipment	(29,475,647)	(32,732,646)
Purchase of investment properties	(1,395,900)	(1,691,857)
Proceeds from disposal of property, plant and equipment	1,894,245	2,090,902
Partial sale proceeds received from disposal of investment property	-	115,000
Repayment of finance lease receivables	196,521	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(31,871,268)</b>	<b>(32,509,143)</b>
<b>CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES</b>		
Dividend paid	-	(9,500,000)
Drawdown of term loan	5,567,968	1,888,575
Net drawdown/ (repayment) of hire purchase obligations	8,071,948	(1,727,489)
Net drawdown in bank factoring	-	3,598,055
Net drawdown / (repayment) in bankers' acceptances	4,582,470	(34,086)
Net drawdown / (repayment) in invoice financing	11,260,238	(155,053)
Net repayment in revolving credit	-	(6,000,000)
Repayment of term loans	(2,066,165)	(1,672,565)
<b>NET CASH FROM / (FOR) FINANCING ACTIVITIES</b>	<b>27,416,459</b>	<b>(13,602,563)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(11,597,328)</b>	<b>7,592,995</b>
Cash and cash equivalents at beginning of the financial year	23,973,585	(6,008,271)
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR</b>	<b>12,376,257</b>	<b>1,584,724</b>

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**Cash and cash equivalent comprised of:**

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	<b>RM</b>	<b>RM</b>
Deposits with licensed banks	25,988,193	21,522,927
Short-term investments	2,928,110	-
Cash and bank balances	12,681,409	7,420,754
Bank overdrafts	<u>(3,233,262)</u>	<u>(5,836,030)</u>
	38,364,450	23,107,651
Less: Deposits pledged to licensed banks	(25,988,193)	(21,522,927)
Less: Deposit with original maturity of more than 3 months	-	-
	<u>12,376,257</u>	<u>1,584,724</u>
	-	-

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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**A1. Basis of Preparation**

The interim financial report of the Group are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, International Accounting Standard ("IAS") 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018:

MFRS 9 Financial Instruments

MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments and expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139.

MFRS 15 Revenue from Contract

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 is not expected to result in any material impact on the financial position and results of the Group.

These are the second interim financial report on the Company's consolidated results for the second quarter ended 30 June 2018 announced in compliance with the Listing Requirements.

This unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the financial year ended 31 December 2017.

**A2. Changes In 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 of the Group for the financial year ended 31 December 2017 except as follows:

• MFRS 16, Leases	Effective 1 January 2019
• MFRS 128, Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	Effective 1 January 2019
• MFRS 17, Insurance Contracts	Effective 1 January 2021
• Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above pronouncements did not have any material financial impact to the Group.

The Group has not early adopted any new or revised standards, amendments or IC Interpretations which are applicable to the Group that have been issued by the MASB but are not yet effective for the Group's current financial year ending 31 December 2018 .

**A3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2017.

**A4. Seasonal or Cyclical Factors**

The business operations of the Group were not materially affected by any seasonal or cyclical factors for the financial period under review.

**A5. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items for the financial period under review.

**A6. Changes in Estimates**

There were no material changes in estimates for the financial period under review.

**A7. Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities, share buy-backs, shares cancellations, shares held as treasury shares or resale of treasury shares for the financial period under review.

**A8. Dividends Paid**

As at the date of this report, there was no payment of dividend during the financial year ending 31 December 2018.

**A9. Segmental Reporting**

The Group's operating and reportable segments comprised of:

- (a) Construction and Support Services under Earthworks and Civil Engineering Sector; and
- (b) Property Investment that deals with the holding of investment properties for capital gain and/or rental income.

The Group	Construction and Support Services RM	Property Investment RM	Consolidation Adjustment RM	Total RM
<b>Revenue</b>				
External revenue	135,373,860	121,776	-	135,495,636
Inter-segment revenue	33,063,304	-	(33,063,304)	-
Consolidated revenue	168,437,164	121,776	(33,063,304)	135,495,636
<b>Results</b>				
Segment results	12,382,552	(249,602)	(16)	12,132,934
Interest income				547,875
Dividend income from short -term investments				34,540
				12,715,349
Finance costs				(3,743,700)
<b>Consolidated profit before taxation</b>				<b>8,971,649</b>
Income tax expense				(2,775,929)
<b>Consolidated profit after taxation</b>				<b>6,195,720</b>

**A10. Significant Events after the End of the Interim Financial Period**

On 29 August 2018, Advancecon Properties Sdn. Bhd., a wholly-owned subsidiary entered into a Sale and Purchase Agreement with Acmar Auto Parts (M) Sdn Bhd to dispose 1 piece of industrial land at Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman Pelabuhan Kelang ("Pelabuhan Kelang") for a total sales consideration of RM9,070,000. The rationale for the disposal is to switch the location of workshop from Pelabuhan Kelang to Kota Puteri.

The rationale for the purchase of Kota Puteri as disclosed above should be read in conjunction with the announcement in the Bursa Malaysia Securities dated on 12 April 2018.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the financial period under review.

**A12. Fair Value of Financial Instruments**

There were no gains or losses arising from fair value changes for all financial assets and liabilities for the financial period under review.

**A13. Capital Commitments**

	<b>Unaudited</b>
	<b>As at 30 June 2018</b>
	<b>RM</b>
Approved and contracted for:-	
Purchase of property, plant and equipment	11,855,995

**A14. Operating Lease Commitment**

The future minimum lease payments under the non-cancellable operating lease was:

	<b>Unaudited</b>
	<b>As at 30 June 2018</b>
	<b>RM</b>
Not later than 1 year	1,050,000
Later than 1 year and not later than 5 years	-
	1,050,000

**A15. Contingent Liabilities**

There were no contingent liabilities at the Group level as at the date of this report.

**A16. Significant Related Party Transactions**

	<b>Unaudited</b>
	<b>6 Months Ended</b>
	<b>30 June 2018</b>
	<b>RM</b>
(i) <b>Transaction with Director</b>	
Paid and payable:-	
Rental of premise	33,000



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**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

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**B1. Review of Group Performance**

	3 Months Individual Period			6 Months Cumulative Period		
	30 June 2018	30 June 2017	Variance	30 June 2018	30 June 2017	Variance
	RM	RM	%	RM	RM	%
Revenue	73,734,299	82,186,897	-10.3%	135,495,636	141,336,725	-4.1%
Profit Before Taxation	5,282,109	10,313,178	-48.8%	8,971,649	19,525,902	-54.1%
Profit After Taxation	3,663,347	7,494,927	-51.1%	6,195,720	14,347,155	-56.8%

For the current quarter under review, the decrease in the Group's revenue was mainly attributable to lower progress billings from its construction and support services as compared to preceding year corresponding quarter. Overall, construction and support services contributed almost 100% of the Group's revenue for both the current quarter and preceding year corresponding quarter, at RM73.68 million and RM82.07 million respectively. The balance of revenue was derived from property investment.

Construction and Support Services

During the current quarter under review, the profit before taxation ("PBT") and PBT margin achieved by this division was RM 5.62 million and 7.62% as compared to RM 10.66 million and 12.98% during the preceding year corresponding quarter.

The decline in PBT during the current quarter under review versus preceding year corresponding quarter was mainly due to:

1. Increased cost of sales, in particular due to higher staff costs (+1.2%), depreciation charges (+2.3%) and materials (+3.7%);
2. Moreover, the volume weighted average cost of diesel rose from RM 1.75 per litre to RM 2.17 per litre which also contributed 2.4% increase in cost of sales;
3. However, the reduction in subcontractors' costs by 6.0% partially offset the additional cost of sales;
4. Higher finance cost due to hire purchase amounted to 1.2%.

The Group's profit after taxation ("PAT") and PAT margin recorded by this division was RM 4.00 million and 5.4% as compared to RM 7.85 million and 9.6% during the preceding year corresponding quarter. The reduction in PAT was in line with the lower PBT stated above and the provision of deferred tax.

Property Investment

For the current quarter under review, this division recorded a slightly lower loss before taxation of RM 0.33 million versus RM 0.35 million in the preceding year corresponding quarter.

**B2. Comparison with Immediate Preceding Quarter Results**

	3 Months Individual Period		
	30 June 2018	31 March 2018	Variance
	RM	RM	%
Revenue	73,734,299	61,761,337	19.4%
Profit Before Taxation	5,282,109	3,689,540	43.2%
Profit After Taxation	3,663,347	2,532,373	44.7%

During the current quarter under review, the increase in the Group's revenue was mainly due to higher progress billings versus the immediate preceding quarter. For the same period under review, the increase in both the Group's PBT and PAT was in line with higher revenue and improved profit margin for the construction and support services division.

**B3. Prospects for the Current Financial Year**

The Group's financial performance had improved gradually as compared to the last two (2) quarters and such trend is expected to continue due to the following reasons:

1. The recent change in government does not affect the continuity of the Group's projects, namely West Coast Expressway and Pan Borneo Highway;
2. The Group's current outstanding order book of RM 908.7 million will provide earnings visibility for a minimum of 24 months;
3. The announcement that construction services shall be exempted from Sales & Services Tax augurs well for the Group and the industry as a whole; and
4. The Group's ability to secure several new projects worth a total of RM 47.85 million was a testament of the Group's resilience in times of market uncertainties post GE14.

Hence, the Group is optimistic to deliver a positive financial results in the current financial year.

**B4. Profit Forecast**

The Group did not issue any profit forecast or profit guarantee for the financial period under review.

**B5. Taxation**

	Unaudited 6 Months Ended	
	30 June 2018 RM	30 June 2017 RM
Income tax	2,165,220	5,178,747
Deferred tax	610,709	-
	2,775,929	5,178,747
Effective tax rate <sup>(1)</sup>	30.9%	26.5%

Notes:

- (1) The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to adjustment for deferred tax.

**B6. Status of Corporate Proposals**

There was no corporate proposal during the current quarter under review.

**B7. Utilisation of Proceeds Raised from Public Issue**

On 29 August 2018, the Company announced its intention to vary the utilisation of proceeds raised from the IPO exercise in conjunction with the listing of and the quotation of its entire share capital on the Main Market of Bursa Malaysia Securities on 10 July 2017. The Company has raised gross proceeds which is amounting to RM56.70 million from its IPO ("IPO Proceeds").

The details of the variations of the IPO Proceeds are as set out below:

No.	Details of utilisation	Allocation of IPO Proceeds upon listing <sup>1</sup>	Actual utilisation of IPO Proceeds	Unutilised IPO Proceeds	Variation to the IPO Proceeds	After Variation to the IPO Proceeds	Estimated timeframe for utilisation (from the listing date)	Revised timeframe for utilisation (from the listing date)
		RM'000	RM'000	RM'000	RM'000	RM'000		
i.	<b>Total Capital expenditures:-</b>	29,700	(12,960)	16,740	(510)	16,230	Within 24 months	Within 36 months
	(a) Purchase of new construction machinery and equipment	15,100	(12,960)	2,140	-	2,140	Within 12 months	Within 24 months
	(b) Construction of new workshop	14,600	-	14,600	(510) <sup>2</sup>	14,090 <sup>2</sup>	Within 24 months	Within 36 months <sup>2</sup>
ii.	<b>Repayment of bank borrowings</b>	12,500	(12,455)	45	(45)	-	Within 6 months	-
iii.	<b>Working capital</b>	10,700	(10,700)	-	555 <sup>3</sup>	555	Within 24 months	Within 24 months
iv.	<b>Estimated listing expenses</b>	3,800	(3,800)	-	-	-	Upon Listing	-
		<b>56,700</b>	<b>(39,915)</b>	<b>16,785</b>				

**Notes:**

1. As per IPO Prospectus dated 19 June 2017

2. The IPO Proceeds of RM14.60 million was initially earmarked to construct an in-house workshop for the purpose of carrying out repair and maintenance services of their machinery and equipment at a piece of industrial land at Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4, Bandar Sultan Suleiman Pelabuhan Kelang, 42000 Selangor with a land area of 167,982 ft<sup>2</sup> ("Pelabuhan Kelang Land") ("Pelabuhan Kelang Workshop").

A wholly-owned subsidiary of the Company namely Advancecon Machinery Sdn Bhd, had on 12 April 2018 entered into two (2) separate sale and purchase agreement with Perbadanan Kemajuan Negeri Selangor dated 12 April 2018 for the proposed acquisition of two (2) pieces of industrial lands located along Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak, Selangor ("Kota Puteri Land"), total land area of 42,649 square metres for the proposed construction of new workshop ("Kota Puteri Workshop"). The purpose to acquire these (2) pieces of industrial lands are to serve the recently secured earthworks and civil engineering projects located at the northern Selangor region (i.e. Districts of Gombak and Kuala Selangor) and future expansion of the Group's fleet of machinery as well as the possibility of the Group securing more infrastructure projects at the northern Selangor region.

The estimated total construction cost for the Kota Puteri Workshop is approximately RM14.09 million and the excess amount of approximately RM0.51 million for the Pelabuhan Kelang Workshop will be budgeted for working capital purpose as further elaborated in note 3 below.

In addition, after taking into consideration of the additional time required for the construction of the Kota Puteri Workshop and the relevant approvals from the authorities to be obtained, the Board has resolved to extend the time frame for the utilisation of the proceeds raised from the IPO for another 12 months period until July 2020 ("Extension").

3. The excess amount of approximately RM0.56 million allocated for construction of new workshop and repayment of bank borrowings has been re-allocated to day-to-day working capital expenses for payment to suppliers.

**B8. Group Borrowings and Debt Securities**

	Unaudited As at 30 June RM	Audited As at 31 Dec 2017 RM
<b>Non-current</b>		
Term Loans	25,931,306	21,374,650
Hire Purchase Payables	49,885,037	43,371,501
<b>Current</b>		
Term Loans	4,146,202	5,201,055
Hire Purchase Payables	14,860,342	13,301,930
Bankers' Acceptances	8,618,470	4,036,000
Bank Factoring	-	-
Invoice Financing	15,277,568	4,017,330
Revolving Credit	14,000,000	14,000,000
Bank Overdrafts	3,233,262	2,901,355
	<b>135,952,187</b>	<b>108,203,821</b>

**B9. Material Litigation**

As at the date of this report, the Group was not engaged in any material litigation.

**B10. Dividends Declared**

No dividend has been declared or recommended for payment by the Company for the financial year ending 31 December 2018.

**ADVANCECON HOLDINGS BERHAD**  
(Company Number : 426965 - M)

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)** Page 10

**B11. Earnings Per Share**

The basic earnings per share was computed as follow:

	<b>Unaudited</b>	
	<b>6 Months Ended</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
Profit after tax attributable to the owners of the Company (RM)	6,195,720	14,347,155
Weighted average number of ordinary shares	402,079,000	312,079,000
Basic earnings per share (sen) <sup>(1)</sup>	1.54	4.60
Diluted earnings per share (sen)	1.54	4.60

Notes:

(1) The basic earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares.

**B12. Notes to the Statement of Comprehensive Income**

Profit/Loss before taxation was arrived at after charging/(crediting):-

	<b>Unaudited</b>	
	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>30 June 2018</b>	<b>30 June 2018</b>
	<b>RM</b>	<b>RM</b>
Auditors' remuneration:	29,750	59,500
Depreciation:		
- property, plant and equipment	6,255,403	12,384,166
- investment properties	104,907	195,079
Directors' remuneration	822,537	1,658,792
Interest expenses	2,047,945	3,743,700
Staff costs	12,530,756	22,885,603
Gain on disposal of property, plant and equipment	(937,275)	(1,082,071)
Interest income	(271,722)	(547,875)
Dividend income from short -term investments	(10,310)	(34,540)

**BY ORDER OF THE BOARD**  
**ON 29 AUGUST 2018**