



**ADVANCECON HOLDINGS BERHAD**

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	1
Consolidated Statement Of Financial Position	2-3
Consolidated Statement Of Changes In Equity	4
Consolidated Statement Of Cash Flows	5-7
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	8-11
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	12-17

## ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR SECOND QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.6.2020 RM	Preceding Year Corresponding Quarter 30.6.2019 RM	Current Year Period 30.6.2020 RM	Preceding Year Corresponding Period 30.6.2019 RM
Revenue	A9	38,111,400	80,267,883	104,430,391	152,599,683
Cost of Sales		(39,400,410)	(68,944,847)	(96,256,307)	(131,052,667)
Gross (loss) / profit		(1,289,010)	11,323,036	8,174,084	21,547,016
Other Income		1,481,175	557,516	2,156,425	1,339,232
		192,165	11,880,552	10,330,509	22,886,248
Administrative Expenses		(3,313,413)	(4,464,457)	(7,678,100)	(10,056,853)
Other Expenses		(683,478)	(689,562)	(1,469,893)	(1,272,844)
Finance Costs		(1,495,568)	(1,683,820)	(3,224,856)	(3,572,669)
Share Of Result Of An Equity Accounted Associate		(28,412)	(22,193)	(75,092)	(22,193)
<b>(Loss) / Profit Before Taxation</b>	B12	<b>(5,328,706)</b>	<b>5,020,520</b>	<b>(2,117,432)</b>	<b>7,961,689</b>
Income Tax Expense	B5	345,640	(1,820,997)	(1,199,736)	(2,887,790)
Deferred Tax	B5	(1,873,038)	256,373	(1,355,270)	406,564
<b>(Loss) / Profit After Taxation/Total Comprehensive (loss)/ income for the Financial Period</b>		<b>(6,856,104)</b>	<b>3,455,896</b>	<b>(4,672,438)</b>	<b>5,480,463</b>
<b>Total Comprehensive (loss) / Income attributable to: - Owners of the Company</b>		<b>(6,856,104)</b>	<b>3,455,896</b>	<b>(4,672,438)</b>	<b>5,480,463</b>
<b>Earnings per share (sen) attributable to owners of the parent:</b>					
- Basic (loss)/earnings (2)	B11	(1.71)	0.86	(1.17)	1.37
- Diluted (loss)/earnings (2)	B11	(1.71)	0.86	(1.16)	1.36

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 2019 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.

## ADVANCECON HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>(Unaudited)</b> As at Current Quarter <b>30.6.2020</b> RM	<b>(Audited)</b> As at Financial Year Ended <b>31.12.2019</b> RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in an associate	92,090	167,182
Property, plant and equipment	131,056,068	140,344,831
Investment properties	38,383,236	38,661,602
Other investments	2,994	2,994
Deferred tax assets	160,149	160,149
Finance lease receivables	2,856,787	3,881,197
	172,551,324	183,217,955
<b>Current assets</b>		
Contract assets	97,569,838	98,904,425
Finance lease receivables	1,989,108	1,869,686
Trade receivables	27,474,684	63,533,958
Other receivables, deposits and prepayments	10,027,878	10,155,442
Amount owing by an associate company	426,229	116,426
Short-term investments	1,768,869	2,029,521
Current tax assets	3,161,653	1,357,655
Deposits with licensed banks	46,430,226	39,629,498
Cash and bank balances	6,716,017	9,165,984
	195,564,502	226,762,595
<b>TOTAL ASSETS</b>	<b>368,115,826</b>	<b>409,980,550</b>

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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	<b>(Unaudited)</b> As at Current Quarter <b>30.6.2020</b> RM	<b>(Audited)</b> As at Financial Year Ended <b>31.12.2019</b> RM
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	86,762,221	86,584,921
Treasury shares	(1,038,522)	(339,077)
Reserves	1,775,700	1,815,100
Retained profits	99,192,038	103,864,476
<b>TOTAL EQUITY</b>	<b>186,691,437</b>	<b>191,925,420</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,147,295	3,792,025
Long-term borrowings	25,708,353	25,493,245
Lease liabilities	40,025,685	35,443,821
	<b>70,881,333</b>	<b>64,729,091</b>
<b>Current liabilities</b>		
Contract liabilities	7,238,880	11,196,440
Trade payables	40,854,607	48,096,523
Other payables and accruals	6,020,966	26,257,346
Amount owing to an associate company	106,037	205,799
Short-term borrowings	34,758,231	47,523,210
Lease liabilities	19,971,803	18,230,627
Bank overdrafts	1,592,532	1,816,094
	<b>110,543,056</b>	<b>153,326,039</b>
<b>TOTAL LIABILITIES</b>	<b>181,424,389</b>	<b>218,055,130</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>368,115,826</b>	<b>409,980,550</b>
Net asset per share (RM)	0.46	0.48

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 2019 and the accompanying explanatory notes as attached to this interim financial statement.

## ADVANCECON HOLDINGS BERHAD

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(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SECOND QUARTER ENDED 30 JUNE 2020

	Share Capital	Treasury Shares	Non-Distributable Employee Share Option Reserve	Distributable Retained Profits	Total
	RM	RM	RM	RM	RM
<b>The Group (Audited)</b>					
Balance at 1.1.2019	85,752,871	(339,077)	1,116,498	95,455,898	181,986,190
Profit after taxation/Total comprehensive income for the financial year	-	-	-	10,825,180	10,825,180
Contribution by and distribution to owners of the company:					
- Dividend	-	-	-	(2,416,602)	(2,416,602)
- Recognition of share option expenses	-	-	883,502	-	883,502
- Employees' share options exercised	832,050	-	(184,900)	-	647,150
<b>Balance at 31.12.2019</b>	<b>86,584,921</b>	<b>(339,077)</b>	<b>1,815,100</b>	<b>103,864,476</b>	<b>191,925,420</b>
<b>(Unaudited)</b>					
Balance at 1.1.2020	86,584,921	(339,077)	1,815,100	103,864,476	191,925,420
Loss after taxation/ Total comprehensive loss for the financial period	-	-	-	(4,672,438)	(4,672,438)
Contribution by and distribution to owners of the company:					
- Purchase of treasury shares	-	(699,445)	-	-	(699,445)
- Employees' share options exercised	177,300	-	(39,400)	-	137,900
<b>Balance at 30.6.2020</b>	<b>86,762,221</b>	<b>(1,038,522)</b>	<b>1,775,700</b>	<b>99,192,038</b>	<b>186,691,437</b>

Notes:

(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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

## ADVANCECON HOLDINGS BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	<b>Cumulative Current Period Ended 30.6.2020 RM</b>	<b>Cumulative Comparative Period Ended 30.6.2019 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(2,117,432)	7,961,689
Adjustments for:-		
Depreciation:		
- investment properties	286,746	285,956
- property, plant and equipment	12,883,099	12,672,914
Interest expense on lease liabilities	1,348,283	-
Interest expense	1,876,573	3,572,669
Share of result of an equity accounted associate	75,092	22,193
Share option expenses	-	883,502
Property, plant and equipment written off	22,749	86,678
(Gain)/ Loss on disposal of property, plant and equipment	(147,092)	66,527
Dividend income from short-term investments	(39,348)	(89,344)
Interest income	(892,211)	(698,897)
Operating profit before working capital changes	13,296,459	24,763,887
Decrease / (Increase) in contract assets	1,334,587	(23,198,574)
Decrease in contract liabilities	(3,957,560)	(767,769)
Decrease in trade and other receivables	36,186,838	41,328,094
Decrease in trade and other payables	(15,502,297)	(4,881,220)
Increase in amount owing by associate company	(424,305)	(350,075)
<b>Cash from operations</b>	<b>30,933,722</b>	<b>36,894,343</b>
Interest paid	(3,224,856)	(3,572,669)
Income tax refund	-	190,638
Income tax paid	(3,003,734)	(4,086,080)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>24,705,132</b>	<b>29,426,232</b>

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

(The figures have not been audited)

	Cumulative Current Period Ended 30.6.2020 RM	Cumulative Comparative Period Ended 30.6.2019 RM
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Investment in an associate	-	(224,970)
Interest received	892,211	698,897
Dividend income from short-term investments	39,348	89,344
Increase in deposits pledged with licensed bank	(6,800,728)	(2,743,475)
Purchase of property, plant and equipment	(1,043,593)	(1,034,143)
Addition of investment properties	(8,380)	(11,499)
Proceeds from disposal of property, plant and equipment	770,601	138,700
Repayment from finance lease receivables	904,988	439,303
Repayment from an associate company	114,502	5,059
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(5,131,051)</b>	<b>(2,642,784)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
(Repayment to) / Advances from an associate company	(99,762)	83,628
Proceeds from exercise of employees' share options	137,900	228,550
Purchase of treasury shares	(699,445)	-
Dividend paid	-	(4,017,260)
Drawdown of term loans	-	15,202
Repayment of term loans	(357,585)	(7,855,129)
Net repayment of hire purchase obligations	-	(8,250,269)
Net (repayment) / drawdown of bankers' acceptances	(4,812,904)	372,721
Net repayment of invoice financing	(565,102)	(9,008,788)
Drawdown of revolving credit	4,500,000	-
Net repayment of bank factoring	(11,314,280)	(1,815,805)
Repayment of lease liabilities	(8,849,960)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(22,061,138)</b>	<b>(30,247,150)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENT</b>	<b>(2,487,057)</b>	<b>(3,463,702)</b>
Cash and cash equivalents at beginning of the financial year	9,379,411	7,447,759
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR</b>	<b>6,892,354</b>	<b>3,984,057</b>

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

(The figures have not been audited)

	<b>Cumulative Current Period Ended 30.6.2020 RM</b>	<b>Cumulative Comparative Period Ended 30.6.2019 RM</b>
<b>Cash and cash equivalent comprised of:</b>		
Deposits with licensed banks	46,430,226	35,380,651
Short-term investments	1,768,869	3,783,755
Cash and bank balances	6,716,017	5,105,222
Bank overdrafts	<u>(1,592,532)</u>	<u>(4,904,920)</u>
	53,322,580	39,364,708
Less: Deposits pledged to licensed banks	<u>(46,430,226)</u>	<u>(35,380,651)</u>
	<u><u>6,892,354</u></u>	<u><u>3,984,057</u></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 2019 and the accompanying explanatory notes as attached to this interim financial statement.



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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

#### 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").

#### A2. Changes In Accounting Policies

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 3: Definition of a Business	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

#### A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

#### 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

Save for the issuance of shares under ESOS of 394,000 during the current quarter, there were no other issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the six months ended 30 June 2020.

#### A8. Dividends Paid

As at the date of this report, there was no payment of dividend during the financial year ending 31 December 2020.

## ADVANCECON HOLDINGS BERHAD

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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

#### 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.

<b>The Group</b>	<b>Construction and Support Services</b>	<b>Property Investment</b>	<b>Consolidation Adjustment</b>	<b>Total</b>
	RM	RM	RM	RM
<b>Revenue</b>				
External revenue	104,133,743	296,648	-	104,430,391
Inter-segment revenue	25,457,595	12,600	(25,470,195)	-
Consolidated revenue	<u>129,591,338</u>	<u>309,248</u>		<u>104,430,391</u>
Represented by:-				
<u>Revenue recognized at a point in time</u>				
Sale of goods	5,762,005	-	-	5,762,005
Hiring of machinery	24,997,293	-	(24,263,595)	733,698
Day work revenue	176,582	-	-	176,582
<u>Revenue recognised over time</u>				
Contract revenue	97,461,458	-	-	97,461,458
Rental income from investment properties	-	309,248	(12,600)	296,648
<u>Revenue from other sources</u>				
Management fee	1,194,000	-	(1,194,000)	-
	<u>129,591,338</u>	<u>309,248</u>		<u>104,430,391</u>
<b>Results</b>				
Segment results				250,957
Interest income				892,211
Dividend income from short-term investments				39,348
Finance Cost				(3,224,856)
Share of result of an equity accounted associate				(75,092)
<b>Consolidated (loss) before taxation</b>				<u>(2,117,432)</u>
Income tax expense				(1,199,736)
Deferred Tax				<u>(1,355,270)</u>
<b>Consolidated (loss) after taxation</b>				<u><b>(4,672,438)</b></u>

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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

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

- 1) Advancecon Solar Sdn Bhd (Adv Solar) (wholly-owned subsidiary of Advancecon Holdings Berhad) had on 7 July 2020, entered into a Memorandum of Understanding (MOU) to develop a 461.12 kWp solar photovoltaic system on the premise of Peritone Health Sdn Bhd under self-consumption scheme;
- 2) Adv Solar had on 8 July 2020, received approval from Tenaga Nasional Berhad for the Net Energy Metering Assessment Study ("NEMAS") for a total of 777.04 kWp on the premise of Oon Corp Resources Sdn Bhd;
- 3) Advancecon Infra Sdn Bhd (Adv Infra) (wholly-owned subsidiary of Advancecon Holdings Berhad) had on 14 July 2020 accepted a Letter of Award from Sime Darby Property (Bukit Raja) Sdn Bhd for the appointment of Adv Infra as the contractor for the proposed construction and completion of earthworks and other related works for development of Phase 2 (R1A1, R1A2 & R1B) at Bandar Bukit Raja 2, Mukim Kapar, District of Klang, Selangor Darul Ehsan, for the total contract sum of RM19,850,860.00;
- 4) Adv Solar had on 17 July 2020 signed 2 MOU with Latitude Tree Furniture Sdn Bhd and Rhong Khen Timber Sdn Bhd to develop solar photovoltaic system on their premises with capacity of 2,122 kWp and 1,815 kWp respectively under the NEM scheme;
- 5) On 30 July 2020, Advancecon Holdings Berhad received shareholders' approval for proposed diversification of the existing principal activities of the Group to include renewable energy business and its related activities;
- 6) Adv Solar had on 6 August 2020 signed a MOU to develop a 2,344.32 kWp solar photovoltaic system on the premise of Mydin Mohamed Holdings Berhad under NEM;
- 7) Adv Solar had on 6 August 2020 entered into a MOU to develop a 342.32 kWp solar photovoltaic system on the premise of Prominent Image Sdn Bhd under NEM; and
- 8) Advancecon Holdings Berhad via its associated company Advancecon Sarawak Sdn Bhd (Adv Sarawak) entered into a Shareholders' Agreement with Chen Siew Sin and Chong Chee Hiung to mutually cooperate in the conduct of the business and affairs of Adv Sarawak, as a joint venture arrangement to provide earthworks, civil engineering services and other related services in Sarawak

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

There were no changes in the composition of the Group during the current quarter and 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.

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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (CONT'D)

#### A13. Capital Commitments

	<b>Unaudited</b> <b>As at 30.6.2020</b> RM
Approved and contracted for:-	
Purchase of property, plant and equipment	3,982,709
Purchase of investment properties	4,809,240
	<hr/> <u>8,791,949</u>

#### A14. Contingent Liabilities

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

#### A15. Significant Related Party Transactions

	<b>Unaudited</b> <b>6 Months Ended</b> <b>30.6.2020</b> RM
<b>Transaction with Director</b>	
Paid and payable:-	
Rental of premise	37,800
	<hr/> <u>37,800</u>

## ADVANCECON HOLDINGS BERHAD

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

#### B1. Review of Group Performance

	3 Months Individual Period			6 Months Cumulative Period		
	30.6.2020 RM	30.6.2019 RM	Variance %	30.6.2020 RM	30.6.2019 RM	Variance %
Revenue	38,111,400	80,267,883	-52.5%	104,430,391	152,599,683	-31.6%
(Loss) / Profit Before Taxation	(5,328,706)	5,020,520	-206.1%	(2,117,432)	7,961,689	-126.6%
(Loss)/ Profit After Taxation	(6,856,104)	3,455,896	-298.4%	(4,672,438)	5,480,463	-185.3%

For the current quarter under review, the Group recorded a 52.5% decrease in revenue as compared to preceding year corresponding quarter as a result of the unprecedented challenges of the Covid-19 pandemic and the resultant Movement Control Order (MCO) (18 March 2020 to 3 May 2020), Conditional Movement Control Order (CMCO) (4 May 2020 to 9 June 2020) and the Recovery Movement Control Order (10 June 2020 to 31 August 2020) rulings.

During both the MCO and CMCO, all site progress came to a standstill which significantly impeded revenue recognition during the quarter under review. Despite near full operation towards the end of the CMCO period, site progress was further held back due to disruption in the construction value chain as majority of parties or companies have yet to resume full activities.

Inevitably, the Group recorded its first loss before taxation of RM 5.3 million as compared to profit before taxation of RM 5.0 million during the 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 RM 37.96 million and RM 80.10 million respectively. The balance of revenue was derived from property investment.

#### Construction and Support Services

During the current quarter under review, the division recorded a loss before taxation of RM 5.1 million versus RM 5.2 million profit before taxation during the preceding year corresponding quarter.

The division recorded RM 6.6 million loss after taxation after accounting for RM 1.8 million deferred tax and the reversal of RM 0.3 million income tax provision. In contrast, the division achieved RM 3.6 million profit after tax for the preceding year corresponding quarter.

#### Property Investment

For the current quarter under review, this division recorded a loss before taxation of RM 0.2 million versus RM 0.1 million in the preceding year corresponding quarter.

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

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

	3 Months Individual Period		
	30.6.2020	31.3.2020	Variance
	RM	RM	%
Revenue	38,111,400	66,318,991	-42.5
(Loss)/ Profit Before Taxation	(5,328,706)	3,211,274	-265.9
(Loss) /Profit After Taxation	(6,856,104)	2,183,666	-413.9

The Group's operations for the current quarter were affected by both the MCO and CMCO rulings imposed by the government to contain the Covid-19 pandemic.

#### B3. Prospects

According to Bank Negara Malaysia, the country's Gross Domestic Product for second quarter contracted 17.1% due to the MCO and the construction sector recorded the biggest contraction at 44.5% but at the same time the government expects a V-shaped recovery following the moves to reopen all economic sectors and the implementation of the National Economic Recovery Plan.

The Group foresees a challenging financial year and expectation of a V-shaped recovery materialised, the Group is cautiously optimistic to deliver a positive financial result for financial year ending 31 December 2020 barring any similar restrictions like the MCO taking place for a second time for the remaining of 2020. For now, The Group will focus on:

- 1 Coordinated efforts to realise the remaining construction order book of RM 690 million within the contract period given.
- 2 Stringent cost control measures to contain wastages if any and to cut back on discretionary expenditures.
- 3 Global crude oil price has been relatively stable in the range of USD 40 – USD 45 per barrel for August 2020. So long as there is no major spike in the price, the Group expects significant savings in operational costs.

#### 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	
	30.6.2020	30.6.2019
	RM	RM
Income tax	1,199,736	2,887,790
Deferred tax	1,355,270	(406,564)
	<u>2,555,006</u>	<u>2,481,226</u>

The Group's effective tax rate for the financial period is higher than statutory tax rate mainly due to the provision of deferred tax and provision for corporate income tax for profitable subsidiary company.

## ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

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

#### B6. Status of Corporate Proposals

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

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

The details are as set out below:

No	Details of utilisation	Allocation of IPO Proceeds upon listing <sup>(1)</sup> RM'000	Allocation of IPO Proceeds upon listing (revised) RM'000	Actual utilisation of IPO Proceeds RM'000	Unutilised IPO Proceeds RM'000	Estimated timeframe for utilisation (upon listing)
i.	<b>Total Capital expenditures:-</b>	29,700	27,050	(12,960)	14,090	Within 54 <sup>(3)</sup> months
	(a) Purchase of new construction machinery and equipment	15,100	12,960	(12,960)	-	Within 24 months
	(b) Construction of new workshop	14,600	14,090 <sup>(2)</sup>	-	14,090	Within 54 <sup>(3)</sup> months
ii.	Repayment of bank borrowings	12,500	12,455 <sup>(2)</sup>	(12,455)	-	Within 6 months
iii.	Working capital	10,700	13,395	(13,395)	-	Within 24 months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
		<u>56,700</u>	<u>56,700</u>	<u>(42,610)</u>	<u>14,090</u>	

Notes:

(1) As per IPO Prospectus dated 19 June 2017.

(2) On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings to day-to-day working capital expenses for payment to suppliers.

(3) On 26 August 2020, the Board announced to extend the estimated of timeframe for construction of new workshop from within 36 months to within 54 months from date of IPO.

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

#### B8. Group Borrowings and Debt Securities

	Unaudited As at 30.6.2020 RM	Audited As at 31.12.2019 RM
<b><u>Non-current</u></b>		
Term Loans	25,708,353	25,493,245
Lease liabilities	40,025,685	35,443,821
<b><u>Current</u></b>		
Term Loans	547,020	1,119,713
Lease liabilities	19,971,803	18,230,627
Bankers' Acceptances	9,527,445	14,340,349
Invoice Financing	11,183,766	11,748,868
Revolving Credit	13,500,000	9,000,000
Bank Overdrafts	1,592,532	1,816,094
Bank factoring	-	11,314,280
	122,056,604	128,506,997



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

#### B9. Material Litigation

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

#### B10. Dividends Declared

There was no dividend declared for the current financial period under review.

#### B11. Earnings Per Share

	<b>Unaudited 6 Months Ended</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>
(Loss)/Profit after tax attributable to the owners of the Company (RM)	(4,672,438)	5,480,463
<b><i>Basic (loss)/earnings per share</i></b>		
Weighted average number of ordinary shares	<u>400,838,108</u>	<u>401,421,027</u>
Basic (loss)/earnings per share (sen) <sup>(1)</sup>	(1.17)	1.37
<b><i>Diluted (loss)/earnings per share</i></b>		
Weighted average number of ordinary shares	<u>401,166,768</u>	<u>402,256,156</u>
Diluted (loss)/earnings per share (sen) <sup>(2)</sup>	(1.16)	1.36

#### 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.
- (2) The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation. The ESOS will have a dilutive effect only when the average target price of ordinary shares of the Company during the period exceeds the exercise price of options granted.

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

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

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

	Unaudited	
	Individual Quarter 30.6.2020 RM	Cumulative Quarter 30.6.2020 RM
Auditors' remuneration	41,750	83,500
Depreciation:		
- property, plant and equipment	6,416,726	12,883,099
- investment properties	143,443	286,746
Directors' remuneration	870,722	1,743,124
Interest expenses	1,495,568	3,224,856
Property, plant and equipment written off	386	22,749
Share of result of an equity accounted associate	28,412	75,092
Staff costs	9,025,732	20,060,585
Gain on disposal of property, plant and equipment	(215,770)	(147,092)
Interest income	(450,668)	(892,211)
Dividend income from short -term investments	(21,638)	(39,348)

**BY ORDER OF THE BOARD**

**26 August 2020**