



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FIRST QUARTER ENDED 31 MARCH 2022

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
		31.3.2022 RM	31.3.2021 RM	31.3.2022 RM	31.3.2021 RM
Revenue	A9	104,992,470	65,076,518	104,992,470	65,076,518
Cost of Sales		(100,055,403)	(58,589,333)	(100,055,403)	(58,589,333)
Gross Profit		4,937,067	6,487,185	4,937,067	6,487,185
Other Income		2,656,767	928,869	2,656,767	928,869
		7,593,834	7,416,054	7,593,834	7,416,054
Selling And Distribution Expenses		(868,913)	-	(868,913)	-
Administrative Expenses		(5,627,193)	(3,556,315)	(5,627,193)	(3,556,315)
Other Expenses		(1,989,985)	(672,435)	(1,989,985)	(672,435)
Finance Costs		(3,225,569)	(1,568,836)	(3,225,569)	(1,568,836)
Share of Result Of An Equity Accounted Associate		131,139	-	131,139	-
(Loss) / Profit Before Taxation	B12	(3,986,687)	1,618,468	(3,986,687)	1,618,468
Income Tax Expense	B5	(906,712)	(924,323)	(906,712)	(924,323)
Deferred Tax	B5	369,203	386,830	369,203	386,830
(Loss) / Profit After Taxation / Total Comprehensive (Loss) or Income for the Financial Period		(4,524,196)	1,080,975	(4,524,196)	1,080,975
Total Comprehensive (Loss) / Income attributable to:					
- Owners of the Company		(2,076,585)	1,080,975	(2,076,585)	1,080,975
- Non-controlling interests		(2,447,611)	-	(2,447,611)	-
(Loss) / Earnings per share (sen)					
- Basic	B11	(0.43)	0.27	(0.43)	0.27
- Diluted	B11	(0.43)	0.27	(0.43)	0.27

(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 2021 and the accompanying explanatory notes as attached to the interim financial statements.)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	(Unaudited) As at Current Quarter 31.3.2022 RM	(Audited) As at Financial Year Ended 31.12.2021 RM
ASSETS		
Non-current assets		
Investment in an associate	696,120	564,981
Joint venture	16,225	-
Property, plant and equipment	229,084,372	108,461,221
Investment properties	38,720,904	38,618,591
Goodwill	21,580,583	-
Intangible assets	23,416,546	-
Deferred tax assets	160,149	160,149
Finance lease receivables	2,131,978	2,326,035
Trade receivables	595,225	636,658
Other receivables	1,254,466	1,387,312
	317,656,568	152,154,947
Current assets		
Inventories	13,157,675	-
Contract assets	126,121,215	104,091,186
Finance lease receivables	740,894	717,340
Trade receivables	60,616,608	41,279,622
Other receivables, deposits and prepayments	34,950,330	52,740,450
Amount owing by related parties	3,047,638	-
Amount owing by an associate	1,065,755	2,086,597
Short-term investments	1,558,436	2,845,915
Current tax assets	4,608,852	3,455,520
Deposits with licensed banks	64,284,297	59,979,480
Cash and bank balances	19,097,326	22,681,441
	329,249,026	289,877,551
TOTAL ASSETS	646,905,594	442,032,498

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 (CONT'D)

	(Unaudited) As at Current Quarter 31.3.2022 RM	(Audited) As at Financial Year Ended 31.12.2021 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	114,139,592	114,139,592
Treasury shares	(3,249,343)	(3,249,343)
Retained profits	102,608,556	104,685,141
	<u>213,498,805</u>	<u>215,575,390</u>
Non-controlling interests	12,153,698	-
TOTAL EQUITY	<u>225,652,503</u>	<u>215,575,390</u>
Non-current liabilities		
Deferred tax liabilities	12,340,385	3,758,402
Long-term borrowings	73,793,833	48,039,001
Lease liabilities	28,531,120	20,838,905
	<u>114,665,338</u>	<u>72,636,308</u>
Current liabilities		
Contract liabilities	30,042,569	22,389,595
Trade payables	96,733,503	60,338,350
Other payables and accruals	24,243,170	13,581,875
Amount owing to related parties	26,864,962	-
Amount owing to an associate	-	269,338
Current tax liabilities	143,772	-
Short-term borrowings	93,677,216	39,948,700
Lease liabilities	32,476,414	17,292,942
Bank overdrafts	2,406,147	-
	<u>306,587,753</u>	<u>153,820,800</u>
TOTAL LIABILITIES	<u>421,253,091</u>	<u>226,457,108</u>
TOTAL EQUITY AND LIABILITIES	<u>646,905,594</u>	<u>442,032,498</u>
Net asset per share (RM)	<u>0.46</u>	<u>0.44</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes as attached to the interim financial statement.)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED 31 MARCH 2022

	Share Capital	Treasury Shares	Non-Distributable Employee Share Option Reserve	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
The Group (Audited)							
Balance at 1.1.2021	87,101,071	(3,249,343)	1,700,400	102,008,584	187,560,712	-	187,560,712
Profit after taxation / Total comprehensive income for the financial year	-	-	-	2,049,957	2,049,957	-	2,049,957
Contribution by and distribution to owners of the Company:							
- Issuance of new ordinary shares	22,248,410	-	-	-	22,248,410	-	22,248,410
- Share issue expenses	(41,989)	-	-	-	(41,989)	-	(41,989)
- Employees' share options exercised	4,832,100	-	(1,073,800)	-	3,758,300	-	3,758,300
- Employees' share options lapsed	-	-	(626,600)	626,600	-	-	-
Balance at 31.12.2021 (Unaudited)	114,139,592	(3,249,343)	-	104,685,141	215,575,390	-	215,575,390
Balance at 1.1.2022	114,139,592	(3,249,343)	-	104,685,141	215,575,390	-	215,575,390
Loss after taxation / Total comprehensive loss for the financial period	-	-	-	(2,076,585)	(2,076,585)	(2,447,611)	(4,524,196)
Contribution by and distribution to owners of the Company:							
- Acquisition of Spring Energy Resources Berhad (Note A11)	-	-	-	-	-	14,601,309	14,601,309
Balance at 31.3.2022	114,139,592	(3,249,343)	-	102,608,556	213,498,805	12,153,698	225,652,503

(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 2021 and the accompanying explanatory notes as attached to the interim financial statements.)

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2022

	Cumulative Current Period Ended 31.3.2022 RM	Cumulative Comparative Period Ended 31.3.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,986,687)	1,618,468
Adjustments for:		
Depreciation:		
- property, plant and equipment	13,590,243	6,408,057
- investment properties	155,717	147,996
Amortisation of intangible assets	772,081	-
Reversal of impairment losses on trade receivables	70,390	-
Interest expense on lease liabilities	780,950	679,535
Interest expense	2,444,619	889,301
Share of net profit of an equity accounted associate	(131,139)	-
Property, plant and equipment written off	13,376	34
Gain on disposal of property, plant and equipment	(149,015)	(428,158)
Gain on disposal of investment properties	-	(96,176)
Dividend income from short-term investments	(12,522)	(2,427)
Interest income	(325,206)	(330,567)
Gain arising from modification of lease agreements	(14,547)	-
Operating profit before working capital changes	13,208,260	8,886,063
(Increase) / Decrease in contract assets	(19,096,201)	12,777,873
Increase / (Decrease) in contract liabilities	7,652,974	(578,462)
Increase in inventories	(755,018)	-
Decrease in trade and other receivables	36,575,010	7,074,904
Decrease in trade and other payables	(15,823,622)	(835,800)
Decrease in amount owing to related parties	(1,162,245)	-
Decrease / (Increase) in amount owing by an associate company	733,484	(1,962,808)
Cash from operations	21,332,642	25,361,770
Interest paid	(3,225,569)	(1,568,836)
Income tax refunds	29,349	-
Income tax paid	(856,492)	(787,887)
NET CASH FROM OPERATING ACTIVITIES	17,279,930	23,005,047

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

	Cumulative Current Period Ended 31.3.2022 RM	Cumulative Comparative Period Ended 31.3.2021 RM
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	325,206	330,567
Net cash outflow from acquisition of investment (Note A11)(b)	(14,830,482)	-
Dividend income from short-term investments	12,522	2,427
Increase in deposits pledged with licensed bank	(1,853,132)	(5,371,191)
Purchase of property, plant and equipment	(233,191)	(198,219)
Proceeds from disposal of property, plant and equipment	2,202,278	539,885
Proceeds from disposal of investment properties	-	294,800
Proceeds from finance lease receivables	170,503	385,941
Repayment to an associate	(45,716)	(3,201)
NET CASH FOR INVESTING ACTIVITIES	(14,252,012)	(4,018,991)
CASH FLOWS (FOR)/ FROM FOR FINANCING ACTIVITIES		
Advances from an associate	63,736	69,410
Proceeds from exercise of employees' share options	-	3,758,300
Net (repayment)/drawdown of term loans	(1,889,371)	13,881
Net repayment of bankers' acceptances	(16,272,284)	(328,028)
Net drawdown of invoice financing	1,693,631	500,272
Net drawdown of revolving credit	6,000,000	-
Net drawdown of bank factoring	8,031,881	2,396,004
Repayment of lease liabilities	(7,933,252)	(5,349,935)
Repayment to a director	-	(192,290)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(10,305,659)	867,614
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(7,277,741)	19,853,670
Cash and cash equivalents at beginning of the financial period	25,527,356	(255,501)
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	18,249,615	19,598,169

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)**

	Cumulative Current Period Ended 31.3.2022 RM	Cumulative Comparative Period Ended 31.3.2021 RM
Cash and cash equivalent comprised of:		
Deposits with licensed banks	64,284,297	55,424,336
Short-term investments	1,558,436	4,172,475
Cash and bank balances	19,097,326	17,246,038
Bank overdrafts	<u>(2,406,147)</u>	<u>(1,820,344)</u>
	82,533,912	75,022,505
Less: Deposits pledged to licensed banks	<u>(64,284,297)</u>	<u>(55,424,336)</u>
	<u>18,249,615</u>	<u>19,598,169</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes as attached to the interim financial statement.)

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

A1. Basis of Preparation

The interim financial report of the Advancecon Holdings Berhad (“Advancecon” or “Company”) and its subsidiaries (“Group”) is 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 2021, except for the adoption of the following Amendments to MFRS beginning 1 January 2022:

- Annual Improvements to MFRS 9 "Financial Instruments" on 'Fees in the 10% test for derecognition of financial liabilities'.
- Amendments to MFRS 3 "Business Combinations" on 'Reference to Conceptual Framework'
- Amendments to MFRS 116 "Property, Plant and Equipment" on 'Proceeds before intended use'.
- Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" on 'Onerous contracts—cost of fulfilling a contract'

The adoption of the above accounting standard(s) (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

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 year:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Year
• Amendments to MFRS 108: Definition of Accounting Estimates	2023
• MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2023
• Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies;	2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

A4. Seasonal or Cyclical Factors

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

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

There were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2022.

A6. Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 31 March 2022.

A7. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the current quarter.

A8. Dividends Paid

As at the date of this report, there was no payment of dividend during the financial year ending 31 December 2022.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

A9. Segmental Reporting

The Group's operating and reportable segments comprised of:

- (a) Construction and Support Services – involved in earthworks and civil engineering services;
- (b) Property Investment – involved in sales of investment properties for capital gain and rental of investment properties; and
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
- (d) Quarry Operation – involved in quarry operation and sale of related products.

	Construction and Support Services	Property Investment	Green Energy	Quarry Operation	Consolidation Adjustment	Total
The Group	RM	RM	RM	RM	RM	RM
Revenue						
External revenue	66,865,698	159,458	74,334	37,892,980	-	104,992,470
Inter-segment revenue	18,070,521	13,500	-	1,314,685	(19,398,706)	-
Consolidated revenue	<u>84,936,219</u>	<u>172,958</u>	<u>74,334</u>	<u>39,207,665</u>		<u>104,992,470</u>
Represented by:						
<u>Revenue recognised at a point in time</u>						
Sale of goods	1,861,183	-	-	-	-	1,861,183
Quarry operations and sale of related products	-	-	-	36,613,047	(1,271,285)	35,341,762
Hiring of machinery	17,058,499	-	-	259,524	(15,456,217)	1,861,806
Day work revenue	439,299	-	-	-	-	439,299
Solar energy-Operating revenue	-	-	74,334	-	-	74,334
Cabin Living Quarters Rental	9,762	-	-	-	-	9,762
<u>Revenue recognised over time</u>						
Contract revenue	62,909,772	-	-	2,335,094	-	65,244,866
Rental income from investment properties	-	172,958	-	-	(13,500)	159,458

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

A9. Segmental Reporting (Cont'd)

The Group (Cont'd)	Construction and Support Services RM	Property Investment RM	Green Energy RM	Quarry Operation RM	Consolidation Adjustment RM	Total RM
Represented by: (Cont'd)						
<u>Revenue from other sources</u>						
Dividend income	1,500,000	-	-	-	(1,500,000)	-
Management fee	1,157,704	-	-	-	(1,157,704)	-
	<u>84,936,219</u>	<u>172,958</u>	<u>74,334</u>	<u>39,207,665</u>		<u>104,992,470</u>
Results						
Segment results						(1,229,985)
Interest income						325,206
Dividend income from short-term investments						12,522
Finance Cost						(3,225,569)
Share of result of an equity accounted associate						131,139
Consolidated loss before taxation						(3,986,687)
Income tax expense						(906,712)
Deferred Tax						369,203
Consolidated loss after taxation						(4,524,196)
Loss attributable to owners of the Company						
Owners of the Company						(2,076,585)
Non-Controlling Interest						(2,447,611)

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

A10. Significant Events after the End of the Financial Period

There were no significant events after the end of the interim financial period.

A11. Changes in the Composition of the Group

On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with FHHSB for the acquisition of 51% equity interest in Spring Energy Resources Berhad ("SERB"). The total purchase consideration has been satisfied through a combination of cash amounting to RM 15,220,000 and the issuance of 33,000,000 new ordinary shares in the Company.

On 13 December 2021, the Company announced that the Consideration Shares of 33,000,000 issued pursuant to the Proposed Acquisition were listed and quoted on the Bursa Malaysia, which marks the completion of the Proposed Acquisition. The Company obtained control over SERB subsequently on 5 January 2022. Pursuant thereto, the Proposed Acquisition is deemed completed.

The fair value of the net identifiable assets and goodwill as disclosed below are based on provisional figures which will be finalised within twelve months after the acquisition date.

Effects of the above transaction are as below:

(a) Identified assets acquired and liabilities assumed

	RM
Non-current assets	160,423,579
Inventories	12,402,657
Trade and other receivables	59,617,668
Cash and cash equivalents	389,518
Non-current liabilities	(30,315,842)
Lease liabilities	(29,900,371)
Trade and other payables	(145,138,597)
Deferred tax liabilities	(9,007,886)
Minority interests	(10,883,633)
Net identified assets	<u>7,587,093</u>

(b) Net cash outflow arising from Acquisition of SERB

	RM
Purchase consideration	25,450,000
Less: Purchase consideration (issuance of new ordinary shares)	(10,230,000)
Less: Cash and cash equivalent acquired	(389,518)
	<u>14,830,482</u>

(c) Goodwill from business combination

	RM
Fair value of consideration transferred	25,450,000
Fair value of identified net assets acquired	(7,587,093)
Non-controlling interests, based on their proportionate interest	3,717,676
Effect from business combination	<u>21,580,583</u>

The fair value of net assets and goodwill in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

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

Approved and contracted for:
Purchase of property, plant and equipment

Unaudited
As at 31.3.2022
RM

2,380,195

A14. Contingent Liabilities

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

A15. Significant Related Party Transactions

The Group had the following transactions with related parties during the financial period ended 31 March 2022:

	Unaudited 3 Months Ended 31.3.2022 RM
Transaction with Director	
Rent office building	18,900
Transaction with companies in which the Directors have financial interest:	
Rent office buildings	134,000
Sale of quarry product	2,325,531
Rent of machineries and vehicles	102,876
Provision of accounting services	16,000
Rent access road for transporting the quarry products	<u>36,002</u>

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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			3 Months Cumulative Period		
	31.3.2022 RM	31.3.2021 RM	Variance %	31.3.2022 RM	31.3.2021 RM	Variance %
Revenue	104,992,470	65,076,518	61.3%	104,992,470	65,076,518	61.3%
(Loss)/ Profit Before Taxation	(3,986,687)	1,618,468	-346.3%	(3,986,687)	1,618,468	-346.3%
(Loss)/ Profit After Taxation	(4,524,196)	1,080,975	-518.5%	(4,524,196)	1,080,975	-518.5%
(Loss)/ Profit attributable to owners of the Company	(2,076,585)	1,080,975	-292.1%	(2,076,585)	1,080,975	-292.1%

For the current quarter under review, the Group recorded a 61.3% increase in revenue as compared to preceding year corresponding quarter. The increase was mainly attributable to consolidation of SERB's revenue which contributed RM37.9 million to the Group's revenue and higher progress billings of RM 3.9 million from its on-going construction projects and support services. However, the above was partly mitigated by lower revenue of RM1.3 million from Green Energy Segment.

Construction and Support Services Segment contributed about 63.7% (RM 66.9 million) of Group's revenue whereas Quarry Operation and Green Energy Segments contributed about 36.1% (RM 37.9 million) and 0.1% (RM 0.07 million) of the Group's revenue respectively. The balance of revenue was derived from Green Energy and Property Investment Segment. As compared to the preceding year corresponding quarter, Construction and Support Services Segment contributed about 97.6% of the Group's revenue, and Green Energy Segment contributed about 2.2% of the Group's revenue, at RM 63.5 million and RM 1.4 million respectively.

Construction and Support Services Segment

During the current quarter under review, the profit before taxation ("PBT") and PBT margin achieved by this division was of RM 1.7 million and 2.5% as compared to RM 1.5 million and 2.4% during the preceding year corresponding quarter.

The marginal increase in PBT during the current quarter was mainly attributable to

1. Insurance claims amounting to RM 0.4 million;
2. Share of profit from the associate company amounting to RM 0.1 million; and
3. Lower administrative expenses and finance costs of RM 0.3 million.

Nevertheless, the impact from the above was partly mitigated by higher construction material costs.

In terms of profit after taxation ("PAT"), this division recorded a higher PAT of RM 1.2 million versus RM 1.1 million for the preceding year corresponding quarter. The increase in PAT was in line with the higher PBT stated above.

Green Energy Segment

During the current quarter under review, the division recorded a PBT of RM 0.02 million versus RM 0.13 million during the preceding year corresponding quarter. Lower PBT in the current quarter under review was mainly due to zero contract revenue from Net Energy Metering Scheme.

Property Investment Segment

For the current quarter under review, the division recorded a loss before taxation ("LBT") of RM 0.15 million versus RM 0.09 million loss before tax during the preceding year corresponding quarter. Lower LBT in preceding year corresponding quarter was attributable to the gain on disposal of investment properties amounting to RM 0.1 million. The management is continuously looking to monetise the remaining investment properties as soon as possible.

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

B1. Review of Group Performance (Cont'd)

	31.3.2022	Effect from Business combination (SERB)	31.3.2022	31.3.2021
	RM	RM	RM	RM
Revenue	67,682,218	37,310,252	104,992,470	65,076,518
Profit / (Loss) Before Taxation	1,573,635	(5,560,322)	(3,986,687)	1,618,468
Profit / (Loss) After Taxation	934,025	(5,458,221)	(4,524,196)	1,080,975
Profit / (Loss) attributable to owners of the Company	934,025	(3,010,610)	(2,076,585)	1,080,975

The Group reported a loss attributable to owners of the Company of RM2.08 million mainly due to consolidation of SERB's losses of RM 3.01 million during the current quarter under review.

SERB's losses was mainly due to

1. Minimal revenue generated from two (2) quarries located in Tanjung Dua Belas from early January 2022 as severe flood halted the quarry production;
2. Additional operational costs of RM 3.0 million to recover the quarry sites conditions from catastrophic water damage due to severe flood; and
3. Increase in costs of operations such as increase in diesel cost and blasting products by 40% each.

B2. Comparison with Immediate Preceding Quarter Results

	3 Months Individual Period		
	31.3.2022	31.12.2021	Variance
	RM	RM	%
Revenue	104,992,470	75,991,049	38.2%
(Loss) / Profit Before Taxation	(3,986,687)	2,077,664	-291.9%
(Loss) / Profit After Taxation	(4,524,196)	1,621,619	-379.0%

During the current quarter under review, the increase in the Group's revenue was mainly attributable to consolidation of SERB's revenue which contributed RM37.9 million to the Group's revenue. However, LBT and loss after taxation were attributable to the consolidation of SERB's losses, which exceeded the profits generated by other segments.

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

B3. Prospects

The Group expects gradual growth on the Construction and Support Service Segment, supported by improving economic conditions, the government's focus on completing large infrastructure projects and their measures to address the shortage of affordable houses.

However, the outlook for the financial year ending 2022 remains challenging due to rising construction costs as a result of soaring construction materials and diesel prices and higher labour costs due to labour shortages, which could potentially impede profitability of on-going projects.

Moving forward, the Group's focus will be to:

1. Coordinate efforts to fulfil the remaining order book of RM624.1 million within 3 years ;
2. Continue to tender for more projects to replenish its order book; and
3. Review and monitor costs and expenses to further improve operational efficiency.

For the Quarry Operations Segment, the Group is working to increase its revenue by engaging in cross-selling of products and services to customers, while undertaking cost reduction measures to improve its performance.

For the Green Energy Segment, particularly in its execution of the large scale solar photovoltaic plants ("LSS4") project which is expected to be completed towards the end of 2023, will start contributing to the Group's income.

Based on the above, the Group will strive to achieve a positive overall performance for 2022.

B4. Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current year under review.

B5. Taxation

	Unaudited 3 Months Ended	
	31.3.2022	31.3.2021
	RM	RM
Income tax	906,712	924,323
Deferred tax	(369,203)	(386,830)
	<u>537,509</u>	<u>537,493</u>

The Group's effective tax rate ("ETR") for the financial year is higher than statutory tax rate of 24.0% mainly due to certain expenses not tax deductible and there is no Group tax relief available over the loss making companies with the Group. However, higher ETR was partly mitigated by the deferred tax movement.

B6. Status of Corporate Proposals

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

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

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 ⁽¹⁾	Allocation of IPO Proceeds upon listing (revised)	Actual utilisation of IPO Proceeds	Unutilised IPO Proceeds	Estimated timeframe for utilisation (upon listing)
		RM'000	RM'000	RM'000	RM'000	
i.	Total Capital expenditures:	29,700	27,050	(14,245)	12,805	Within 78 ⁽³⁾ 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 ⁽²⁾	(1,285)	12,805	Within 78 ⁽³⁾ months
ii.	Repayment of bank borrowings	12,500	12,455 ⁽²⁾	(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>(43,895)</u>	<u>12,805</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 by RM 0.51 million and RM 0.05 million respectively to day-to-day working capital expenses for payment to suppliers.
- (3) On 6 January 2022, the Board announced to further extend the estimate timeframe for the utilisation of the balance IPO proceeds from 54 months to 78 months from date of IPO, up till 10 January 2024.

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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 31.3.2022 RM	Audited As at 31.12.2021 RM
<u>Non-current</u>		
Term loans	73,793,833	48,039,001
Lease liabilities	28,531,120	20,838,905
<u>Current</u>		
Term loans	20,646,517	9,305,771
Lease liabilities	32,476,414	17,292,942
Bankers' acceptances	26,041,020	20,621,288
Invoice financing	29,957,798	7,021,641
Revolving credit	9,000,000	3,000,000
Bank overdrafts	2,406,147	-
Bank factoring	8,031,881	-
	230,884,730	126,119,548

B9. Material Litigation

There is no pending material litigation involving the Group pending as at the date of this report, except for the following:

Spring Energy Sdn. Bhd. ("SESB" or "the Defendant") an indirect 51.0% owned by Advancecon Holdings Berhad had on 19 April 2021 received a Writ of Summons and Statement of Claim both dated 16 April 2021 filed by Zeti Ismrizan Binti Isa and 5 others ("Plaintiffs").

Persatuan Penduduk Bukit Damar Dengkil and SESB have entered into an agreement to construct the Link Road & Access Road and earthwork at Lot 281 & 282 of Kampung Bukit Damar. The Plaintiffs are claiming that the work carried out by SESB was done without their consent that the work has caused damages and/or variation to the quality or nature to their lands. Therefore, the Plaintiffs have filed the Writ of Summons and Statement of Claim against SESB to claim for the purported losses and/or damages suffered by them including the purported decrease of value of their lands.

Pursuant to the Writ of Summons and Statement of Claim, the Plaintiffs are claiming from SESB for the sum of RM3,966,065.18 being the alleged specific damages suffered by the Plaintiffs due to the purported damages and/or variation to the quality or nature caused to their lands by SESB who has carried out construction work without the consent of the Plaintiffs.

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

B9. Material Litigation (Cont'd)

SESB has raised a Third Party Claim against Persatuan Penduduk Bukit Damar Dengkil, Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi (hereinafter referred as "the Third Parties") to indemnify SESB for any losses and/or damages suffered by SESB as a result of the Plaintiffs' claim as the Third Parties have breached the agreement and/or failed to obtain the consent from the Plaintiffs and/or have fraudulently or negligently misrepresented SESB that they have obtained the consent from all the landowners of Lot 281 and Lot 282 for SESB to commence the work. The Third Parties have filed application to strike out SESB's Third Party Claim on 6 August 2021 ("Strike Out Application").

On 3 November 2021 for hearing of the Strike Out Application, the High Court has allowed for the Strike Out Application due to technical irregularity and the High Court has fixed the case management on 17 November 2021 for the main suit.

The Court has during the case management on 17 November 2021 directed the parties to file and serve 'Tabulated Summary of parties positions and arguments on the issues and sub-issues' and submit list of witness and Witness Statement by 4 January 2022. The Court has fixed the next case management on 6 January 2022 to fix the trial date.

During the case management on 17 November 2021, SESB has also informed the Court that SESB will file an appeal against the High Court's decision in striking out the SESB's claim against Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi and will file a leave application to add Persatuan Penduduk Bukit Damar Dengkil as Third Party to the Main Suit.

SESB has then filed Notice of Appeal in Court of Appeal on 18 November 2021. The case management for the Appeal is fixed on 7 January 2022.

On 30 November 2021, SESB filed in Shah Alam High Court the Notice of Application to seek leave to add the Persatuan Penduduk Bukit Damar Dengkil as Third Party and the Affidavit in Support ("Leave Application"). The Court has fixed the case management before the Judge on 17 December 2021.

During the case management on 17 December 2021, the Court has fixed the hearing for the Leave Application on 6 January 2022 before the Judge. The Court had on 6 January 2022 disallowed the Leave Application and fixed the Trial dates on 21 July 2022, 22 July 2022 and 25 July 2022, during the case management.

SESB had on 9 February 2022 requested to withdraw the appeal and the Court has now fixed on 10 March 2022 as the hearing date to decide the cost for withdrawal the appeal and the Court has fixed the hearing on 10 March 2022 for the parties to resolve the costs of withdrawal issue. The Court has vacated the hearing on 10 March 2022 as the Parties have reached a consensus for withdrawal with costs of RM500 to be paid by SESB.

B10. Dividends Declared

There was no dividend declared during the current year under review.

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

B11. (Loss)/Earnings Per Share

	Unaudited 3 Months Ended	
	31.3.2022	31.3.2021
(Loss)/Profit after tax attributable to the owners of the Company (RM)	(2,076,585)	1,080,975
Basic earnings per share		
Weighted average number of ordinary shares	483,374,700	404,436,423
Basic (loss)/earnings per share (sen) ⁽¹⁾	(0.43)	0.27
Diluted earnings per share		
Weighted average number of ordinary shares	483,374,700	404,638,908
Diluted (loss)/earnings per share (sen) ⁽²⁾	(0.43)	0.27

Notes:

- (1) The basic earnings per share was computed based on (loss)/earnings attributable to owners of the Company divided by the weighted average number of ordinary shares.
- (2) For the period ended 31 March 2021, the dilutive portion of the ordinary shares deemed issued pursuant to the Employees' Share Options Scheme ("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.

B12. (Loss)/Profit Before Taxation

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

	Unaudited	
	Individual Quarter 31.3.2022 RM	Cumulative Quarter 31.3.2022 RM
Auditors' remuneration	67,875	67,875
Depreciation:		
- property, plant and equipment	13,590,243	13,590,243
- investment properties	155,717	155,717
Amortisation of intangible asset	772,081	772,081
Directors' remuneration	1,707,318	1,707,318
Interest expenses	3,225,569	3,225,569
Property, plant and equipment written off	13,376	13,376
Staff costs	18,367,478	18,367,478
Reversal of impairment losses on trade receivables	70,390	70,390
Gain on disposal of property, plant and equipment	(149,015)	(149,015)
Interest income	(325,206)	(325,206)
Dividend income from short-term investments	(12,522)	(12,522)

**BY ORDER OF THE BOARD
25 MAY 2022**