



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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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 2023

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
		31.03.2023 RM	31.03.2022 RM	31.03.2023 RM	31.03.2022 RM
Revenue	A9	112,024,830	104,992,470	112,024,830	104,992,470
Cost of Sales		(105,744,517)	(100,055,403)	(105,744,517)	(100,055,403)
Gross Profit		6,280,313	4,937,067	6,280,313	4,937,067
Other Income		7,025,097	2,656,767	7,025,097	2,656,767
		13,305,410	7,593,834	13,305,410	7,593,834
Selling And Distribution Expenses		(456,474)	(868,913)	(456,474)	(868,913)
Administrative Expenses		(5,667,394)	(5,627,193)	(5,667,394)	(5,627,193)
Other Expenses		(5,140,666)	(1,989,985)	(5,140,666)	(1,989,985)
Finance Costs		(3,305,273)	(3,225,569)	(3,305,273)	(3,225,569)
Share of Result Of An Equity Accounted Associate		16,749	131,139	16,749	131,139
Share of Result Of An Equity Joint Ventures		64,889	-	64,889	-
Loss Before Taxation	B12	(1,182,759)	(3,986,687)	(1,182,759)	(3,986,687)
Income Tax Expense	B5	(1,208,674)	(906,712)	(1,208,674)	(906,712)
Deferred Tax	B5	(409,228)	369,203	(409,228)	369,203
Loss After Taxation / Total Comprehensive Expenses for the Financial Period		(2,800,661)	(4,524,196)	(2,800,661)	(4,524,196)
Total Comprehensive Income / (Expenses) attributable to:					
- Owners of the Company		147,650	(2,076,585)	147,650	(2,076,585)
- Non-controlling interests		(2,948,311)	(2,447,611)	(2,948,311)	(2,447,611)
Earnings / (Loss) per share (sen)					
- Basic	B11	0.03	(0.43)	0.03	(0.43)
- Diluted	B11	0.03	(0.43)	0.03	(0.43)

(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 2022 and the accompanying explanatory notes as attached to the interim financial statements.)

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	(Unaudited) As at Current Quarter 31.03.2023 RM	(Audited) As at Financial Year Ended 31.12.2022 RM
ASSETS		
Non-current assets		
Investment in an associate	1,092,470	1,075,721
Investment in joint venture	545,651	480,762
Property, plant and equipment	180,564,216	191,662,059
Investment properties	34,778,132	34,924,716
Intangible assets	1,275,000	1,300,000
Deferred tax assets	746,668	1,379,446
Finance lease receivables	658,738	756,929
Trade receivables	429,493	429,745
Other receivables	3,643,000	3,695,433
	223,733,368	235,704,811
Current assets		
Inventories	10,007,449	13,125,525
Contract assets	121,730,341	117,846,104
Finance lease receivables	373,675	360,950
Trade receivables	76,404,689	83,330,422
Other receivables, deposits and prepayments	41,944,690	35,110,646
Amount owing by an associate	17,195,055	15,070,187
Amount owing by joint venture	2,228,395	2,113,942
Short-term investments	236,973	234,321
Current tax assets	6,159,837	6,230,764
Deposits with licensed banks	70,382,041	64,332,129
Cash and bank balances	8,465,029	34,825,070
	355,128,174	372,580,060
NON- CURRENT ASSET HELD FOR SALE	-	43,639,392
TOTAL ASSETS	578,861,542	651,924,263

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

	(Unaudited) As at Current Quarter 31.03.2023 RM	(Audited) As at Financial Year Ended 31.12.2022 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	114,113,062	114,139,592
Treasury shares	(3,249,343)	(3,249,343)
Retained profits	81,474,181	81,326,531
	<u>192,337,900</u>	<u>192,216,780</u>
Non-controlling interests	5,651,519	15,020,286
TOTAL EQUITY	<u>197,989,419</u>	<u>207,237,066</u>
Non-current liabilities		
Deferred tax liabilities	5,473,200	5,696,750
Long-term borrowings	58,792,875	71,427,961
Lease liabilities	1,708,957	1,900,279
	<u>65,975,032</u>	<u>79,024,990</u>
Current liabilities		
Contract liabilities	25,288,806	28,352,108
Trade payables	88,349,995	97,984,275
Other payables and accruals	25,049,872	24,742,863
Amount owing to related parties	24,313,171	26,798,879
Amount owing to joint venture	3,392,737	2,549,361
Current tax liabilities	331,173	247,847
Short-term borrowings	121,931,377	161,812,838
Lease liabilities	891,280	913,693
Bank overdrafts	25,348,680	22,260,343
	<u>314,897,091</u>	<u>365,662,207</u>
TOTAL LIABILITIES	<u>380,872,123</u>	<u>444,687,197</u>
TOTAL EQUITY AND LIABILITIES	<u>578,861,542</u>	<u>651,924,263</u>
Net asset per share attributable to owner of the Company (RM)	<u>0.39</u>	<u>0.39</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 2022 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 2023

	Share Capital	Treasury Shares	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM
The Group						
(Audited)						
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 expenses for the financial year	-	-	(23,358,610)	(23,358,610)	5,056,057	(18,302,553)
- Acquisition of subsidiary	-	-	-	-	9,964,229	9,964,229
Balance at 31.12.2022	114,139,592	(3,249,343)	81,326,531	192,216,780	15,020,286	207,237,066
(Unaudited)						
Balance at 1.1.2023	114,139,592	(3,249,343)	81,326,531	192,216,780	15,020,286	207,237,066
Profit after taxation / Total comprehensive income for the financial period	-	-	147,650	147,650	(2,948,311)	(2,800,661)
- Additional purchase of shares in a subsidiary	-	-	-	-	(6,420,456)	(6,420,456)
Contribution by and distribution to owners of the Company:						
- Share issue expenses	(26,530)	-	-	(26,530)	-	(26,530)
Balance at 31.03.2023	114,113,062	(3,249,343)	81,474,181	192,337,900	5,651,519	197,989,419

(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 2022 and the accompanying explanatory notes as attached to the interim financial statements.)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2023

	Cumulative Current Period Ended 31.03.2023 RM	Cumulative Comparative Period Ended 31.03.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,182,759)	(3,986,687)
Adjustments for:		
Depreciation:		
- property, plant and equipment	11,254,911	13,590,243
- investment properties	146,584	155,717
Amortisation of intangible assets	25,000	772,081
Reversal of impairment losses on property, plant and equipment	(442,430)	-
Reversal of impairment losses on trade receivables	(72,553)	70,390
Bad debt written off	80,035	-
Interest expense on lease liabilities	40,997	22,013
Interest expense	3,264,276	3,203,556
Share of net profit of an equity accounted associate	(16,749)	(131,139)
Share of net profit of an equity accounted joint venture	(64,889)	-
Property, plant and equipment written off	-	13,376
Gain on disposal of property, plant and equipment	(4,122,898)	(149,015)
Dividend income from short-term investments	(2,651)	(12,522)
Interest income	(420,768)	(325,206)
Gain arising from modification of lease agreements	-	(14,547)
Operating profit before working capital changes	8,486,106	13,208,260
Increase in contract assets	(3,884,237)	(19,096,201)
(Decrease)/ Increase in contract liabilities	(3,063,302)	7,652,974
Decrease/ (Increase) in inventories	3,118,076	(755,018)
Decrease in trade and other receivables	3,647,892	36,575,010
Decrease in trade and other payables	(2,337,273)	(15,823,622)
Decrease in amount owing to related parties	-	(1,162,245)
(Increase)/ Decrease in amount owing by an associate company	(1,400,450)	733,484
Increase in amount owing to joint ventures	843,376	-
Cash from operations	5,410,188	21,332,642
Interest paid	(3,305,273)	(3,225,569)
Income tax refunds	-	29,349
Income tax paid	(1,054,421)	(856,492)
NET CASH FROM OPERATING ACTIVITIES	1,050,494	17,279,930

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)

	Cumulative Current Period Ended 31.03.2023 RM	Cumulative Comparative Period Ended 31.03.2022 RM
CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES		
Interest received	420,768	325,206
Net cash outflow from acquisition of investment	-	(14,830,482)
Additional purchase of shares in a subsidiary	(6,420,456)	-
Dividend income from short-term investments	2,651	12,522
Increase in deposits pledged with licensed bank	(6,049,912)	(1,853,132)
Purchase of property, plant and equipment	(1,866,321)	(233,191)
Proceeds from disposal of property, plant and equipment	568,153	2,202,278
Proceeds from finance lease receivables	85,466	170,503
Proceeds from disposal of non-current asset held for sale	37,681,822	-
Advances to an associate	(724,418)	(45,716)
Advances to joint venture	(114,453)	-
NET CASH FROM / (FOR) INVESTING ACTIVITIES	23,583,300	(14,252,012)
CASH FLOWS FOR FINANCING ACTIVITIES		
Share issue expenses	(26,530)	-
Advances from an associate	-	63,736
Net repayment of term loans	(10,369,094)	(1,889,371)
Net drawdown/ (repayment) of bankers' acceptances	1,201,044	(16,272,284)
Net (repayment)/ drawdown of invoice financing	(2,082,492)	1,693,631
Net (repayment) /drawdown of revolving credit	(4,500,000)	6,000,000
Net (repayment) / drawdown of bank factoring	(28,956,934)	8,031,881
Repayment of lease liabilities	(213,735)	(196,008)
Repayment of hire purchase	(6,646,071)	(7,737,244)
Repayment to related parties	(2,485,708)	-
NET CASH FOR FINANCING ACTIVITIES	(54,079,520)	(10,305,659)
NET DECREASE IN CASH AND CASH EQUIVALENT	(29,445,726)	(7,277,741)
Cash and cash equivalents at beginning of the financial period	12,799,048	25,527,356
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	(16,646,678)	18,249,615

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	Cumulative Current Period Ended 31.03.2023 RM	Cumulative Comparative Period Ended 31.03.2022 RM
Cash and cash equivalent comprised of:		
Deposits with licensed banks	70,382,041	64,284,297
Short-term investments	236,973	1,558,436
Cash and bank balances	8,465,029	19,097,326
Bank overdrafts	<u>(25,348,680)</u>	<u>(2,406,147)</u>
	53,735,363	82,533,912
Less: Deposits pledged to licensed banks	<u>(70,382,041)</u>	<u>(64,284,297)</u>
	<u>(16,646,678)</u>	<u>18,249,615</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 2022 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 2023

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 2022, except for the adoption of the following Amendments to MFRS beginning 1 January 2022:

- 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'
- Annual Improvement to MFRS Standards 2018 - 2020

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
• MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	2023
• Amendment to MFRS 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9: Financial Instruments – Comparative Information	2023
• Amendments to MFRS 108: Definition of Accounting Estimates	2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2023
• Amendments to MFRS 16: Leases – Lease Liability in a Sale and Leaseback	2024
• Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;	2024
• 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 2023 (CONT'D)

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

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

Other than those disclosed in the financial statements, there were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2023.

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 2023.

A7. Debt and Equity Securities

There was 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 2023 (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.
- (e) Centralised Labour Quarter -involved in workers' dormitory/ accommodation services

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarters	Quarry Operation	Consolidation Adjustment	Total
The Group	RM	RM	RM	RM	RM	RM	RM
Revenue							
External revenue	70,804,741	94,147	76,141	63,150	40,986,651	-	112,024,830
Inter-segment revenue	11,818,022	-	-	-	6,490,509	(18,308,531)	-
Consolidated revenue	<u>82,622,763</u>	<u>94,147</u>	<u>76,141</u>	<u>63,150</u>	<u>47,477,160</u>		<u>112,024,830</u>

Represented by:

Revenue recognised at a point in time

Construction and support services:

- sale of goods	3,501,578	-	-	-	-	-	3,501,578
- hiring of machinery	11,844,955	-	-	-	-	(10,559,822)	1,285,133
- day work revenue	2,617,899	-	-	-	-	-	2,617,899
Rental of centralised labour quarters	7,842	-	-	-	-	-	7,842
Quarry operations:							
- sale of quarry products	-	-	-	-	26,709,585	(3,158,648)	23,550,937
- hiring of machinery	-	-	-	-	82,130	(13,950)	68,180
- transport income	-	-	-	-	608,961	(183,593)	425,368
Solar energy:							
- operating revenue	-	-	76,141	-	-	-	76,141

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)

A9. Segmental Reporting (Cont'd)

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarter	Quarry Operation	Consolidation Adjustment	Total
The Group (Cont'd)	RM	RM	RM	RM	RM	RM	RM
Represented by: (Cont'd)							
<u>Revenue recognised over time</u>							
Construction and support services							
- contract revenue	63,392,289	-	-	-	-	-	63,392,289
Rental income from investment properties	-	94,147	-	-	-	-	94,147
Rental of centralised labour quarters	-	-	-	63,150	-	-	63,150
Quarry operations:							
- contract revenue	-	-	-	-	2,064,840	(234,790)	1,830,050
- sub-contract work	-	-	-	-	18,011,644	(2,899,528)	15,112,116
<u>Revenue from other sources</u>							
Management fee	1,258,200	-	-	-	-	(1,258,200)	-
	<u>82,622,763</u>	<u>94,147</u>	<u>76,141</u>	<u>63,150</u>	<u>47,477,160</u>	<u>(1,258,200)</u>	<u>112,024,830</u>
Results							
Segment results	6,488,193	(191,647)	(74,713)	13,663	(4,041,515)	(576,524)	1,617,457
Interest income							420,768
Dividend income from short-term investments							2,651
Finance Cost							(3,305,273)
Share of result of an equity accounted associate							16,749
Share of results of equity accounted joint ventures							64,889
Consolidated loss before taxation							(1,182,759)



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)

A9. Segmental Reporting (Cont'd)

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarter	Quarry Operation	Consolidation Adjustment	Total
The Group (Cont'd)	RM	RM	RM	RM	RM	RM	RM
Income tax expense							(1,208,674)
Deferred Tax							(409,228)
Consolidated loss after taxation							<u>(2,800,661)</u>
Profit/ (Loss) attributable to							
Owners of the Company							147,650
Non-Controlling Interest							<u>(2,948,311)</u>

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)

A10. Significant Events after the End of the Financial Period

There were no material events subsequent to the current financial period ended 31 March 2023 and up to the date of this report, which is likely to substantially affect the profits of the Group.

A11. Changes in the Composition of the Group

During the quarter under review, Spring Energy Sdn. Bhd. ("SESB"), a 51% owned indirect subsidiary of the Group has completed the purchase of the remaining 3,470,000 ordinary shares of RM1.00 each in SE Satu Sdn. Bhd. ("SE SATU"), representing 49.0% of the issued and paid-up share capital of SE SATU for a cash consideration of RM4,796,205.97. The additional shares were purchased from Citaglobal Berhad (formerly known as WZ Satu Berhad).

With the completion of this acquisition, SESB's equity interest in SE SATU has increased from 51.0% to 100%.

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 31.03.2023
RM

4,088,956

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 Mar 2023

	Unaudited 3 Months Ended 31.03.2023 RM
Transaction with Director	
Rent office building	18,900
Transaction with companies in which the Directors of subsidiaries have financial interest:	
Rent of office buildings	100,500
Sale of quarry product	354,771
Provision of accounting services	3,000
Rent of access road for transporting quarry products	<u>12,436</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 Ended			3 Months Ended		
	31.03.2023 RM	31.03.2022 RM	Variance %	31.03.2023 RM	31.03.2022 RM	Variance %
Revenue	112,024,830	104,992,470	6.7%	112,024,830	104,992,470	6.7%
Loss Before Taxation	(1,182,759)	(3,986,687)	70.3%	(1,182,759)	(3,986,687)	70.3%
Loss After Taxation	(2,800,661)	(4,524,196)	38.1%	(2,800,661)	(4,524,196)	38.1%
Profit / (Loss) attributable to owners of the Company	147,650	(2,076,585)	107.1%	147,650	(2,076,585)	107.1%

For the current quarter under review, the Group recorded a 6.7% increase in revenue as compared to the preceding year's corresponding quarter. The revenue was mainly contributed by the Construction and Support Services Segment RM70.8 million (63.2%) and Quarry Segment for RM41.0 million (36.6%). The remaining revenue was derived from the Green Energy and Property Investment Segments.

The Group reported a better performance of profit attributable to owners, which was RM0.1 million as compared to a loss of RM2.1 million in the same quarter last year.

Construction and Support Services Segment

The division recorded a profit before taxation ("PBT") of RM 4.9 million for current financial quarter compared to RM 1.7 million in the preceding year corresponding quarter, was mainly contributed by one off non-operating gain on disposal of old machineries amounting to RM 3.7 million.

Quarry Segment

The division registered a loss attributable to Owners of the Company of RM 3.2 million versus RM 3.0 million in the preceding year corresponding quarter. This was mainly due to one off professional fee (RM1.5 million) incurred in relation to the disposal of Gurun land.

Green Energy Segment

The division recorded a loss before taxation ("LBT") of RM 0.02 million versus a PBT of RM 0.02 million in the preceding year corresponding quarter. The LBT was mainly attributable to professional fees incurred for Large Scale Solar ("LSS4") project.

Property Investment Segment

The division registered a LBT of RM 0.25 million versus a lower LBT of RM 0.15 million in the preceding year corresponding quarter. This was mainly attributable to higher finance cost incurred and lower rental income generated. Management is actively sourcing to generate income from this segment.

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

B2. Comparison with Preceding Quarter Results

	3 Months Ended		
	31.03.2023	31.12.2022	Variance
Revenue	112,024,830	95,782,294	17.0%
(Loss) before tax	(1,182,759)	(12,661,483)	90.7%
Profit / (Loss) attributable to owners of the Company	147,650	(22,491,823)	100.7%

The Group recorded higher revenue at RM 112.0 million versus RM 95.8 million in the preceding quarter, mainly contributed by the Construction and Support Services Segment.

Overall, the Group reported a profit attributable to Owners of the Company amounting to RM 0.1 million as compared to a loss of RM 22.5 million mainly due to the impairment of goodwill in the preceding quarter.

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

B3. Prospects

Malaysia's gross domestic product (GDP) growth is projected between 4% to 5% in 2023. Public sector investment is expected to expand by 7% in 2023 (2022 : 5.3%), with higher capital spending by the government, amid the continued progress of large-scale infrastructure projects, such as the East Coast Rail Link (ECRL), the Light Rail Transit Line 3 (LRT3), and the Pan Borneo Highway. (Bank Negara Malaysia)

With the expected higher growth in the construction sector in 2023 particularly in the civil engineering sub-sectors, the Group is actively on the lookout for opportunities to expand its development and production services and its assets. As at the date of this report, total outstanding order book stands at RM525.8 million.

In the Construction business, the Group had on 20 April 2023, accepted the Letter of Award ("LOA") from Perbandanan Kemajuan Negeri Selangor ("PKNS") as the Contractor for the Proposed Earthworks and Major Infrastructure Works and other related works for Sierra Alam (phase 1) in Section U10, Shah Alam, Selangor. The total contract sum is approximately RM86 million and the contract period is for 24 months from the date of site possession or a date to be informed by PKNS. Nevertheless, the Group will continue to bid for new contracts to grow its order book as well as focusing on project execution to ensure timely completion of all on-going projects.

In the Green Energy business, the Group has executed a Power Purchase Agreement ("PPA") with Tenaga Nasional Berhad in August 2021 for the development of Large Scale Solar Photovoltaic Plant ("LSSPV") of 26MV at Kuala Langat, Selangor. In August 2022, the Energy Commission ("EC") granted the Group an additional 4 year extension. This will enable the Group to optimize its returns for the next 25 years, which is in line with the Group's long-term strategy to grow its sustainable and recurring income. In March 2023, the Group had obtained 80% project financing support of 15 years from a financial institution for the development of LSSPV. The remaining 20% of equity portion was through the issuance of 91,975,900 Private Placement Shares in April 2023.

In the Quarry operation business, revenue generated has improved in the first quarter 2023 by 4.6% compared to the corresponding period last year. On 25 April 2023, Spring Energy Sdn. Bhd. ("SESB"), a 51% owned indirect subsidiary of the Group had accepted the Letter of Acceptance ("LOA") from China Communications Construction (ECRL) Sdn Bhd, to appoint SESB as the subcontractor for the Construction and Completion of Subgrade Earthworks within KPC Depot Station and OCC Area (Section 5), for a total subcontract sum of RM11.5 million. The subcontract period commenced on 29 April 2023 and is expected to complete in September 2023. With this project, the Group expects revenue to increase in the coming two quarters of 2023, barring any unforeseen circumstances.

The Group will continue to exercise prudence to achieve operational efficiency for 2023. The Group will undertake necessary measures to manage the risks and take proactive steps to mitigate the adverse impacts of rising operating construction costs of raw materials, equipment and labour.

B4. Profit Forecast

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

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

B5. Taxation

	Unaudited 3 Months Ended	
	31.03.2023	31.03.2022
	RM	RM
Income tax	1,208,674	906,712
Deferred tax	409,228	(369,203)
	<u>1,617,902</u>	<u>537,509</u>

The Group's effective tax rate ("ETR") for the financial year is higher than statutory tax rate of 24.0% mainly due to deferred tax movement and tax permanent differences.

B6. Status of Corporate Proposals

On 13 January 2023, the Group announced that it will undertake a Proposed Private Placement (PPP) of up to 20% of the total number of issued shares to third party investors. The proceeds of the PPP are intended to be used for the development costs of the Solar Power Plant and the estimated expenses in relation to the PPP. The Solar Power Plant is in line with the Group's plans to expand and focus in the green energy segment.

On 3 February 2023, Bursa Malaysia Securities Berhad approved the listing and quotation of up to 96,674,940 Placement Share to be issued pursuant to the PPP. The PPP was tabled at the Extraordinary General Meeting held on 28 February 2023.

On 28 March 2023, the Group announced that the issue price for PPP was RM0.215 per Placement Share, which represents a discount of approximately 9.24% to the 5-day VWAP of Advancecon's shares up to and including 27 March 2023.

Subsequently, the Group has issued 91,975,900 Placement Shares pursuant to the PPP were listed and quoted on the Main Market of Bursa Securities with effect on 6 April 2022.

There were no pending corporate proposals as at date of this report.

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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 31.03.2023 RM	Audited As at 31.12.2022 RM
<u>Non-current</u>		
Term loans	39,100,250	47,801,927
Hire Purchases	19,692,625	23,626,034
<u>Current</u>		
Term loans	28,776,895	31,607,312
Hire Purchases	17,918,887	20,631,549
Bankers' acceptances	25,502,304	30,001,650
Invoice financing	31,202,694	27,584,796
Revolving credit	13,000,000	17,500,000
Bank overdrafts	25,348,680	22,260,343
Bank factoring	5,530,597	34,487,531
	206,072,932	255,501,142

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") a wholly owned subsidiary of Spring Energy Resources Berhad had on 19 April 2021 received a Writ of Summon and Statement of Claim both dated 16 April 2021 filed by Zeti Ismrizan Binti Isa and 5 others ("Plaintiffs") under Shah Alam High Court Civil Suit No. BA-23NCVC-24/04/2021 (Suit 24).

Persatuan Penduduk Bukit Damar Dengkil and SESB 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 in the 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 which 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 filed an application to strike out SESB's Third Party Claim on 6 August 2021 ("Strike Out Application").

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

The Court had 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 then 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 SESB's claim against Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi would file a leave application to add Persatuan Penduduk Bukit Damar Dengkil as Third Party to the Main Suit.

SESB then filed Notice of Appeal in Court of Appeal on 18 November 2021. The case management for the Appeal was 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 had fixed the case management before the Judge on 17 December 2021.

During the case management on 17 December 2021, the Court 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 vacated the hearing on 10 March 2022 as the Parties reached a consensus for withdrawal with costs of RM500 to be paid by SESB. Further, Spring Energy Sdn Bhd initiated a new proceeding against Dato' Mohamed Dahan Bin Abdul Latif, being sued in the capacity of the Chairman/Office bearer for Persatuan Penduduk Bukit Damar Dengkil for breach of contract and against Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi under the tort of deceit and misrepresentation. The Writ of Summons and Statement of Claim were filed on 8 March 2022, under Suit No. BA-22NCVC-99-03/2022 ("Suit 99").

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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)

On 15 July 2022, High Court allowed the consolidation application by SESB with cost in the cause and Suit 24 will be transferred and consolidated with Suit 99 (the Suit against 3rd party) and will be heard by YA Dato' Dr Choo Kah Sing. Therefore, the trial dates that were initially fixed on 21 July 2022, 22 July 2022 and 25 July 2022 have been vacated and new directions in respect of this matter will be given.

On 8 February 2023, the Third Parties have filed the striking out application and the court has fixed the hearing date on 5th April 2023. Subsequently, the hearing has been vacated by the High Court and rescheduled to 15 June 2023

B10. Dividends Declared

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

B11. Earnings / (Loss) Per Share

	Unaudited	
	3 Months Ended	
	31.03.2023	31.03.2022
Profit / (Loss) after tax attributable to the owners of the Company (RM)	147,650	(2,076,585)
Basic earnings per share		
Weighted average number of ordinary shares	483,374,700	483,374,700
Basic earnings / (loss) per share (sen) ⁽¹⁾	0.03	(0.43)
Diluted earnings per share		
Weighted average number of ordinary shares	483,374,700	483,374,700
Diluted earnings / (loss) per share (sen) ⁽²⁾	0.03	(0.43)

Notes:

- (1) The basic earnings / (loss) per share was computed based on earnings/(loss) attributable to owners of the Company divided by the weighted average number of ordinary shares.
- (2) Diluted earnings / (loss) per ordinary share for the current financial year is calculated by dividing the profit / (loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B12. Loss Before Taxation**

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

	Unaudited	
	Individual Quarter 31.03.2023	Cumulative Quarter 31.03.2023
	RM	RM
Auditors' remuneration	84,725	84,725
Depreciation:		
- property, plant and equipment	11,254,911	11,254,911
- investment properties	146,584	146,584
Amortisation of intangible asset	25,000	25,000
Directors' remuneration	792,702	792,702
Royalties and tributes	3,867,655	3,867,655
Interest expenses	3,305,274	3,305,274
Staff costs	20,214,508	20,214,508
Gain on disposal of property, plant and equipment	(4,122,898)	(4,122,898)
Interest income	(420,768)	(420,768)
Dividend income from short-term investments	(2,651)	(2,651)

BY ORDER OF THE BOARD**24 MAY 2023**