



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2023

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ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FOURTH QUARTER ENDED 31 DEC 2023

| | Note | Individual Quarter | | Cumulative Quarter | |
|--|------------|-------------------------|--|------------------------|---|
| | | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year Period | Preceding Year Corresponding Period |
| | | 31.12.2023 RM | 31.12.2022 RM | 31.12.2023 RM | 31.12.2022 RM |
| Revenue | A9 | 96,664,223 | 95,782,294 | 449,765,330 | 422,349,884 |
| Cost of Sales | | (125,481,970) | (105,754,835) | (454,078,644) | (415,874,052) |
| Gross (Loss) / Profit | | (28,817,747) | (9,972,541) | (4,313,314) | 6,475,832 |
| Other Income | | 2,793,065 | 32,356,040 | 16,025,533 | 42,658,957 |
| | | (26,024,682) | 22,383,499 | 11,712,219 | 49,134,789 |
| Selling And Distribution Expenses | | (600,632) | (80,906) | (2,017,126) | (2,185,787) |
| Administrative Expenses | | (6,305,663) | (9,867,800) | (23,631,764) | (26,913,719) |
| Other Expenses | | (7,672,103) | (32,392,627) | (16,365,540) | (38,146,433) |
| Finance Costs | | (2,984,800) | (4,041,350) | (12,846,247) | (13,611,590) |
| Net Impairment Gain On Financial Assets And Contract Assets | | (76,735) | 11,644,111 | (76,735) | 11,644,111 |
| Share of Result Of An Equity Accounted Associate | | 444,535 | (323,860) | 607,445 | 510,740 |
| Share of Result Of An Equity Accounted Joint Ventures | | (6,880) | 17,450 | 112,529 | 384,201 |
| Loss Before Taxation | B12 | (43,226,960) | (12,661,483) | (42,505,219) | (19,183,688) |
| Income Tax Expense | B5 | 1,271,232 | 1,737,808 | (2,260,074) | (2,414,821) |
| Deferred Tax | B5 | (720,460) | 3,034,580 | (668,533) | 3,295,956 |
| Loss After Taxation / Total Comprehensive Expenses for the Financial Period | | (42,676,188) | (7,889,095) | (45,433,826) | (18,302,553) |
| Total Comprehensive (Expenses) / Income attributable to: | | | | | |
| - Owners of the Company | | (33,909,384) | (22,491,823) | (33,822,953) | (23,358,610) |
| - Non-controlling interests | | (8,766,804) | 14,602,728 | (11,610,873) | 5,056,057 |
| Loss per share (sen) | | | | | |
| - Basic | B11 | (6.14) | (4.65) | (6.12) | (4.83) |
| - Diluted | B11 | (6.14) | (4.65) | (6.12) | (4.83) |

(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

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

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

| | (Unaudited) As at Current Quarter 31.12.2023 RM | (Audited) As at Financial Year Ended 31.12.2022 RM |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Investment in an associate | 1,683,166 | 1,075,721 |
| Investment in joint venture | 593,291 | 480,762 |
| Property, plant and equipment | 239,342,376 | 191,662,059 |
| Investment properties | 34,345,679 | 34,924,716 |
| Intangible assets | 1,200,000 | 1,300,000 |
| Deferred tax assets | - | 1,379,446 |
| Finance lease receivables | 345,077 | 756,929 |
| Trade receivables | 305,194 | 429,745 |
| Other receivables | 7,639,340 | 3,695,433 |
| | 285,454,123 | 235,704,811 |
| Current assets | | |
| Inventories | 11,064,168 | 13,125,525 |
| Contract assets | 100,217,477 | 117,846,104 |
| Finance lease receivables | 411,852 | 360,950 |
| Trade receivables | 54,829,290 | 83,330,422 |
| Other receivables, deposits and prepayments | 31,888,827 | 35,110,646 |
| Amount owing by related party | 3,945,060 | - |
| Amount owing by an associate | 32,150 | 15,070,187 |
| Amount owing by joint venture | 2,075,685 | 2,113,942 |
| Short-term investments | 244,015 | 234,321 |
| Current tax assets | 6,446,296 | 6,230,764 |
| Deposits with licensed banks | 55,251,425 | 64,332,129 |
| Cash and bank balances | 26,505,956 | 34,825,070 |
| | 292,912,201 | 372,580,060 |
| NON- CURRENT ASSET HELD FOR SALE | - | 43,639,392 |
| TOTAL ASSETS | 578,366,324 | 651,924,263 |

ADVANCECON HOLDINGS BERHAD

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

| | (Unaudited) As at Current Quarter 31.12.2023 RM | (Audited) As at Financial Year Ended 31.12.2022 RM |
|---|---|--|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 133,729,611 | 114,139,592 |
| Treasury shares | (3,249,343) | (3,249,343) |
| Retained profits | 49,135,513 | 81,326,531 |
| | <u>179,615,781</u> | <u>192,216,780</u> |
| Non-controlling interests | (3,018,726) | 15,020,286 |
| TOTAL EQUITY | <u>176,597,055</u> | <u>207,237,066</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 4,986,156 | 5,696,750 |
| Long-term borrowings | 105,124,103 | 71,427,961 |
| Lease liabilities | 1,868,174 | 1,900,279 |
| | <u>111,978,433</u> | <u>79,024,990</u> |
| Current liabilities | | |
| Contract liabilities | 19,493,564 | 28,352,108 |
| Trade payables | 98,874,963 | 97,984,275 |
| Other payables and accruals | 26,998,168 | 24,742,863 |
| Amount owing to related parties | 30,315,203 | 26,798,879 |
| Amount owing to joint venture | 1,421,720 | 2,549,361 |
| Current tax liabilities | 403,832 | 247,847 |
| Sales and Service Tax | 10,651 | - |
| Short-term borrowings | 99,218,707 | 161,812,838 |
| Lease liabilities | 1,260,733 | 913,693 |
| Bank overdrafts | 11,793,295 | 22,260,343 |
| | <u>289,790,836</u> | <u>365,662,207</u> |
| TOTAL LIABILITIES | <u>401,769,269</u> | <u>444,687,197</u> |
| TOTAL EQUITY AND LIABILITIES | <u>578,366,324</u> | <u>651,924,263</u> |
| Net asset per share attributable to owner of the Company (RM) | <u>0.31</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.)

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED 31 DEC 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 |
| Loss after taxation / Total comprehensive expenses for the financial period | - | - | (33,822,953) | (33,822,953) | (11,610,873) | (45,433,826) |
| - Additional purchase of shares in a subsidiary | - | - | - | - | (6,428,139) | (6,428,139) |
| Contribution by and distribution to owners of the Company: | | | | | | |
| - Issuance of new ordinary shares | 19,774,819 | - | - | 19,774,819 | - | 19,774,819 |
| - Share issue expenses | (184,800) | - | - | (184,800) | - | (184,800) |
| Transaction between owner and Non-controlling interest | - | - | 1,631,935 | 1,631,935 | - | 1,631,935 |
| Balance at 31.12.2023 | 133,729,611 | (3,249,343) | 49,135,513 | 179,615,781 | (3,018,726) | 176,597,055 |

(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.)

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER ENDED 31 DEC 2023

| | Cumulative Current Period Ended 31.12.2023 RM | Cumulative Comparative Period Ended 31.12.2022 RM |
|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (42,505,219) | (19,183,688) |
| Adjustments for: | | |
| Depreciation: | | |
| - property, plant and equipment | 41,644,224 | 617,927 |
| - investment properties | 579,037 | 52,025,563 |
| Amortisation of intangible assets | 100,000 | 952,408 |
| Reversal of impairment losses on property, plant and equipment | (442,430) | - |
| Reversal of impairment losses on trade receivables | - | (17,500,110) |
| Impairment losses: | | |
| - property, plant and equipment | - | 3,360,608 |
| - goodwill | - | 21,134,203 |
| - intangible assets | - | 8,592,263 |
| - trade receivables | (405,898) | 2,652,544 |
| - other receivables | (21,885) | 450,251 |
| - contract assets | - | 2,753,204 |
| Interest expense on lease liabilities | 165,428 | 174,612 |
| Interest expense | 12,680,818 | 13,436,978 |
| Fair value loss on long-term: | | |
| - trade receivables | - | 41,181 |
| - other receivables | - | 346,567 |
| Share of net profit of an equity accounted associate | (607,445) | (510,740) |
| Share of net profit of an equity accounted joint venture | (112,529) | (384,201) |
| Bad debt recovery | - | (3,200,000) |
| Early settlement of profit guarantee | - | (30,800,000) |
| Property, plant and equipment written off | 127,435 | 18,276 |
| Gain on modification of lease liabilities | (919) | (6,773) |
| Gain on disposal of property, plant and equipment | (7,026,942) | (5,935,734) |
| Gain on disposal of investment properties | - | (193,442) |
| Dividend income from short-term investments | (9,694) | (38,407) |
| Interest income | (1,769,626) | (1,572,731) |
| Operating profit before working capital changes | 2,394,355 | 27,230,759 |
| Decrease / (Increase) in contract assets | 17,628,627 | (16,304,672) |
| (Decrease) / Increase in contract liabilities | (8,858,544) | 5,141,252 |
| Decrease / (Increase) in inventories | 2,061,357 | (722,868) |
| Decrease in trade and other receivables | 33,878,786 | 39,499,017 |
| Decrease in trade and other payables | (48,537,159) | (22,490,379) |
| Decrease/ (Increase) in amount owing by an associate company | 14,776,759 | (12,691,479) |
| (Decrease) / Increase in amount owing to joint venture | (1,127,641) | 2,549,361 |
| Decrease in amount owing by related parties | 3,428,317 | - |
| Cash from operations | 15,644,857 | 22,210,991 |

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

| | Cumulative Current Period Ended 31.12.2023 RM | Cumulative Comparative Period Ended 31.12.2022 RM |
|--|--|--|
| Interest paid | (12,846,246) | (13,611,590) |
| Income tax refund | 1,023,614 | 879,285 |
| Income tax paid | (3,342,915) | (4,352,083) |
| NET CASH FROM OPERATING ACTIVITIES | 479,310 | 5,126,603 |
| CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES | | |
| Interest received | 1,769,626 | 1,572,731 |
| Net cash outflow from acquisition of a subsidiary | (4,796,204) | (14,830,482) |
| Dividend income from short-term investments | 9,694 | 38,407 |
| Increase in deposits pledged with licensed bank | 9,080,704 | (1,900,964) |
| Purchase of property, plant and equipment | (31,745,871) | (5,029,575) |
| Proceeds from disposal of property, plant and equipment | 5,807,668 | 4,509,548 |
| Proceeds from disposal of investment properties | - | 323,400 |
| Addition to investment properties | - | (2,580) |
| Repayment from finance lease receivables | 360,950 | 1,925,496 |
| Proceeds from disposal of non-current asset held for sale | 37,681,822 | - |
| (Advances to) / Repayment from related parties | (2,505,946) | 12,004,174 |
| Repayment / (Advances to) from an associate | 261,278 | (292,111) |
| Repayment from / (Advances to) joint venture | 38,257 | (2,113,942) |
| NET CASH FROM / (FOR) INVESTING ACTIVITIES | 15,961,978 | (3,795,898) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | 19,774,819 | - |
| Share issue expenses | (184,800) | - |
| Repayment to an associate | - | (269,338) |
| Net drawdown / (repayment) of term loans | 40,521,800 | (16,920,480) |
| Net repayment of bankers' acceptances | (4,928,098) | (9,585,658) |
| Net drawdown of invoice financing | 1,561,473 | 6,213,124 |
| Net (repayment) / drawdown of revolving credit | (17,500,000) | 14,500,000 |
| Net (repayment) / drawdown of bank factoring | (29,984,547) | 24,869,040 |
| Repayment of lease liabilities | (1,066,783) | (973,567) |
| Repayment of hire purchase | (21,126,417) | (31,892,134) |
| Repayment to related parties | (1,351,107) | - |
| NET CASH FOR FINANCING ACTIVITIES | (14,283,660) | (14,059,013) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT | 2,157,628 | (12,728,308) |
| 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 | 14,956,676 | 12,799,048 |

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

| | Cumulative Current Period Ended 31.12.2023 RM | Cumulative Comparative Period Ended 31.12.2022 RM |
|---|--|--|
| Cash and cash equivalent comprised of: | | |
| Deposits with licensed banks | 55,251,425 | 64,332,129 |
| Short-term investments | 244,015 | 234,321 |
| Cash and bank balances | 26,505,956 | 34,825,070 |
| Bank overdrafts | <u>(11,793,295)</u> | <u>(22,260,343)</u> |
| | 70,208,101 | 77,131,177 |
| Less: Deposits pledged to licensed banks | <u>(55,251,425)</u> | <u>(64,332,129)</u> |
| | <u>14,956,676</u> | <u>12,799,048</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.)

ADVANCECON HOLDINGS BERHAD

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 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 FOURTH QUARTER ENDED 31 DEC 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 December 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 December 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 2023.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 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;
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects;
- (d) Centralised Labour Quarter -involved in workers' dormitory/ accommodation services; and
- (e) Quarry Operation – involved in quarry operation and sale of related products.

| | 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 | 273,328,625 | 387,625 | 310,002 | 654,172 | 175,084,906 | - | 449,765,330 |
| Inter-segment revenue | 48,209,964 | - | - | - | 23,520,227 | (71,730,191) | - |
| Consolidated revenue | <u>321,538,589</u> | <u>387,625</u> | <u>310,002</u> | <u>654,172</u> | <u>198,605,133</u> | | <u>449,765,330</u> |

Represented by:

Revenue recognised at a point in time

Construction and support services:

| | | | | | | | |
|---------------------------------------|------------|---|---------|---|-------------|--------------|------------|
| - sale of goods | 21,603,721 | - | - | - | - | (267,380) | 21,336,341 |
| - hiring of machinery | 47,950,135 | - | - | - | - | (42,495,375) | 5,454,760 |
| - day work revenue | 5,712,041 | - | - | - | - | - | 5,712,041 |
| Rental of centralised labour quarters | 34,765 | - | - | - | - | - | 34,765 |
| Quarry operations: | | | | | | | |
| - sale of quarry products | - | - | - | - | 104,909,058 | (15,152,632) | 89,756,426 |
| - hiring of machinery | - | - | - | - | 734,592 | (12,617) | 721,975 |
| - transport income | - | - | - | - | 1,643,151 | (234,612) | 1,408,539 |
| Solar energy: | | | | | | | |
| - operating revenue | - | - | 310,002 | - | - | - | 310,002 |

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

A9. Segmental Reporting (Cont'd)

| The Group (Cont'd) | Construction and Support Services RM | Property Investment RM | Green Energy RM | Centralised Labour Quarter RM | Quarry Operation RM | Consolidation Adjustment RM | Total RM |
|---|---|---------------------------|--------------------|----------------------------------|------------------------|--------------------------------|---------------------|
| Represented by: (Cont'd) | | | | | | | |
| <u>Revenue recognised over time</u> | | | | | | | |
| Construction and support services | | | | | | | |
| - contract revenue | 240,827,105 | - | - | - | - | (86,387) | 240,740,718 |
| Rental income from investment properties | - | 387,625 | - | - | - | - | 387,625 |
| Rental of centralised labour quarters | - | - | - | 654,172 | - | - | 654,172 |
| Quarry operations: | | | | | | | |
| - contract revenue | - | - | - | - | 17,757,627 | - | 17,757,627 |
| - sub-contract work | - | - | - | - | 73,560,705 | (8,120,366) | 65,440,339 |
| <u>Revenue from other sources</u> | | | | | | | |
| Management fee | 5,410,822 | - | - | - | - | (5,360,822) | 50,000 |
| | 321,538,589 | 387,625 | 310,002 | 654,172 | 198,605,133 | | 449,765,330 |
| Results | | | | | | | |
| Segment results | (15,002,678) | (609,978) | (156,416) | (410,408) | (14,621,909) | (1,356,877) | (32,158,266) |
| Interest income | | | | | | | 1,769,626 |
| Dividend income from short-term investments | | | | | | | 9,694 |
| Finance Cost | | | | | | | (12,846,247) |
| Share of result of an equity accounted associate | | | | | | | 607,445 |
| Share of results of equity accounted joint ventures | | | | | | | 112,529 |
| Consolidated loss before taxation | | | | | | | (42,505,219) |



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 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 | | | | | | | (2,260,074) |
| Deferred Tax | | | | | | | (668,533) |
| Consolidated loss after taxation | | | | | | | <u>(45,433,826)</u> |
| Loss attributable to | | | | | | | |
| Owners of the Company | | | | | | | (33,822,953) |
| Non-Controlling Interest | | | | | | | <u>(11,610,873)</u> |

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

A10. Significant Events after the End of the Financial Period

There was no material event subsequent to the current financial period ended 31 December 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

In the 1st quarter of 2023, Spring Energy Sdn. Bhd. ("SESB"), a 51% owned indirect subsidiary of the Group had 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).

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

On 19 October 2023, the Company incorporated an indirect wholly-owned subsidiary, namely Advancecon Development Sdn. Bhd. with an issued share capital of RM10.00 comprising 10 ordinary shares to carry out property investment, development and construction related business.

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 31.12.2023
RM
4,421,044

A14. Contingent Liabilities

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

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

A15. Significant Related Party Transactions

The Group had the following transactions with related parties during the financial period ended 31 December 2023

| | Unaudited 12 Months Ended 31.12.2023 RM |
|---|--|
| Transaction with Director | |
| Rent office building | 76,000 |
| Transaction with companies in which the Directors of subsidiaries have financial interest: | |
| Rent of office buildings | 372,000 |
| Sale of quarry product | 2,000,000 |

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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 | | | 12 Months Ended | | |
|--|------------------|------------------|---------------|------------------|------------------|---------------|
| | 31.12.2023 RM | 31.12.2022 RM | Variance % | 31.12.2023 RM | 31.12.2022 RM | Variance % |
| Revenue | 96,664,223 | 95,782,294 | 0.9% | 449,765,330 | 422,349,884 | 6.5% |
| Loss Before Taxation | (43,226,960) | (12,661,483) | -241.4% | (42,505,219) | (19,183,688) | -121.6% |
| Loss After Taxation | (42,676,188) | (7,889,095) | -441.0% | (45,433,826) | (18,302,553) | -148.2% |
| Loss attributable to owners of the Company | (33,909,384) | (22,491,823) | -50.8% | (33,822,953) | (23,358,610) | -44.8% |

For the current quarter under review, the Group recorded a 0.9% marginal increase in revenue compared to the preceding year's corresponding quarter. The revenue was mainly contributed by the Construction and Support Services Segment (RM 50.6 million or 52.4%) and Quarry Segment (RM 45.7 million or 47.2%). The remaining revenue was derived from the Property Investment, Green Energy and Centralised Labour Quarters Segments.

The Group reported a loss attributable to owners of RM 33.9 million compared to a loss of RM22.5 million in the same quarter last year.

Construction and Support Services Segment

The division recorded a loss before taxation ("LBT") of RM 26.4 million for current financial quarter compared to LBT of RM 12.7 million in the preceding year corresponding quarter. Higher LBT mainly attributable to additional work scope and prolonged completion of WCE project due to the Covid-19 pandemic which resulted in unbudgeted and unforeseen additional / escalation of costs and expenses. In addition, there was a significant increase in material prices by at least 30% in this financial quarter.

Quarry Segment

The division recorded a LBT of RM 15.9 million in this quarter compared to a profit before taxation ("PBT") of RM 6.6 million in the preceding year corresponding quarter. The current quarter loss was mainly attributable to: - a) impairment of other receivables (RM 4.7 million); b) tribute payment; and c) operating loss.

Green Energy Segment

The division recorded LBT of RM 0.39 million versus PBT of RM 0.04 million in the preceding year corresponding quarter. LBT is mainly attributable to the land lease for development of LSS4 project.

Property Investment Segment

The division registered a lower LBT at RM 0.17 million versus LBT of RM 0.20 million. Management is actively sourcing to generate income from this segment.

B2. Comparison with Preceding Quarter Results

| | 3 Months Ended | | |
|--|----------------|-------------|-----------|
| | 31.12.2023 | 30.9.2023 | Variance |
| Revenue | 96,664,223 | 122,649,592 | -21.2% |
| (Loss) / Profit before tax | (43,226,960) | 358,718 | -12150.4% |
| Loss attributable to owners of the Company | (33,909,384) | (605,067) | -5504.2% |

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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 (Cont'd)

During the current quarter under review, the Group recorded a lower revenue of RM 96.7 million versus RM122.6 million. The higher loss before tax of RM 43.2 million against PBT of RM 0.4 million in the preceding quarter was due to additional work scope and prolonged completion of WCE project arising inter alia from the Covid-19 pandemic, which resulted in unbudgeted and unforeseen additional / escalation of costs and expenses.

Overall, the Group reported a loss attributable to Owners of the Company amounting to RM 33.9 million compared to RM 0.6 million in the preceding quarter.

B3. Prospects

The Malaysian economy expanded by 3% in the fourth quarter of 2023. The services and construction sectors continued to expand. Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, below the target of 4% to 5% due to low external demand. Moving forward, the growth in 2024 will be driven by resilient domestic expenditure and improvement in external demand. Investment activity will be underpinned by further progress of multi-year projects, by both the private and public sectors, as well as the implementation of catalytic initiatives under the various national master plans. (Source: BNM, February 2024).

Despite the challenging economy in 2024, the Group is continuously and actively seeking for opportunities to expand its development and production businesses. As at the date of this report, total outstanding order book stands at RM 330.0 million. The Group will continue to bid for new contracts to grow its order book by focusing on project execution to ensure timely completion of all on-going projects.

For the Construction business, the Group had announced on 5 December 2023, the acceptance for the appointment from Sime Darby Property Berhad as the contractor for the proposed construction and completion of earthworks and ancillary works for Phase 4A (R14), Bandar Bukit Raja Stage 3, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan. The total contract sum is approximately RM 35.6 million and the contract period would be 18 months from 19 December 2023 until 18 June 2025.

On 6 February 2024, the Group further announced the acceptance of the Letter of Award from Mujur Minat Sdn. Bhd. for the appointment as the sub-contractor for the construction and completion of the proposed site clearing, earthworks and its associated works (Stage 1) for a proposed mixed development at Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan. The total sub-contract sum is approximately RM 27.3 million and the sub-contract period is from 7 February 2024 until 16 December 2024.

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

B3. Prospects (Cont'd)

As previously announced on 27 November 2023, Advancecon Development Sdn. Bhd. (“ADSB”), an indirect wholly-owned subsidiary of the Group, received a Letter of Award (“LOA”) from Perak Corporation Berhad (“Perak Corp”) for the appointment of ADSB as joint venture partner for the development of the main infrastructure for the Silver Valley Technology Park (“SVTP”) Industrial Hub. On 8 January 2024, ADSB had entered into a Joint Development Agreement (“JDA”) with Perak Corp, to fund and undertake the development of the main infrastructure works for the SVTP Industrial Hub and sale of completed industrial lots with main infrastructure on thirty-nine (39) pieces of leasehold lands measuring 798.32 acres all located in Mukim Hulu Kinta, Daerah Kinta, Perak for a total gross development value of approximately RM 1.03 billion.

The Group is optimistic that this collaboration with the state government of Perak will create new opportunities.

In the Green Energy business, the Group had 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 years extension of the development from 21 years to 25 years. 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 for sustainable and recurring income. In March 2023, the Group had obtained 80% project financing of 15 years from a financial institution for the development of LSSPV whereas the remaining 20% equity financing was through the issuance of 96,674,940 Private Placement Shares in April 2023. The balance of 4,699,040 shares under the Private Placement lapsed on 2 August 2023, marking the completion of the Private Placement.

For the Quarry business, the Group announced on 17 January 2024 that Spring Energy Sdn. Bhd. (“SESB”), a 51% owned indirect subsidiary of the Group, received a Letter of Acceptance (“LOA”) from China Communications Construction (ECRL) Sdn. Bhd. (“CCC”), appointing SESB as the sub-contractor for the Construction and Completion of Subgrade Works, Section 8 from CH518+388.00 to CH519+000.00. The total sub-contract sum is approximately RM 21.2 million and expected to be completed on 31 December 2024. SESB is currently in discussions with other potential partners from China.

Barring any unforeseen circumstances, the Group expects to achieve positive results for the year 2024.

B4. Profit Forecast

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

B5. Taxation

| | Unaudited 12 Months Ended 31.12.2023 | Audited 31.12.2022 |
|--------------|--|-----------------------|
| | RM | RM |
| Income tax | 2,260,074 | 2,414,821 |
| Deferred tax | 668,533 | (3,295,956) |
| | 2,928,607 | (881,135) |

The Group’s effective tax rate (“ETR”) for the financial year is lower than statutory tax rate of 24.0% mainly due to losses recorded by certain subsidiaries.

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

B6. Status of Corporate Proposals

There is no corporate proposal announced but not completed as at date of this report.

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⁾ 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. | Total Capital expenditures: | 29,700 | 29,190 | (16,385) | 12,805 | Within 90 ⁽⁴⁾ months |
| | (a) Purchase of new construction machinery and equipment | 15,100 | 15,100 | (15,100) | - | Within 24 months |
| | (b) Construction of new workshop | 14,600 | 14,090 ⁽²⁾ | (1,285) | 12,805 | Within 90 ⁽⁴⁾ months |
| ii. | Repayment of bank borrowings | 12,500 | 12,455 ⁽²⁾ | (12,455) | - | Within 6 months |
| iii. | Working capital | 10,700 | 11,255 | (11,255) | - | 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.
- (4) On 18 December 2023, the Board announced to further extend the estimate timeframe for the utilisation of the balance IPO proceeds from 78 months to 90 months from date of IPO, up till 4 January 2025

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

B8. Utilisation of Proceeds Raised from Private Placement

The details are as set out below:

| Utilisation of Proceeds | Proposed utilisation | Actual utilisation of proceeds | Unutilised proceeds | Expected timeframe for utilisation |
|--|----------------------|--------------------------------|---------------------|--|
| | RM'000 | RM'000 | RM'000 | |
| Development of solar photovoltaic energy generating facility | 19,665 | (19,665) | - | Within 12 months from the receipt of placement funds |
| Estimated expenses for Private Placement | 110 | (110) | - | Upon completion of the Private Placement |
| TOTAL | 19,775 | (19,775) | - | |

Notes:

On 6 April 2023, the Company successfully raised RM19.78 million from the Private Placement following the listing and quotation of 91,975,900 Placement Shares at an issue price of RM0.2150 per placement share on Main Market of Bursa Securities. The Private Placement had lapsed on 2 August 2023, which marks the completion of the Private Placement.

B9. Group Borrowings and Debt Securities

| | Unaudited As at 31.12.2023 RM | Audited As at 31.12.2022 RM |
|---------------------------|-------------------------------------|-----------------------------------|
| <u>Non-current</u> | | |
| Term loans | 90,683,673 | 47,801,927 |
| Hire Purchases | 14,440,430 | 23,626,034 |
| <u>Current</u> | | |
| Term loans | 28,084,366 | 31,607,312 |
| Hire Purchases | 12,411,536 | 20,631,549 |
| Bankers' acceptances | 25,073,552 | 30,001,650 |
| Invoice financing | 29,146,269 | 27,584,796 |
| Revolving credit | - | 17,500,000 |
| Bank overdrafts | 11,793,295 | 22,260,343 |
| Bank factoring | 4,502,984 | 34,487,531 |
| | 216,136,105 | 255,501,142 |

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

B10. 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.

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.

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

B10. Material Litigation (Cont'd)

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").

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.

The Third Parties have filed the striking out application and the Court has originally fixed the hearing date on 5 April 2023. The hearing date was later vacated by the High Court and rescheduled to 15 June 2023, 15 August 2023, 12 October 2023, 6 December 2023 and 7 February 2024 respectively. On 7 February 2024, the Court has rescheduled the hearing date to 27 March 2024.

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

B11. Dividends Declared

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

B12. Loss Per Share

| | Unaudited 12 Months Ended 31.12.2023 | Audited 12 Months Ended 31.12.2022 |
|---|--|--|
| Loss after tax attributable to the owners of the Company (RM) | (33,822,953) | (23,358,610) |
| Basic earnings per share | | |
| Weighted average number of ordinary shares | 552,671,611 | 483,374,700 |
| Basic loss per share (sen) ⁽¹⁾ | (6.12) | (4.83) |
| Diluted earnings per share | | |
| Weighted average number of ordinary shares | 552,671,611 | 483,374,700 |
| Diluted loss per share (sen) ⁽²⁾ | (6.12) | (4.83) |

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.

B13. Profit Before Taxation

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

| | Unaudited | |
|---|-------------------------------------|-------------------------------------|
| | Individual Quarter 31.12.2023 | Cumulative Quarter 31.12.2023 |
| | RM | RM |
| Auditors' remuneration | 66,825 | 335,480 |
| Depreciation: | | |
| - property, plant and equipment | 10,059,276 | 41,644,225 |
| - investment properties | 141,236 | 579,037 |
| Amortisation of intangible asset | 25,000 | 100,000 |
| Directors' remuneration | 687,092 | 2,860,692 |
| Royalties and tributes | 2,103,075 | 9,470,392 |
| Interest expenses | 2,984,797 | 12,846,245 |
| Staff costs | 23,905,536 | 88,159,420 |
| Gain on disposal of property, plant and equipment | (1,679,762) | (7,026,942) |
| Interest income | (432,516) | (1,769,626) |
| Dividend income from short-term investments | (2,536) | (9,694) |

BY ORDER OF THE BOARD

28 FEB 2024