



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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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 2024

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
		31.3.2024 RM	31.3.2023 RM	31.3.2024 RM	31.3.2023 RM
Revenue	A9	93,969,675	112,024,830	93,969,675	112,024,830
Cost of Sales		(103,980,854)	(105,744,517)	(103,980,854)	(105,744,517)
Gross (Loss) / Profit		(10,011,179)	6,280,313	(10,011,179)	6,280,313
Other Income		7,667,456	7,025,097	7,667,456	7,025,097
		(2,343,723)	13,305,410	(2,343,723)	13,305,410
Selling And Distribution Expenses		(187,438)	(456,474)	(187,438)	(456,474)
Administrative Expenses		(6,098,324)	(5,667,394)	(6,098,324)	(5,667,394)
Other Expenses		(1,895,009)	(5,140,666)	(1,895,009)	(5,140,666)
Finance Costs		(2,618,870)	(3,305,273)	(2,618,870)	(3,305,273)
Share of Result Of An Equity Accounted Associate		618,996	16,749	618,996	16,749
Share of Result Of An Equity Accounted Joint Ventures		-	64,889	-	64,889
Loss Before Taxation	B12	(12,524,368)	(1,182,759)	(12,524,368)	(1,182,759)
Income Tax Expense	B5	(1,161,096)	(1,208,674)	(1,161,096)	(1,208,674)
Deferred Tax	B5	1,015,182	(409,228)	1,015,182	(409,228)
Loss After Taxation / Total Comprehensive Expenses for the Financial Period		(12,670,282)	(2,800,661)	(12,670,282)	(2,800,661)
Total Comprehensive (Expenses) / Income attributable to:					
- Owners of the Company		(14,522,610)	147,650	(14,522,610)	147,650
- Non-controlling interests		1,852,328	(2,948,311)	1,852,328	(2,948,311)
(Loss)/ Earnings per share (sen)					
- Basic	B11	(2.52)	0.03	(2.52)	0.03
- Diluted	B11	(2.52)	0.03	(2.52)	0.03

(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 2023 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 MARCH 2024

	(Unaudited) As at Current Quarter 31.3.2024 RM	(Audited) As at Financial Year Ended 31.12.2023 RM
ASSETS		
Non-current assets		
Investment in an associate	2,302,162	1,683,166
Investment in joint venture	594,790	594,791
Property, plant and equipment	235,235,913	238,109,738
Investment properties	34,205,449	34,345,680
Intangible assets	1,175,000	1,200,000
Finance lease receivables	234,161	345,077
Trade receivables	263,761	305,194
Other receivables	6,857,072	7,639,340
Inventories	-	80,657
	280,868,308	284,303,643
Current assets		
Inventories	7,002,966	11,068,242
Contract assets	96,434,871	100,204,271
Finance lease receivables	424,577	411,852
Trade receivables	67,249,617	55,385,503
Other receivables, deposits and prepayments	35,770,469	32,331,296
Amount owing by related parties	371,604	378,992
Amount owing by an associated company	6,374,150	3,598,218
Amount owing by joint venture	2,075,685	2,075,685
Short-term investments	246,473	244,015
Current tax assets	5,839,058	6,444,505
Deposits with licensed banks	55,680,822	55,251,425
Cash and bank balances	13,871,218	27,037,763
	291,341,510	294,431,767
NON-CURRENT ASSET HELD FOR SALE	-	1,652,191
TOTAL ASSETS	572,209,818	580,387,601

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONT'D)

	(Unaudited) As at Current Quarter 31.3.2024 RM	(Audited) As at Financial Year Ended 31.12.2023 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	133,729,611	133,729,611
Treasury shares	(3,249,343)	(3,249,343)
Retained profits	34,143,164	48,665,774
	164,623,432	179,146,042
Non-controlling interests	(1,137,948)	(2,990,276)
TOTAL EQUITY	163,485,484	176,155,766
Non-current liabilities		
Deferred tax liabilities	3,989,121	5,004,303
Long-term borrowings	114,650,936	105,221,224
Lease liabilities	1,819,071	2,262,017
	120,459,128	112,487,544
Current liabilities		
Contract liabilities	14,407,063	19,493,564
Trade payables	85,961,889	99,559,705
Other payables and accruals	23,560,905	28,237,812
Amount due to an associated company	11,335,425	4,867,431
Amount due to related party	25,688,878	25,406,791
Amount due to joint venture	1,421,720	1,421,720
Current tax liabilities	373,512	391,619
Short-term borrowings	101,145,795	99,121,586
Lease liabilities	1,542,936	1,450,854
Bank overdrafts	22,827,083	11,793,209
	288,265,206	291,744,291
TOTAL LIABILITIES	408,724,334	404,231,835
TOTAL EQUITY AND LIABILITIES	572,209,818	580,387,601
Net asset per share attributable to owner of the Company (RM)	0.28	0.31

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2023 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 2024

	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 1.1.2023	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 year	-	-	(34,292,692)	(34,292,692)	(11,582,422)	(45,875,114)
Transactions with owners:						
- Issuance of shares pursuant to private Placement	19,774,819	-	-	19,774,819	-	19,774,819
Share issuance expenses	(184,800)	-	-	(184,800)	-	(184,800)
Changes in non-controlling interests	-	-	1,631,935	1,631,935	(6,428,140)	(4,796,205)
Balance at 31.12.2023	133,729,611	(3,249,343)	48,665,774	179,146,042	(2,990,276)	176,155,766
(Unaudited)						
Balance at 1.1.2024	133,729,611	(3,249,343)	48,665,774	179,146,042	(2,990,276)	176,155,766
Loss after taxation / Total comprehensive expenses for the financial period	-	-	(14,522,610)	(14,522,610)	1,852,328	(12,670,282)
Balance at 31.3.2024	133,729,611	(3,249,343)	34,143,164	164,623,432	(1,137,948)	163,485,484

(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 2023 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 2024

	Cumulative Current Period Ended 31.3.2024 RM	Cumulative Comparative Period Ended 31.3.2023 RM
CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES		
Loss before taxation	(12,524,368)	(1,182,759)
Adjustments for:		
Depreciation:		
- property, plant and equipment	9,299,051	11,254,911
- investment properties	140,231	146,584
Amortisation of intangible assets	25,000	25,000
Reversal of impairment losses on property, plant and equipment	-	(442,430)
Reversal of impairment losses on trade receivables	-	(72,553)
Bad debt written off	-	80,035
Impairment losses:		
- other receivables	7,389	-
Interest expense on lease liabilities	52,459	40,997
Interest expense	2,566,411	3,264,276
Share of net profit of an equity accounted associate	(618,996)	(16,749)
Share of net profit of an equity accounted joint venture	-	(64,889)
Property, plant and equipment written off	4,059	-
Gain on disposal of property, plant and equipment	(3,689,281)	(4,122,898)
Dividend income from short-term investments	(2,458)	(2,651)
Interest income	(407,343)	(420,768)
Operating (loss) / profit before working capital changes	(5,147,846)	8,486,106
Decrease / (Increase) in contract assets	3,769,400	(3,884,237)
Decrease in contract liabilities	(5,086,501)	(3,063,302)
Decrease in inventories	4,145,933	3,118,076
(Increase) / Decrease in trade and other receivables	(13,586,975)	3,647,892
Decrease/ (Increase) in trade and other payables	51,847	(2,337,273)
Decrease/ (Increase) in amount owing by an associate company	3,651,971	(1,400,450)
(Decrease) / Increase in amount owing to joint venture	-	843,376
Decrease in amount owing by related parties	7,388	-
Cash (for)/ from operations	(12,194,783)	5,410,188

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

	Cumulative Current Period Ended 31.3.2024 RM	Cumulative Comparative Period Ended 31.3.2023 RM
Interest paid	(2,618,870)	(3,305,273)
Income tax refund	399,220	-
Income tax paid	(972,976)	(1,054,421)
NET CASH (FOR) / FROM OPERATING ACTIVITIES	(15,387,409)	1,050,494
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES		
Interest received	407,343	420,768
Additional purchase of shares in a subsidiary	-	(6,420,456)
Dividend income from short-term investments	2,458	2,651
Increase in deposits pledged with licensed bank	(429,397)	(6,049,912)
Purchase of property, plant and equipment	(12,178,473)	(1,866,321)
Proceeds from disposal of property, plant and equipment	3,768,900	568,153
Repayment from finance lease receivables	98,191	85,466
Proceeds from disposal of non-current asset held for sale	5,100,000	37,681,822
Advances to an associate	(741,463)	(724,418)
Advances to joint venture	-	(114,453)
NET CASH (FOR) / FROM INVESTING ACTIVITIES	(3,972,441)	23,583,300
CASH FLOWS FOR FINANCING ACTIVITIES		
Share issue expenses	-	(26,530)
Repayment from an associate	781,554	-
Net repayment of term loans	(4,683,791)	(10,369,094)
Net (repayment) / drawdown of bankers' acceptances	(3,547,921)	1,201,044
Net repayment of invoice financing	(325,292)	(2,082,492)
Net drawdown / (repayment) of revolving credit	3,000,000	(4,500,000)
Net drawdown / (repayment) of bank factoring	3,716,716	(28,956,934)
Repayment of lease liabilities	(350,864)	(213,735)
Repayment of hire purchase	(3,710,600)	(6,646,071)
Repayment from / (advances to) to related parties	282,087	(2,485,708)
NET CASH FOR FINANCING ACTIVITIES	(4,838,111)	(54,079,520)
NET DECREASE IN CASH AND CASH EQUIVALENT	(24,197,961)	(29,445,726)
Cash and cash equivalents at beginning of the financial period	15,488,569	12,799,048
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	(8,709,392)	(16,646,678)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)**

	Cumulative Current Period Ended 31.3.2024 RM	Cumulative Comparative Period Ended 31.3.2023 RM
Cash and cash equivalent comprised of:		
Deposits with licensed banks	55,680,822	70,382,041
Short-term investments	246,473	236,973
Cash and bank balances	13,871,218	8,465,029
Bank overdrafts	(22,827,083)	(25,348,680)
	46,971,430	53,735,363
Less: Deposits pledged to licensed banks	(55,680,822)	(70,382,041)
	(8,709,392)	(16,646,678)

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2023 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 2024

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 2023, except for the adoption of the following Amendments to MFRS beginning 1 January 2024:

- Amendments to MFRS 16 "Lease Liability in a Sales Leaseback".
- Amendments to MFRS 101 "Classification of Liabilities as Current or Non-current".
- Amendments to MFRS 101 "Non-current Liabilities with Covenants".
- Amendments to MFRS 107 and MFRS 7 "Supplier Finance Arrangements".

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 121 "Lack of Exchangeability".	2025
• Amendments to MFRS 10 and MFRS 128 "Sale or Contribution of Assets between an Investor	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.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors for the current quarter 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 2024.

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 2024.

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 2024.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (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) Development - involved in the development of industrial park, workers' dormitory/ accommodation; and
- (e) Quarry Operation – involved in quarry operation and sale of related products.

	Construction and Support Services	Property Investment	Green Energy	Development	Quarry Operation	Consolidation Adjustment	Total
The Group	RM	RM	RM	RM	RM	RM	RM
Revenue							
External revenue	46,712,071	93,600	82,489	218,200	46,863,315	-	93,969,675
Inter-segment revenue	8,387,803	-	-	-	4,955,516	(13,343,319)	-
Consolidated revenue	<u>55,099,874</u>	<u>93,600</u>	<u>82,489</u>	<u>218,200</u>	<u>51,818,831</u>		<u>93,969,675</u>

Represented by:

Revenue recognised at a point in time

Construction and support services:

- sale of goods	7,061,716	-	-	-	-	-	7,061,716
- hiring of machinery	8,193,600	-	-	-	-	(7,046,803)	1,146,797
- day work revenue	2,021,849	-	-	-	-	-	2,021,849
Rental of centralised labour quarters	5,179	-	-	-	-	-	5,179
Quarry operations:							
- sale of quarry products	-	-	-	-	24,160,348	(4,955,516)	19,204,832
- hiring of machinery	-	-	-	-	203,064	-	203,064
- transport income	-	-	-	-	1,069,485	-	1,069,485
Solar energy:							
- operating revenue	-	-	82,489	-	-	-	82,489

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A9. Segmental Reporting (Cont'd)

The Group (Cont'd)	Construction and Support Services RM	Property Investment RM	Green Energy RM	Development 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	36,446,530	-	-	-	-	-	36,446,530
Rental income from investment properties	-	93,600	-	-	-	-	93,600
Rental of centralised labour quarters	-	-	-	218,200	-	-	218,200
Quarry operations:							
- contract revenue	-	-	-	-	9,058,131	-	9,058,131
- sub-contract work	-	-	-	-	17,327,803	-	17,327,803
<u>Revenue from other sources</u>							
Management fee	1,371,000	-	-	-	-	(1,341,000)	30,000
	<u>55,099,874</u>	<u>93,600</u>	<u>82,489</u>	<u>218,200</u>	<u>51,818,831</u>		<u>93,969,675</u>
Results							
Segment results	(14,851,739)	(180,616)	(356,870)	(556,126)	5,301,178	(290,122)	(10,934,295)
Interest income							407,343
Dividend income from short-term investments							2,458
Finance Cost							(2,618,870)
Share of result of an equity accounted associate							618,996
Consolidated loss before taxation							(12,524,368)



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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A9. Segmental Reporting (Cont'd)

	Construction and Support Services	Property Investment	Green Energy	Development	Quarry Operation	Consolidation Adjustment	Total
The Group (Cont'd)	RM	RM	RM	RM	RM	RM	RM
Income tax expense							(1,161,096)
Deferred Tax							1,015,182
Consolidated loss after taxation							<u>(12,670,282)</u>
Loss attributable to							
Owners of the Company							(14,522,610)
Non-Controlling Interest							<u>1,852,328</u>

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (CONT'D)

A10. Significant Events after the End of the Financial Period

There was no material event subsequent to the end of the current quarter under review which have not been reflected in this interim financial report.

A11. Changes in the Composition of the Group

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

A12. Fair Value of Financial Instruments

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

A13. Capital Commitments

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

Unaudited
As at 31.3.2024
RM

10,508,402

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 2024

	Unaudited 3 Months Ended 31.3.2024 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	28,000

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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			3 Months Ended		
	31.3.2024 RM	31.3.2023 RM	Variance %	31.3.2024 RM	31.3.2023 RM	Variance %
Revenue	93,969,675	112,024,830	-16.1%	93,969,675	112,024,830	-16.1%
Loss Before Taxation	(12,524,368)	(1,182,759)	-958.9%	(12,524,368)	(1,182,759)	-958.9%
Loss After Taxation	(12,670,282)	(2,800,661)	-352.4%	(12,670,282)	(2,800,661)	-352.4%
(Loss)/ Profit attributable to owners of the Company	(14,522,610)	147,650	-9,935.8%	(14,522,610)	147,650	-9,935.8%

For the current quarter under review, the Group recorded a 16.1% decrease in revenue compared to the preceding year's corresponding quarter as a result of prolonged completion of WCE and ECRL projects. The revenue was mainly contributed by the Construction and Support Services Segment (RM46.7 million or 49.7%), Quarry Segment (RM46.9 million or 49.9%) whilst the remaining revenue was derived from the Property Investment, Green Energy and Development Segments.

The Group reported a loss attributable to owners of RM14.5 million compared to a profit of RM0.1 million in the same quarter last year.

Construction and Support Services Segment

The division recorded a loss before taxation ("LBT") of RM15.3 million for current financial quarter compared to a profit before taxation ("PBT") of RM4.9 million in the preceding year corresponding quarter, mainly attributable to additional / escalation of costs and expenses as a result of prolonged completion of WCE and ECRL projects.

Quarry Segment

The division recorded a PBT of RM3.7 million in this quarter compared to a LBT of RM5.8 million in the preceding year corresponding quarter. The current quarter profit was mainly contributed by one off non-operating gain on disposal of quarry assets amounting to RM 4.6 million, but was partly mitigated by the operation loss of RM0.9 million.

Green Energy Segment

The division recorded a higher LBT of RM0.37 million versus LBT of RM0.02 million in the preceding year corresponding quarter, mainly attributable to the management services and land lease for development of LSS4 project.

Development Segment

The division recorded a higher LBT of RM0.41 million versus LBT of RM0.02 million in the preceding year corresponding quarter, mainly attributable to higher staff costs and administrative expenses.

Property Investment Segment

The division registered a lower LBT at RM0.24 million versus LBT of RM0.25 million. Management is actively sourcing new opportunities 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		
	31.3.2024	31.12.2023	Variance
Revenue	93,969,675	96,664,223	-2.8%
Loss before tax	(12,524,368)	(43,226,960)	71.0%
Loss attributable to owners of the Company	(14,522,610)	(33,909,384)	57.2%

During the current quarter under review, the Group recorded a lower revenue of RM94.0 million versus RM96.7 million in the preceding quarter. However, the Group recorded a lower LBT of RM12.5 million for current financial quarter compared to RM43.2 million in the preceding quarter. Higher LBT in preceding quarter was mainly caused by: -

- additional work scope and prolonged completion of WCE project, which had also spilled over to current quarter; and
- one-off impairment of other receivables (RM9.8 million)

LBT during the quarter under review was mainly attributable to additional / escalation of costs and expenses as a result of prolonged completion of WCE and ECRL projects, which has now been fully provided for in the current quarter under review.

Overall, the Group reported a loss attributable to Owners of the Company amounting to RM14.5 million compared to RM 33.9 million in the preceding quarter.

B3. Prospects

Malaysia's Gross Domestic Product ("GDP") grew at 4.2% in the first quarter of 2024 as compared to 2.9% in the preceding quarter according to Bank Negara Malaysia ("BNM"). The Malaysian economy is projected to expand by 4% to 5% in year 2024 which is supported by resilient domestic demand.

Bank Negara Malaysia has not raised the overnight policy rate (OPR) and has maintained it at 3% since the last increase in May 2023. The rate is expected to remain unchanged throughout 2024, and this is expected to provide higher certainty for businesses.

The construction industry in Malaysia for 2024 is expected to remain challenging with the weakening ringgit, rising of construction costs and shortage of skilled labour. Despite these challenging factors, the Group is cautiously optimistic in the near term as the Malaysian government has allocated a total of RM180 billion for government and private sector projects for 2024.

As at 31 March 2024, total outstanding order book stands at RM320 million. As announced on 21 May 2024, the Group secured an additional RM25 million contract increasing its order book to RM345 million. The Group is continuously and actively seeking for more opportunities to bid for new contracts to grow its order book whilst at the same time focusing on timely completion of all on-going projects. However, bearing in mind of the intense competitive condition and high building material cost, the Group tenders very selectively to replenish its order book.

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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)

The Group is optimistic to secure some of the government mega projects such as the Penang LRT project, Flood Mitigation projects in various states, Pan Borneo projects and also private sector projects with the aim to continuously deliver sustainable future profits.

On the other hand, the Group's green energy segment currently owns revenue generating rooftop solar assets of more than 1.2MWp, and also a 37.7MWp large scale solar farm in Kuala Langat, Selangor which is scheduled to be commissioned by end of June 2024 and thereafter will commence generating revenue and profit for Group. Coupled with continuous and more active business developments in the renewable sector, the Group is optimistic to grow this segment to contribute more positively and significantly to the Group's recurring income going forward.

In January 2024, the Group entered into a Joint Development Agreement with Perak Corporation Berhad to develop Silver Valley Technology Park on a 798.32 acre land in Kanthan, Perak, with an estimated Gross Development Value of RM1.0 billion, which is envisioned to be state-of-the-art industrial park. This joint development segment is also expected to contribute positively to the revenue and earnings of the Group in the mid- to long-term.

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 3 Months Ended	
	31.3.2024	31.3.2023
	RM	RM
Income tax	1,161,096	1,208,674
Deferred tax	(1,015,182)	409,228
	<u>145,914</u>	<u>1,617,902</u>

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.

B6. Status of Corporate Proposals

There is no corporate proposal announced 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⁾ RM'000	Allocation of IPO Proceeds after 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	16,385	(16,385)	-	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	1,285 ⁽²⁾⁽⁵⁾	(1,285)	-	Within 90 ⁽⁴⁾ months
ii.	Repayment of bank borrowings	12,500	12,455 ⁽²⁾	(12,455)	-	Within 6 months
iii.	Working capital	10,700	24,060 ⁽²⁾⁽⁵⁾	(12,850)	11,210	Within 90 ⁽⁵⁾ months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
		56,700	56,700	(45,490)	11,210	

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 10 January 2025
- (5) On 03 April 2024, the Board announced to vary the Unutilised IPO Proceeds allocated for construction of new workshop of approximately RM12.81 million to working capital.

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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 31.3.2024 RM	Audited As at 31.12.2023 RM
<u>Non-current</u>		
Term loans	101,804,060	90,695,210
Hire Purchases	12,846,876	14,526,014
<u>Current</u>		
Term loans	27,494,430	28,072,829
Hire Purchases	12,085,057	12,325,952
Bankers' acceptances	21,775,236	25,323,157
Invoice financing	28,571,372	28,896,664
Revolving credit	3,000,000	-
Bank overdrafts	22,827,083	11,793,209
Bank factoring	8,219,700	4,502,984
	238,623,814	216,136,019

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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 27 March 2024. The Court has on 27 March 2024 dismissed the Striking out application filed by the third parties with costs of RM3,000 to be paid by the Third parties. The Court has also fixed the trial dates for this matter on 11 to 22 November 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)/ Earning Per Share

	Unaudited	
	3 Months Ended	
	31.3.2024	31.3.2023
(Loss) /profit after tax attributable to the owners of the Company (RM)	(14,522,610)	147,650
Basic earnings per share		
Weighted average number of ordinary shares	575,350,600	483,374,700
Basic loss per share (sen) ⁽¹⁾	(2.52)	0.03
Diluted earnings per share		
Weighted average number of ordinary shares	575,350,600	483,374,700
Diluted loss per share (sen) ⁽²⁾	(2.52)	0.03

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	Cumulative Quarter
	31.3.2024	31.3.2024
	RM	RM
Auditors' remuneration	70,573	70,573
Depreciation:		
- property, plant and equipment	9,299,051	9,299,051
- investment properties	140,231	140,231
Amortisation of intangible asset	25,000	25,000
Directors' remuneration	525,765	525,765
Royalties and tributes	930,443	930,443
Interest expenses	2,618,870	2,618,870
Staff costs	20,331,052	20,331,052
Gain on disposal of property, plant and equipment	(3,689,281)	(3,689,281)
Interest income	(407,343)	(407,343)
Dividend income from short-term investments	(2,458)	(2,458)

BY ORDER OF THE BOARD
31 MAY 2024