

# Quarterly rpt on consolidated results for the financial period ended 31 Mar 2019

## ADVANCECON HOLDINGS BERHAD

Financial Year End 31 Dec 2019  
 Quarter 1 Qtr  
 Quarterly report for the financial period ended 31 Mar 2019  
 The figures have not been audited

### Attachments

[Advancecon - Quarterly Report \(Q1 2019\).pdf](#)  
 525.5 kB

<b>Default Currency</b>	<b>Other Currency</b>
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Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	72,332	61,761	72,332	61,761
2 Profit/(loss) before tax	2,941	3,690	2,941	3,690
3 Profit/(loss) for the period	2,025	2,532	2,025	2,532
4 Profit/(loss) attributable to ordinary equity holders of the parent	2,025	2,532	2,025	2,532
5 Basic earnings/(loss) per share (Subunit)	0.50	0.63	0.50	0.63
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per	0.4600		0.4500	

share attributable to ordinary equity holders of the parent (\$\$)		
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Definition of Subunit:

*In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:*

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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### Announcement Info

<b>Company Name</b>	ADVANCECON HOLDINGS BERHAD
<b>Stock Name</b>	ADVCON
<b>Date Announced</b>	28 May 2019
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-28052019-00044



**ADVANCECON HOLDINGS BERHAD**

(Company No: 426965 - M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	1
Consolidated Statement Of Financial Position	2-3
Consolidated Statement Of Changes In Equity	4
Consolidated Statement Of Cash Flows	5-7
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	8-11
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	12-18

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FIRST QUARTER ENDED 31 MARCH 2019

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31.3.2019 RM	Preceding Year Corresponding Quarter 31.3.2018 RM	Current Year Period 31.3.2019 RM	Preceding Year Corresponding Period 31.3.2018 RM
Revenue	A9	72,331,800	61,761,337	72,331,800	61,761,337
Cost of Sales		(62,107,820)	(50,911,448)	(62,107,820)	(50,911,448)
Gross Profit		10,223,980	10,849,889	10,223,980	10,849,889
Other Income		781,716	1,212,397	781,716	1,212,397
		11,005,696	12,062,286	11,005,696	12,062,286
Administrative Expenses		(5,592,396)	(5,890,470)	(5,592,396)	(5,890,470)
Other Expenses		(583,282)	(786,521)	(583,282)	(786,521)
Finance Costs		(1,888,849)	(1,695,755)	(1,888,849)	(1,695,755)
<b>Profit Before Taxation</b>	B12	<b>2,941,169</b>	<b>3,689,540</b>	<b>2,941,169</b>	<b>3,689,540</b>
Income Tax Expense	B5	(916,602)	(1,157,167)	(916,602)	(1,157,167)
<b>Profit After Taxation/Total Comprehensive income for the Financial Period</b>		<b>2,024,567</b>	<b>2,532,373</b>	<b>2,024,567</b>	<b>2,532,373</b>
<b>Total Comprehensive Income attributable to:</b>					
- Owners of the Company		<b>2,024,567</b>	<b>2,532,373</b>	<b>2,024,567</b>	<b>2,532,373</b>
<b>Earnings per share (sen) attributable to owners of the parent:</b>					
- Basic <sup>(2)</sup>	B11	0.50	0.63	0.50	0.63
- Diluted <sup>(2)</sup>	B11	0.50	0.63	0.50	0.63

Notes:

- (1) The Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) Based on the weighted average number of ordinary shares in issue as detailed in Note B11.

**ADVANCECON HOLDINGS BERHAD**

(Company No: 426965 - M)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>(Unaudited)</b> As at Current Quarter <b>31.3.2019</b> RM	<b>(Audited)</b> As at Financial Year Ended <b>31.12.2018</b> RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	146,104,135	151,196,756
Investment properties	39,090,675	39,222,108
Other investments	50,315	50,315
Deferred tax assets	160,149	160,149
Finance lease receivables	2,518,222	2,748,578
	<u>187,923,496</u>	<u>193,377,906</u>
<b>Current assets</b>		
Contract assets	83,504,954	79,097,980
Finance lease receivables	903,074	890,840
Trade receivables	51,135,798	66,928,323
Other receivables, deposits and prepayments	21,220,482	25,004,362
Amount owing by an associate company	113,788	5,288
Short-term investments	4,231,777	4,194,411
Current tax assets	3,031,957	1,509,428
Deposits with licensed banks	34,343,795	32,637,176
Cash and bank balances	12,777,472	7,708,889
	<u>211,263,097</u>	<u>217,976,697</u>
<b>TOTAL ASSETS</b>	<b><u>399,186,593</u></b>	<b><u>411,354,603</u></b>

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

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

	<b>(Unaudited)</b> As at Current Quarter <b>31.3.2019</b> RM	<b>(Audited)</b> As at Financial Year Ended <b>31.12.2018</b> RM
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	85,811,371	85,752,871
Treasury shares	(339,077)	(339,077)
Reserves	1,987,000	1,116,498
Retained profits	97,480,465	95,455,898
<b>TOTAL EQUITY</b>	<b>184,939,759</b>	<b>181,986,190</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,909,076	4,909,076
Long-term borrowings	77,052,999	78,790,418
	<b>81,962,075</b>	<b>83,699,494</b>
<b>Current liabilities</b>		
Contract liabilities	23,013,152	20,679,138
Trade payables	48,296,911	49,147,250
Other payables and accruals	9,958,818	15,921,253
Dividend payable	-	4,017,260
Current tax liabilities	-	272,022
Short-term borrowings	46,286,255	51,176,455
Bank overdrafts	4,729,623	4,455,541
	<b>132,284,759</b>	<b>145,668,919</b>
<b>TOTAL LIABILITIES</b>	<b>214,246,834</b>	<b>229,368,413</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>399,186,593</b>	<b>411,354,603</b>
Net asset per share (RM)	0.46	0.45

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes as attached to this interim financial statement.

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FIRST QUARTER ENDED 31 MARCH 2019

	Share Capital	Treasury Share	Non-distributable Employee Share Option Reserve	Distributable Retained Profits	Total
	RM	RM	RM	RM	RM
<b>The Group (Audited)</b>					
Balance at 1.1.2018	85,752,871	-	-	88,855,019	174,607,890
Profit after taxation/Total comprehensive income for the financial year	-	-	-	10,618,139	10,618,139
Contribution by and distribution to owners of the company:					
- Purchase of treasury shares	-	(339,077)	-	-	(339,077)
- Recognition of share option expenses	-	-	1,116,498	-	1,116,498
- Dividend	-	-	-	(4,017,260)	(4,017,260)
<b>Balance at 31.12.2018</b>	<b>85,752,871</b>	<b>(339,077)</b>	<b>1,116,498</b>	<b>95,455,898</b>	<b>181,986,190</b>
<b>(Unaudited)</b>					
Balance at 1.1.2019	85,752,871	(339,077)	1,116,498	95,455,898	181,986,190
Profit after taxation/Total comprehensive income for the financial year	-	-	-	2,024,567	2,024,567
Contribution by and distribution to owners of the company:					
- Recognition of share option expenses	-	-	883,502	-	883,502
- Employees' share options exercised	58,500	-	(13,000)	-	45,500
<b>Balance at 31.3.2019</b>	<b>85,811,371</b>	<b>(339,077)</b>	<b>1,987,000</b>	<b>97,480,465</b>	<b>184,939,759</b>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes as attached to this interim financial statements.

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2019

(The figures have not been audited)

	Cumulative Current Period Ended 31.3.2019 RM	Cumulative Comparative Period Ended 31.3.2018 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,941,169	3,689,540
Adjustments for:-		
Depreciation:		
- investment properties	142,932	90,172
- property, plant and equipment	6,334,749	6,128,763
Interest expense	1,888,849	1,695,755
Share option expenses	883,502	-
Property, plant and equipment written off	11	-
Gain on disposal of property, plant and equipment	(2,433)	(144,796)
Interest income	(373,701)	(300,383)
Operating profit before working capital changes	11,815,078	11,159,051
Increase in contract assets	(4,406,974)	(3,868,424)
Increase in contract liabilities	2,334,014	14,735,030
Decrease / (Increase) in trade and other receivables	19,576,405	(12,157,181)
Decrease in trade and other payables	(6,812,774)	(4,682,057)
<b>Cash from operations</b>	<b>22,505,749</b>	<b>5,186,419</b>
Interest paid	(1,888,849)	(1,695,755)
Tax refund	-	8,000
Tax paid	(2,711,153)	(2,315,407)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>17,905,747</b>	<b>1,183,257</b>



## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2019 (CONT'D)

(The figures have not been audited)

	Cumulative Current Period Ended 31.3.2019 RM	Cumulative Comparative Period Ended 31.3.2018 RM
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	336,336	276,153
Dividend income from short-term investments	37,365	24,230
Increase in deposits pledged with licensed bank	(1,706,619)	(5,267,910)
Withdrawal of deposits with tenure more than 3 months	-	4,600,000
Purchase of property, plant and equipment	(1,243,406)	(13,839,487)
Purchase of investment properties	(11,499)	(465,300)
Proceeds from disposal of property, plant and equipment	3,700	369,245
Repayment from finance lease receivables	218,122	97,497
Advances to an associated company	(108,500)	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(2,474,501)</b>	<b>(14,205,572)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceeds from exercise of employees' share options	45,500	-
Dividend paid	(4,017,260)	-
Drawdown of term loan	-	466,686
Repayment of term loans	(587,559)	(1,035,685)
Net repayment of hire purchase obligations	(294,066)	(988,981)
Net repayment of bankers' acceptances	(1,417,987)	(1,172,339)
Net (repayment) /drawdown of invoice financing	(2,512,202)	553,059
Net repayment of revolving credit	-	(6,000,000)
Net repayment of bank factoring	(1,815,805)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(10,599,379)</b>	<b>(8,177,260)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>4,831,867</b>	<b>(21,199,575)</b>
Cash and cash equivalents at beginning of the financial year	7,447,759	23,973,585
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR</b>	<b>12,279,626</b>	<b>2,774,010</b>

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2019 (CONT'D)

(The figures have not been audited)

	<b>Cumulative Current Period Ended 31.3.2019 RM</b>	<b>Cumulative Comparative Period Ended 31.3.2018 RM</b>
<b>Cash and cash equivalent comprised of:</b>		
Deposits with licensed banks	34,343,795	23,193,201
Short-term investments	4,231,777	2,917,800
Cash and bank balances	12,777,472	21,205,135
Bank overdrafts	<u>(4,729,623)</u>	<u>(21,558,925)</u>
	46,623,421	25,757,211
Less: Deposits pledged to licensed banks	<u>(34,343,795)</u>	<u>(22,983,201)</u>
	<u>12,279,626</u>	<u>2,774,010</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 and the accompanying explanatory notes as attached to this interim financial statement.

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### **A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

#### **A1. Basis of Preparation**

The interim financial report of the Group are unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, International Accounting Standard (“IAS”) 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Listing Requirements”).

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 2018, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2019:

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2019 is not expected to result in any material impact on the financial position and results of the Group

These are the first interim financial report on the Company’s consolidated results for the first quarter ended 31 March 2019 announced in compliance with the Listing Requirements.

This unaudited interim financial report should be read in conjunction with the Group’s most recent audited financial statements for the financial year ended 31 December 2018.

#### **A2. Changes In Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2018 except as follows:

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (CONT'D)

#### A2. Changes In Accounting Policies (Cont'd)

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

The Group has not early adopted any new or revised standards or amendments which are applicable to the Group that have been issued by the MASB but are not yet effective for the Group's current financial year ending 31 December 2019.

#### A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

#### A4. Seasonal or Cyclical Factors

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

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

There were no unusual items for the financial period under review.

#### A6. Changes in Estimates

There were no material changes in estimates for the financial period under review.

#### A7. Debt and Equity Securities

Save for the issuance of 130,000 ordinary shares under Employee Share Options Scheme ("ESOS") there were no other issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the three months ended 31 March 2019.

#### A8. Dividends Paid

During the current quarter under review, a first interim single tier dividend of 1.00 sen per ordinary share amounting to approximately RM 4.02 million in respect of financial year ending 31 December 2018 was paid on 3 January 2019.

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (CONT'D)

#### A9. Segmental Reporting

The Group's operating and reportable segments comprised of:

- (a) Construction and Support Services under Earthworks and Civil Engineering Sector; and
- (b) Property Investment that deals with the holding of investment properties for capital gain and/or rental income.

The Group	Construction and Support Services RM	Property Investment RM	Consolidation Adjustment RM	Total RM
<b>Revenue</b>				
External revenue	72,183,126	148,674		72,331,800
Inter-segment revenue	15,736,104	-	(15,736,104)	-
Consolidated revenue	<u>87,919,230</u>	<u>148,674</u>		<u>72,331,800</u>
Represented by:-				
<u>Revenue recognised at a point in time</u>				
Sale of goods	9,945,115	-	-	9,945,115
Hiring of machinery	15,490,426	-	(15,184,944)	305,482
Rental income	-	148,674	-	148,674
Cabin living quarters rental	43	-	-	43
Management fee	551,160	-	(551,160)	-
<u>Revenue recognised over time</u>				
Contract revenue	61,932,486	-	-	61,932,486
	<u>87,919,230</u>	<u>148,674</u>		<u>72,331,800</u>
<b>Results</b>				
Segment results				4,456,317
Interest income				336,336
Dividend income from short-term investments				37,365
Finance Cost				4,830,018 (1,888,849)
<b>Consolidated profit before taxation</b>				<u>2,941,169</u>
Income tax expense				(916,602)
<b>Consolidated profit after taxation</b>				<u>2,024,567</u>

## ADVANCECON HOLDINGS BERHAD

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### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019 (CONT'D)

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

There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the financial period under review.

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

On 26 March 2019, the Company had incorporated a new subsidiary known as Advancecon Solar Sdn. Bhd. with an issued share capital of RM100 comprising 100 ordinary shares.

#### 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

	<b>Unaudited As at 31.3.2019</b>
	RM
Approved and contracted for:-	
Purchase of property, plant and equipment	2,420,000

#### A14. Contingent Liabilities

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

#### A15. Significant Related Party Transactions

	<b>Unaudited 3 Months Ended 31.3.2019</b>
	RM
<b>Transaction with Director</b>	
Paid and payable:-	
Rental of premise	16,500

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

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

#### B1. Review of Group Performance

	3 Months Individual Period			3 Months Cumulative Period		
	31.3.2019 RM	31.3.2018 RM	Variance %	31.3.2019 RM	31.3.2018 RM	Variance %
Revenue	72,331,800	61,761,337	17.1%	72,331,800	61,761,337	17.1%
Profit Before Taxation	2,941,169	3,689,540	-20.3%	2,941,169	3,689,540	-20.3%
Profit After Taxation	2,024,567	2,532,373	-20.0%	2,024,567	2,532,373	-20.0%

For the current quarter under review, the Group recorded a 17.1% increase in revenue as compared to preceding year corresponding quarter. The increase was mainly attributable to higher progress billings from its on-going construction projects and support services. Overall, construction and support services contributed almost 100% of the Group's revenue for both the current quarter and preceding year corresponding quarter, at RM72.18 million and RM61.69 million respectively. The balance of revenue was derived from property investment.

#### Construction and Support Services

During the current quarter under review, the PBT and PBT margin achieved by this division was RM 3.34 million and 4.6 % as compared to RM 4.05 million and 6.56% during the preceding year corresponding quarter.

The decline in PBT and PBT margin during the current quarter was mainly due to:

1. Increased subcontractors' fee corresponding to higher revenue;
2. The balance of ESOS charge amounted to RM 0.89 million, which brought the total ESOS charge to RM 2.0 million over the last 6 months (i.e. vesting period) and lower other income;
3. The additional costs above were partly mitigated by reduction in total diesel costs and administrative expenses.

The weighted average diesel costs for the current period under review was RM 2.06 per litre as compared to RM 2.02 per litre during the preceding year corresponding quarter. The increase in weighted average diesel costs did not contribute to higher cost of sales as a percentage to revenue because of reduced diesel consumption and higher revenue contribution from on-going construction projects.

In terms of profit after taxation ("PAT") and PAT margin, the division achieved RM 2.43 million and 3.37% as compared to RM 2.89 million and 4.68% during the preceding year corresponding quarter. However, assuming the absence of ESOS charge during the current quarter under review, the PAT and PAT margin would have been RM 3.32 million and 4.60% respectively, which represents a marginal decrease of 0.08% in PAT margin versus the preceding year corresponding quarter.

#### Property Investment

For the current quarter under review, this division recorded slight increase in loss before taxation of RM 0.41 million versus RM 0.36 million in the preceding year corresponding quarter mainly due to higher property related administrative expenses.

## ADVANCECON HOLDINGS BERHAD

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

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

	3 Months Individual Period		
	31.3.2019	31.12.2018	Variance
	RM	RM	%
Revenue	72,331,800	71,584,786	1.0%
Profit Before Taxation	2,941,169	4,229,098	-30.5%
Profit After Taxation	2,024,567	2,886,100	-29.9%

During the current quarter under review, the Group's revenue improved because it managed to maintain good progress of its on-going construction projects not affected by the festive season versus the immediate preceding quarter. However, the Group's PBT and PAT was lower due to significant PAT contribution from the property investment division amounted to RM 2.37 million as a result of the recognition of gain from the disposal of a leasehold industrial land held under HS (M) 42054, PT65651, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, during the immediate preceding quarter.

#### B3. Prospects

The Group is optimistic of achieving positive financial results during the current financial year due to:

1. The Group's current outstanding order book of RM 795.05 million or 2.91 times of last year's audited revenue will provide earnings visibility for a minimum of 21 months;
2. The Federal Government's decision to proceed with the East Coast Rail Link ("ECRL") project provides positive uplift to the Group's prospect as the ECRL offers abundance earthworks opportunities;
3. In East Malaysia, Sarawak in particular, the recent State Government's allocation of some RM11 billion for the construction of infrastructure related projects in the current year bodes well for the Group's prospect in the state too; and
4. The Group is also actively bidding for more earthworks projects from its current customers.

#### B4. Profit Forecast

The Group did not issue any profit forecast or profit guarantee for the financial period under review.

#### B5. Taxation

	Unaudited 3 Months Ended	
	31.3.2019	31.3.2018
	RM	RM
Income tax	1,066,793	514,392
Deferred tax	(150,191)	642,775
	<u>916,602</u>	<u>1,157,167</u>
Effective tax rate <sup>(1)</sup>	31.1%	31.4%

Notes:

- (1) The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to certain expenses disallowed for tax purposes.



## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

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

#### B6. Status of Corporate Proposals

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

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

On 29 August 2018, the Company announced its intention to vary the utilisation of proceeds raised from the IPO exercise in conjunction with the listing of and the quotation of its entire share capital on the Main Market of Bursa Malaysia Securities on 10 July 2017. The Company has raised gross proceeds which is amounting to RM56.70 million from its IPO ("IPO Proceeds").

The details of the variations of the IPO Proceeds are as set out below:

No	Details of utilisation	Allocation of IPO Proceeds upon listing <sup>(1)</sup> RM'000	Allocation of IPO Proceeds upon listing (revised) RM'000	Actual utilisation of IPO Proceeds RM'000	Unutilised IPO Proceeds RM'000	Estimated timeframe for utilisation (upon listing)
i.	<b>Total Capital expenditures:-</b>	29,700	29,190	(12,960)	16,230	Within 36 months
	(a) Purchase of new construction machinery and equipment	15,100	15,100	(12,960)	2,140	Within 24 months
	(b) Construction of new workshop	14,600	14,090 <sup>(2)</sup>	-	14,090	Within 36 months
ii.	Repayment of bank borrowings	12,500	12,455 <sup>(2)</sup>	(12,455)	-	Within 6 months
iii.	Working capital	10,700	11,255 <sup>(2)</sup>	(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>(40,470)</u>	<u>16,230</u>	

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

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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 (Cont'd)

Notes:

- (1) As per IPO Prospectus dated 19 June 2017.
- (2) On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings to day-to-day working capital expenses for payment to suppliers.

#### B8. Group Borrowings and Debt Securities

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31.3.2019</b>	<b>As at 31.12.2018</b>
	RM	RM
<b><u>Non-current</u></b>		
Term Loans	32,241,810	32,842,850
Hire Purchase Payables	44,811,189	45,947,568
<b><u>Current</u></b>		
Term Loans	2,220,380	2,206,899
Hire Purchase Payables	16,792,716	15,950,403
Bankers' Acceptances	10,629,013	12,047,000
Invoice Financing	13,644,146	16,156,348
Revolving Credit	3,000,000	3,000,000
Bank Overdrafts	4,729,623	4,455,541
Bank factoring	-	1,815,805
	<u>128,068,877</u>	<u>134,422,414</u>

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

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

#### **B9. Material Litigation**

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

Advancecon Infra Sdn. Bhd. ("Advancecon Infra"), a wholly-owned subsidiary of Advancecon Holdings Berhad in the High Court of Malaya ("the Court") at Shah Alam Civil Suit No. BA-22C-50-11/2018 vs Infra Tech Projects Malaysia Sdn Bhd ("Infra Tech" or "the Defendant")

Advancecon Infra, through its solicitors, Messrs Arthur Wang, Lian & Associates had on 9 November 2018 filed and served a sealed copy of the Writ of Summons together with the Statement of Claim, both dated 2 November 2018 against Infra Tech Projects Malaysia Sdn Bhd (Company No. 654784-A) ("Infra Tech" or "the Defendant").

The filing of the Writ of Summons together with the Statement of Claim arose from Advancecon Infra claim for damage and losses suffered due to Infra Tech's engagement as a sub-contractor by Advancecon Infra under 3 Letters of Award dated 20 January 2017 and 7 February 2017 ("Letters of Award") respectively for the Project known as "Phase 1 Earthwork for Cadangan Serah Balik and Bermilik Semula Dibawah Sekysen 204D Kanun Tanah Negara Untuk Pembangunan Bercampur Perumahan Dan Perniagaan, Di Atas PT8 (H.S.(D) 22218), PT 9 (H.S.(D) 22219) Dan PT20090 (H.S.(D) 244038), Mukim Bukit Raja, Daerah Petaling, Seksyen U12, Shah Alam, Selangor Darul Ehsan ("BS49 Project") which was awarded to Infra Tech.

Due to the alleged breach of the Letters of Award by the Defendant, Advancecon Infra is claiming for the following:-

- (a) A declaration that the Defendant has breached the terms and conditions of all the 3 Letters of Award under the BS49 Project; Award under the BS49 Project;
- (b) A declaration that Advancecon Infra was allowed to make deductions and set off from payments to the Defendant under all the 3 Letters of Award under the BS49 Project;
- (c) A declaration that Advancecon Infra has the right to deduct/set off the total sum amounting to RM1,417,174.75 for the 3 Payment Certificates No. 5, 6 and 7 that are payable to the Defendant by Advancecon Infra;
- (d) The sum of RM1,052,157.69 being the total outstanding balance remedial costs incurred due to the slope failures at HIEDYC and PVD Group Improvement at Show Village Area ("KTA2 Area") and CDYC, PVD and Geogrid Ground Improvement at Phase 1&2 Slope Area ("KTA1 Area");
- (e) Interests on the sum of RM1,052,157.69 at the rate of 5% per annum from the date of this judgement until the date of full and final settlement;
- (f) Solicitors' cost; and
- (g) Such further or other relief as deemed fit by the Court.

The first case management was fixed on 12 December 2018.

## ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

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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)**

Advancecon Infra had received the Defence and Counterclaim from the Defendant dated 11 December 2018 and had filed and serve the Reply to Defence and Defence to Counterclaim dated 11 January 2019.

Advancecon Infra had received the sealed Amended Defence and Counterclaim dated 4 February 2019 from the Defendant on 13 February 2019.

Advancecon Infra had filed and served the unsealed Amended Defence and Counterclaim dated 27 February 2019 to the Defendant on 27 February 2019.

The Company announced that further to the case management held on 7 March 2019, the Court directed as follows:-

- (a) The Defendant to file and serve Reply to Amended Defence to Amended Counterclaim on 13 March 2019; and
- (b) Advancecon Infra and Defendant (collectively referred as “the Parties”) to file Bundle of Pleadings, Common Bundle of Documents, Agreed Facts, Issues to be Tried, Summary of Case and List of Witnesses before the next date, 29 April 2019.

The Court has fixed next case management on 29 April 2019.

Advancecon Infra had on 13 March 2019 received the Defendant’s Reply to Amended Defence to Counterclaim dated 13 March 2019.

Advancecon Infra had received the sealed Notice of Application by the Defendant for application to re-amend Amended Defence and Counterclaim dated 4 February 2019 filed on 10 April 2019. The next date for Case Management is on 29 April 2019.

The Company announced pursuant to the Case Management held on 29 April 2019, the Court has directed as follows:-

- (a) The Defendant to file and serve the Affidavit in Reply in respect of the Defendant’s Amendment Application (“Enclosure 20”) on or before 13 May 2019; and
- (b) The Advancecon Infra and Defendant to file and serve their respective submissions in respect of Enclosure 20 on or before 27 May 2019.

The next date for Case Management is on 28 May 2019.

#### **B10. Dividends Declared**

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

## ADVANCECON HOLDINGS BERHAD

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

#### B11. Earnings Per Share

	Unaudited 3 Months Ended	
	31.3.2019	31.3.2018
Profit after tax attributable to the owners of the Company (RM)	2,024,567	2,532,373
<b>Basic earnings per share</b>		
Weighted average number of ordinary shares	401,026,986	402,079,000
Basic earnings per share (sen) <sup>(1)</sup>	0.50	0.63
<b>Diluted earnings per share</b>		
Weighted average number of ordinary shares	401,200,072	402,079,000
Diluted earnings per share (sen) <sup>(2)</sup>	0.50	0.63

Notes:

- (1) The basic earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares.
- (2) The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation. The ESOS will have a dilutive effect only when the average target price of ordinary shares of the Company during the period exceeds the exercise price of options granted.

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

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

	Unaudited	
	Individual Quarter 31.3.2019	Cumulative Quarter 31.3.2019
	RM	RM
Auditors' remuneration	43,000	43,000
Depreciation:		
- property, plant and equipment	6,334,749	6,334,749
- investment properties	142,932	142,932
Directors' remuneration	835,770	835,770
Interest expenses	1,888,849	1,888,849
Staff costs	11,579,933	11,579,933
Gain on disposal of property, plant and equipment	(2,433)	(2,433)
Interest income	(336,336)	(336,336)
Dividend income from short-term investments	(37,365)	(37,365)

**BY ORDER OF THE BOARD**

**28 May 2019**