

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2018

ADVANCECON HOLDINGS BERHAD

Financial Year End 31 Dec 2018

Quarter 3 Qtr

Quarterly report for the financial period ended 30 Sep 2018

The figures have not been audited

Attachments

Advancecon- Financial Results (Q3 2018)(to Bursa).pdf
831.6 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2018

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	65,780	60,902	201,276	202,238
2 Profit/(loss) before tax	2,225	4,668	11,196	24,194
3 Profit/(loss) for the period	1,536	3,313	7,732	17,660
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,536	3,313	7,732	17,660
5 Basic earnings/(loss) per share (Subunit)	0.38	0.82	1.92	4.39
6 Proposed/Declared dividend per share (Subunit)	1.00	0.00	1.00	1.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per		0.4500		0.4300

**share attributable
to ordinary equity
holders of the
parent (\$\$)**

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

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	22 Nov 2018
Category	Financial Results
Reference Number	FRA-21112018-00081

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THIRD QUARTER ENDED 30 SEPT 2018

(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.09.2018 RM	Preceding Year Corresponding Quarter 30.09.2017 RM	Current Year Period 30.09.2018 RM	Preceding Year Corresponding Period 30.09.2017 RM
Revenue	A9	65,780,042	60,901,611	201,275,678	202,238,336
Cost of Sales		(57,653,930)	(51,474,555)	(168,816,108)	(160,259,512)
Gross Profit		8,126,112	9,427,056	32,459,570	41,978,824
Other Income		1,095,953	1,945,086	3,898,702	3,673,040
		9,222,065	11,372,142	36,358,272	45,651,864
Administrative Expenses		(4,985,115)	(4,882,700)	(17,789,903)	(15,461,928)
Other Operating Expenses		(66,016)	(764,912)	(1,682,086)	(2,198,409)
Finance Costs		(1,946,284)	(1,056,376)	(5,689,984)	(3,797,471)
Profit Before Taxation	B12	2,224,650	4,668,154	11,196,299	24,194,056
Income Tax Expense	B5	(688,331)	(1,355,617)	(3,464,260)	(6,534,364)
Profit After Taxation/Total Comprehensive income for the Financial Period		1,536,319	3,312,537	7,732,039	17,659,692
Total Comprehensive Income attributable to:					
- Owners of the Company		1,536,319	3,312,537	7,732,039	17,659,692
Earning per share (sen) attributable to owners of the parent:					
- Basic ⁽²⁾	B11	0.38	0.82	1.92	4.39
- Diluted ⁽²⁾	B11	0.36	0.82	1.83	4.39

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 2017 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

ADVANCECON HOLDINGS BERHAD

(Company No: 426965 - M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at Current Quarter 30.09.2018 RM	(Audited) As at Financial Year Ended 31.12.2017 RM
ASSETS		
Non-current assets		
Property, plant and equipment	168,621,388	151,367,890
Investment properties	34,068,725	32,927,635
Finance lease receivables	1,376,486	1,691,881
Trade receivables	140,675	155,675
	<u>204,207,274</u>	<u>186,143,081</u>
Current assets		
Contract assets	9,136,765	8,762,940
Finance lease receivables	417,473	399,149
Trade receivables	128,037,068	113,918,084
Other receivables, deposits and prepayments	9,989,575	7,993,583
Short-term investments	2,938,718	2,293,570
Current tax assets	5,734,966	2,270,569
Deposits with licensed banks	30,611,738	22,315,291
Cash and bank balances	29,100,399	24,581,370
	<u>215,966,702</u>	<u>182,534,556</u>
TOTAL ASSETS	<u>420,173,976</u>	<u>368,677,637</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	85,752,871	85,752,871
Reserves	113,705	-
Retained profits	96,587,058	88,855,019
TOTAL EQUITY	<u>182,453,634</u>	<u>174,607,890</u>
Non-current liabilities		
Deferred tax liabilities	7,705,038	6,624,084
Long-term borrowings	74,933,179	64,746,151
	<u>82,638,217</u>	<u>71,370,235</u>
Current liabilities		
Contract liabilities	26,742,731	8,976,387
Trade payables	43,111,337	44,793,675
Other payables and accruals	25,536,443	25,278,026
Current tax liabilities	-	193,754
Short-term borrowings	55,384,799	40,556,315
Bank overdrafts	4,306,815	2,901,355
	<u>155,082,125</u>	<u>122,699,512</u>
TOTAL LIABILITIES	<u>237,720,342</u>	<u>194,069,747</u>
TOTAL EQUITY AND LIABILITIES	<u>420,173,976</u>	<u>368,677,637</u>
Net asset per share (RM) ⁽²⁾	<u>0.45</u>	<u>0.43</u>

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 2017 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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED 30 SEPT 2018

	Share Capital	Equity- Settled Employee Benefits Reserve	Retained Profits	Total Equity
	RM	RM	RM	RM
The Group (Audited)				
Balance at 1.1.2017	31,207,900	-	74,412,729	105,620,629
Profit after taxation/Total comprehensive income for the financial year	-	-	18,463,080	18,463,080
Contribution by and distribution to owners of the company:				
- Issuance of shares	56,700,000	-	-	56,700,000
- Dividends	-	-	(4,020,790)	(4,020,790)
Share issue expenses	(2,155,029)	-	-	(2,155,029)
Balance at 31.12.2017	85,752,871	-	88,855,019	174,607,890
(Unaudited)				
Balance at 1.1.2018	85,752,871	-	88,855,019	174,607,890
Profit after taxation/Total comprehensive income for the financial year	-	-	7,732,039	7,732,039
Share-based payment under ESOS	-	113,705	-	113,705
Balance at 30.9.2018	85,752,871	113,705	96,587,058	182,453,634

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 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THIRD QUARTER ENDED 30 SEPT 2018

(The figures have not been audited)

	Cumulative Current Period Ended 30.09.2018 RM	Cumulative Comparative Period Ended 30.09.2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,196,299	24,194,056
Adjustments for:-		
Depreciation:		
- investment properties	304,507	343,038
- property, plant and equipment	18,777,463	14,535,973
Fair value adjustments:		
-trade receivables	(63,242)	-
Interest expense	5,689,984	3,797,471
Expense utilisation in respect of equity-settled share-based payments	113,705	-
Property, plant and equipment written off	3,016	6,815
Gain on disposal of property, plant and equipment	(1,798,297)	(638,309)
Gain on disposal of investment property	-	(153,823)
Interest income	(856,765)	(813,581)
Reversal of impairment losses on trade receivables	-	(64,946)
Operating profit before working capital changes	33,366,670	41,206,694
Increase in contract assets	(373,825)	(6,451,174)
Increase / (Decrease) in contract liabilities	17,766,344	(15,755,406)
(Increase)/ Decrease in trade and other receivables	(16,036,734)	29,275,251
Decrease in trade and other payables	(1,423,921)	(15,390,095)
Cash from operations	33,298,534	32,885,270
Interest paid	(5,689,984)	(3,797,471)
Tax refund	8,000	-
Tax paid	(6,049,457)	(5,709,026)
NET CASH FROM OPERATING ACTIVITIES	21,567,093	23,378,773
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	811,616	813,581
Dividend income from short-term investments	45,149	-
(Increase) / Decrease in deposits pledged with licensed bank	(12,896,447)	79,445
Withdrawer of deposits with original maturity more than 3 months	4,600,000	-
Purchase of property, plant and equipment	(38,374,426)	(45,584,180)
Purchase of investment properties	(1,445,597)	(2,289,557)
Proceeds from disposal of property, plant and equipment	4,138,746	2,383,543
Sale proceeds received from disposal of an investment property	-	1,150,000
Placement in short terms investment	-	(507,326)
Repayment of finance lease receivables	297,071	-
NET CASH FOR INVESTING ACTIVITIES	(42,823,888)	(43,954,494)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THIRD QUARTER ENDED 30 SEPT 2018 (CONT'D)

(The figures have not been audited)

	Cumulative Current Period Ended 30.09.2018 RM	Cumulative Comparative Period Ended 30.09.2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	56,700,000
Share issue expenses	-	(2,155,029)
Dividend paid	-	(9,500,000)
Drawdown of term loan	5,560,420	1,831,762
Net drawdown of hire purchase obligations	8,496,648	22,954,206
Net drawdown in bankers' acceptances	6,745,413	542,915
Net drawdown / (repayment) in invoice financing	13,360,470	(212,814)
Net repayment in revolving credit	(6,000,000)	(6,000,000)
Repayment of term loans	(3,147,439)	(2,679,082)
NET CASH FROM FINANCING ACTIVITIES	25,015,512	61,481,958
NET INCREASE IN CASH AND CASH EQUIVALENT	3,758,717	40,906,237
Cash and cash equivalents at beginning of the financial year	23,973,585	(6,008,271)
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR	27,732,302	34,897,966
Cash and cash equivalent comprised of:		
Deposits with licensed banks	30,611,738	37,921,152
Short-term investments	2,938,718	-
Cash and bank balances	29,100,399	21,305,309
Bank overdrafts	(4,306,815)	(3,577,411)
	58,344,040	55,649,050
Less: Deposits pledged to licensed banks	(30,611,738)	(20,751,084)
	27,732,302	34,897,966

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 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPT 2018

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 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018:

MFRS 9 Financial Instruments

MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments and expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the “incurred loss” model in MFRS 139.

MFRS 15 Revenue from Contract

The core principle of MFRS 15 is that an entity utilises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity utilises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 is not expected to result in any material impact on the financial position and results of the Group.

These are the third interim financial report on the Company’s consolidated results for the third quarter ended 30 Sept 2018 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 2017.

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 2017 except as follows:

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPT 2018 (CONT'D)

A2 Changes In Accounting Policies (Cont'd)

- MFRS 16, Leases Effective 1 January 2019
- MFRS 128, Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128) Effective 1 January 2019
- MFRS 17, Insurance Contracts Effective 1 January 2021
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred

The adoption of the above pronouncements did not have any material financial impact to the Group.

The Group has not early adopted any new or revised standards, amendments or IC Interpretations 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 2018.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2017.

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

As at 29 November 2018, there were no issuance or repayment of debt and equity securities, except as disclosed below:

From 11 October 2018 to 23 October 2018, the Company has repurchased a total of 353,000 ordinary shares from the open market at prices from RM0.275 to RM0.335 per share. The number of treasury shares stood at 353,000.

A8. Dividends Paid

As at the date of this report, there was no payment of dividend during the financial year ending 31 December 2018.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPT 2018 (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	Property Investment	Consolidation Adjustment	Total
	RM	RM	RM	RM
Revenue				
External revenue	201,072,720	202,958	-	201,275,678
Inter-segment revenue	58,084,008	-	(58,084,008)	-
Consolidated revenue	<u>259,156,728</u>	<u>202,958</u>	<u>(58,084,008)</u>	<u>201,275,678</u>
Results				
Segment results	23,421,631	(692,097)	(6,700,016)	16,029,518
Interest income				811,616
Dividend income from short –term investments				45,149
Finance costs				<u>16,886,283</u>
Consolidated profit before taxation				<u>(5,689,984)</u>
Income tax expense				11,196,299
Consolidated profit after taxation				<u>(3,464,260)</u>
				<u>7,732,039</u>

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

There were no other material events subsequent to the end of current quarter and financial period-to date that 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 for the financial period under review.

On 12 October 2018, a new 20% owned associated company named Advancecon (Sarawak) Sdn. Bhd. Was incorporated in Malaysia under the Companies Act, 2016. Its principal activities is to carry on the business providing earthworks, civil engineering and other related services.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPT 2018 (CONT'D)

A12. Fair Value of Financial Instruments

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

A13. Capital Commitments

	Unaudited As at 30.09.2018 RM
Approved and contracted for:-	
Purchase of property, plant and equipment	<u>2,610,000</u>

A14. Operating Lease Commitment

The future minimum lease payments under the non-cancellable operating lease was:

	Unaudited As at 30.09.2018 RM
Not later than 1 year	735,000
Later than 1 year and not later than 5 years	-
	<u>735,000</u>

A15. Contingent Liabilities

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

A16. Significant Related Party Transactions

	Unaudited 9 Months Ended 30.09.2018 RM
Transaction with Director	
Paid and payable:-	
Rental of premise	<u>49,500</u>

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

B1. Review of Group Performance

	3 Months Individual Period			9 Months Cumulative Period		
	30.09.2018 RM	30.09.2017 RM	Variance %	30.09.2018 RM	30.09.2017 RM	Variance %
Revenue	65,780,042	60,901,611	8.0%	201,275,678	202,238,336	-0.48%
Profit Before Taxation	2,224,650	4,668,154	-52.3%	11,196,299	24,194,056	-53.7%
Profit After Taxation	1,536,319	3,312,537	-53.6%	7,732,039	17,659,692	-56.2%

For the current quarter under review, the increase in the Group's revenue was mainly attributable to higher progress billings from its construction and support services as compared to preceding year corresponding quarter. Overall, construction and support services contributed almost 100% of the Group's revenue for both the current quarter and preceding year corresponding quarter, at RM65.69 million and RM60.83 million respectively. The balance of revenue was derived from property investment.

Construction and Support Services

During the current quarter under review, the profit before taxation ("PBT") and PBT margin achieved by this division was RM 2.90 million and 4.41 % as compared to RM 4.57 million and 7.50% during the preceding year corresponding quarter.

The decline in PBT and PBT margin during the current quarter under review versus preceding year corresponding quarter were mainly due to:

1. Volume weighted average cost of diesel rose from RM 1.76 per litre to RM 2.32 per litre and higher depreciation which contributed 0.6% and 1.9% increase in cost of sales respectively;
2. Increased hire purchase interest and lower other income.

The Group's profit after taxation ("PAT") and PAT margin recorded by this division was RM 2.21 million and 3.36% as compared to RM 3.29 million and 5.40% during the preceding year corresponding quarter. The reduction in PAT was in line with the lower PBT stated above.

Assuming the Group's volume weighted average cost of diesel remains the same as the preceding year corresponding quarter of RM 1.76 per litre, this will give rise to an additional PBT of RM 1.73 million for the current quarter under review. Hence, the Group's PBT and PBT margin would have been RM 4.63 million and 7.05% respectively. Similarly the Group would have achieved PAT and PAT margin of RM 3.41 million and 5.19% for the same period under review. Applying the same assumption to 9 months period ended 30 September 2018, the Group's PBT and PAT would have risen by RM 3.78 million and RM 2.61 million to RM 14.98 million and RM 10.34 million respectively.

Property Investment

For the current quarter under review, this division recorded the loss before taxation of RM 0.68 million versus profit before taxation of RM 0.10 million in the preceding year corresponding quarter mainly due to higher term loan interest.

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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		
	30.09.2018	30.06.2018	Variance
	RM	RM	%
Revenue	65,780,042	73,734,299	-10.8
Profit Before Taxation	2,224,650	5,282,109	-57.9
Profit After Taxation	1,536,319	3,663,347	-58.1

During the current quarter under review, the decrease in the Group's revenue was mainly due to lower progress billings versus the immediate preceding quarter. The decline in PBT and PAT margin was mainly due to the same reasons mentioned in note B1.

B3. Prospects for the Current Financial Year

The Group is optimistic to deliver a positive financial results in the current financial year due to:

1. The recent change in government does not affect the continuity of the Group's projects, namely West Coast Expressway and Pan Borneo Highway;
2. The Group's current outstanding order book of RM 876.3 million or 3.29 times of last year's audited revenue will provide earnings visibility for a minimum of 24 months;
3. The announcement that construction services shall be exempted from Sales & Services Tax augurs well for the Group and the industry as a whole;
4. The Group's ability to secure several new projects worth a total of RM 91.22 million was a testament of the Group's resilience in times of market uncertainties post GE14 to bring total projects secured thus far in the current financial year to RM 461.3 million or 1.7 times of last year's audited revenue; and
5. The Group expects the average diesel purchase price per litre for the next 6 months (December 2019 to May 2019) to reduce approximately 5% from RM 2.43 as at 30 September 2018 thus giving rise to potential savings moving forward.

B4. Profit Forecast

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

B5. Taxation

	Unaudited 9 Months Ended	
	30.09.2018	30.09.2017
	RM	RM
Income tax	2,383,306	5,760,543
Deferred tax	1,080,954	773,821
	<u>3,464,260</u>	<u>6,534,364</u>
Effective tax rate ⁽¹⁾	31%	27%

Notes:

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

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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 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 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 ⁽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 (from the listing date)
i.	Total Capital expenditures:-	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 ⁽²⁾	-	14,090	Within 36 months
ii.	Repayment of bank borrowings	12,500	12,455 ⁽²⁾	(12,455)	-	Within 6 months
iii.	Working capital	10,700	11,255 ⁽²⁾	(10,700)	555	Within 24 months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
		<u>56,700</u>	<u>56,700</u>	<u>(39,915)</u>	<u>16,785</u>	

ADVANCECON

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)

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

	Unaudited As at 30.09.2018 RM	Audited As at 31.12.2017 RM
<u>Non-current</u>		
Term Loans	25,422,962	21,374,650
Hire Purchase Payables	49,510,216	43,371,501
<u>Current</u>		
Term Loans	3,565,723	5,201,055
Hire Purchase Payables	15,659,862	13,301,930
Bankers' Acceptances	10,781,412	4,036,000
Bank Factoring	-	-
Invoice Financing	17,377,800	4,017,330
Revolving Credit	8,000,000	14,000,000
Bank Overdrafts	4,306,815	2,901,355
	<u>134,624,790</u>	<u>108,203,821</u>

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

B9. Material Litigation

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

ADVANCECON HOLDINGS BERHAD ("ADVANCECON" OR "THE COMPANY") In the High Court of Malaya at Shah Alam Civil Suit No. BA-22C-50-11/2018 Advancecon Infra Sdn Bhd ("Advancecon Infra" or "the Plaintiff") vs Infra Tech Projects Malaysia Sdn Bhd ("Infra Tech" or "the Defendant")

Advancecon Infra, a wholly-owned subsidiary of ADVANCECON 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 arises from Advancecon Infra's claim for damage and losses suffered due to Infra Tech's engagement as a sub-contractor by the Plaintiff 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, the Plaintiff is claiming for the following:

- i. 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;
- ii. A declaration that the Plaintiff was allowed to make deductions and set off from payments to the Defendant under all the 3 Letters of Award under the BS49 Project;
- iii. A declaration that the Plaintiff 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 the Plaintiff;
- iv. 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");
- v. Interests on the sum of RM1,052,157.69 at the rate of 5% per annum from the date of this judgment until the date of full and final settlement;
- vi. Costs on a solicitor and client basis; and
- vii. Such further or other relief as deemed fit by this Honourable Court.

The first case management has been fixed on 12 December 2018 at 9.00 a.m.

B10. Dividends Declared

The Board of Directors has declared 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, to be paid on 3 January 2019. The entitlement date for the dividend payment is 10 December 2018.

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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 9 Months Ended	
	30.09.2018	30.09.2017
Profit after tax attributable to the owners of the Company (RM)	7,732,039	17,659,692
Basic earnings per share		
Weighted average number of ordinary shares	402,079,000	402,079,000
Basic earnings per share (sen) ⁽¹⁾	1.92	4.39
Diluted earnings per share		
Weighted average number of ordinary shares	422,029,000	402,079,000
Diluted earnings per share (sen) ⁽²⁾	1.83	4.39

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 diluted earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares which was adjusted to assume that the maximum number of new ordinary shares have been pursuant to the share options granted under the Employees' Share Option Scheme ("ESOS").

B12. Notes to the Statement of Comprehensive Income

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

	Unaudited	
	Individual Quarter 30.09.2018	Cumulative Quarter 30.09.2018
	RM	RM
Auditors' remuneration	29,750	89,250
Depreciation:		
- property, plant and equipment	6,393,297	18,777,463
- investment properties	109,428	304,507
Directors' remuneration	835,443	2,494,235
Interest expenses	1,946,284	5,689,984
Staff costs	10,652,537	33,538,140
Gain on disposal of property, plant and equipment	(716,226)	(1,798,297)
Interest income	(263,471)	(811,616)
Dividend income from short -term investments	(10,609)	(45,149)

BY ORDER OF THE BOARD
ON 21 NOVEMBER 2018