

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2020

Amended Announcements

Please refer to the earlier announcement reference number: FRA-24022021-00022

ADVANCECON HOLDINGS BERHAD

| | |
|---|-----------------------|
| Financial Year End | 31 Dec 2020 |
| Quarter | 4 Qtr |
| Quarterly report for the financial period ended | 31 Dec 2020 |
| The figures | have not been audited |

Attachments

[Advancecon- Financial Results Q4 2020.pdf](#)
855.4 kB

Remarks :

This amended announcement is made due to typographical error on item 6 - Proposed /Declared dividend per share (Subunit) appearing in the Bursa template should read as 0.00 sen under the Individual Period for the Current Year Quarter (31 December 2020) and Preceding Year Corresponding Quarter (31 December 2019) respectively.

| Default Currency | Other Currency |
|------------------|----------------|
|------------------|----------------|

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2020

| | | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|---|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| | | \$\$'000 | \$\$'000 | \$\$'000 | \$\$'000 |
| 1 | Revenue | 73,068 | 78,602 | 250,336 | 302,337 |
| 2 | Profit/(loss) before tax | 5,172 | 4,544 | 6,646 | 16,280 |
| 3 | Profit/(loss) for the period | 3,642 | 2,610 | 2,101 | 10,825 |
| 4 | Profit/(loss) attributable to ordinary equity holders of the parent | 3,642 | 2,610 | 2,101 | 10,825 |
| 5 | Basic earnings/(loss) per share (Subunit) | 0.91 | 0.65 | 0.53 | 2.69 |

| | | | | | |
|---|---|------------------------------|--------|------------------------------------|--------|
| 6 | Proposed/Declared dividend per share (Subunit) | 0.00 | 0.00 | 1.00 | 0.60 |
| | | AS AT END OF CURRENT QUARTER | | AS AT PRECEDING FINANCIAL YEAR END | |
| 7 | Net assets per share attributable to ordinary equity holders of the parent (\$\$) | | 0.4600 | | 0.4800 |

Remarks :

The declared dividend per share (subunit) should read be removed under the Individual Period.

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 | 26 Feb 2021 |
| Category | Financial Results |
| Reference Number | FRA-26022021-00016 |

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FOURTH QUARTER ENDED 31 DECEMBER 2020

(The figures have not been audited)

| | | Individual Quarter | | Cumulative Quarter | |
|---|------|-------------------------|--|------------------------|---|
| | | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year Period | Preceding Year Corresponding Period |
| | Note | 31.12.2020 RM | 31.12.2019 RM | 31.12.2020 RM | 31.12.2019 RM |
| Revenue | A9 | 73,068,492 | 78,601,523 | 250,335,667 | 302,337,446 |
| Cost of Sales | | (62,508,301) | (65,936,699) | (222,399,680) | (256,718,586) |
| Gross profit | | 10,560,191 | 12,664,824 | 27,935,987 | 45,618,860 |
| Other Income | | 1,138,207 | 969,538 | 4,188,425 | 2,937,221 |
| | | 11,698,398 | 13,634,362 | 32,124,412 | 48,556,081 |
| Administrative Expenses | | (4,400,637) | (5,546,370) | (16,238,029) | (21,560,572) |
| Other Expenses | | (478,220) | (1,732,760) | (2,690,493) | (3,576,642) |
| Finance Costs | | (1,603,651) | (1,778,365) | (6,382,440) | (7,080,650) |
| Share Of Result Of An Equity Accounted Associate | | (44,182) | (33,061) | (167,182) | (57,788) |
| Profit Before Taxation | B12 | 5,171,708 | 4,543,806 | 6,646,268 | 16,280,429 |
| Income Tax Expense | B5 | (1,418,371) | (2,474,378) | (3,890,865) | (6,572,300) |
| Deferred Tax | B5 | (111,766) | 540,116 | (654,355) | 1,117,051 |
| Profit After Taxation/ Total Comprehensive income for the Financial Period | | 3,641,571 | 2,609,544 | 2,101,048 | 10,825,180 |
| Total Comprehensive Income attributable to: | | | | | |
| - Owners of the Company | | 3,641,571 | 2,609,544 | 2,101,048 | 10,825,180 |
| Earnings per share (sen) attributable to owners of the parent: | | | | | |
| - Basic ⁽²⁾ | B11 | 0.91 | 0.65 | 0.53 | 2.69 |
| - Diluted ⁽²⁾ | B11 | 0.91 | 0.65 | 0.53 | 2.68 |

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 2019 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 FINANCIAL POSITION

| | (Unaudited) As at Current Quarter 31.12.2020 RM | (Audited) As at Financial Year Ended 31.12.2019 RM |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Investment in an associate | - | 167,182 |
| Property, plant and equipment | 120,741,965 | 140,344,831 |
| Investment properties | 43,483,039 | 38,661,602 |
| Other investments | 2,994 | 2,994 |
| Deferred tax assets | 160,149 | 160,149 |
| Finance lease receivables | 1,790,560 | 3,881,197 |
| | <u>166,178,707</u> | <u>183,217,955</u> |
| Current assets | | |
| Contract assets | 106,056,724 | 98,904,425 |
| Finance lease receivables | 2,114,930 | 1,869,686 |
| Trade receivables | 66,673,120 | 63,533,958 |
| Other receivables, deposits and prepayments | 9,379,213 | 10,155,442 |
| Amount owing by an associate company | 941,218 | 116,426 |
| Short-term investments | 1,390,666 | 2,029,521 |
| Current tax assets | 2,844,701 | 1,357,655 |
| Deposits with licensed banks | 50,053,145 | 39,629,498 |
| Cash and bank balances | 2,232,770 | 9,165,984 |
| | <u>241,686,487</u> | <u>226,762,595</u> |
| TOTAL ASSETS | <u>407,865,194</u> | <u>409,980,550</u> |

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

| | (Unaudited) As at Current Quarter 31.12.2020 RM | (Audited) As at Financial Year Ended 31.12.2019 RM |
|--------------------------------------|---|--|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 87,101,071 | 86,584,921 |
| Treasury shares | (3,249,343) | (339,077) |
| Reserves | 1,700,400 | 1,815,100 |
| Retained profits | 102,008,587 | 103,864,476 |
| TOTAL EQUITY | 187,560,715 | 191,925,420 |
| Non-current liabilities | | |
| Deferred tax liabilities | 4,446,380 | 3,792,025 |
| Long-term borrowings | 24,693,873 | 25,493,245 |
| Lease liabilities | 32,213,597 | 35,443,821 |
| | 61,353,850 | 64,729,091 |
| Current liabilities | | |
| Contract liabilities | 16,670,776 | 11,196,440 |
| Trade payables | 54,427,963 | 48,096,523 |
| Other payables and accruals | 11,260,509 | 26,257,346 |
| Amount owing to an associate company | 98,942 | 205,799 |
| Amount owing to directors | 192,290 | - |
| Current tax liabilities | 56,586 | - |
| Short-term borrowings | 51,467,468 | 47,523,210 |
| Lease liabilities | 20,897,158 | 18,230,627 |
| Bank overdrafts | 3,878,937 | 1,816,094 |
| | 158,950,629 | 153,326,039 |
| TOTAL LIABILITIES | 220,304,479 | 218,055,130 |
| TOTAL EQUITY AND LIABILITIES | 407,865,194 | 409,980,550 |
| Net asset per share (RM) | 0.46 | 0.48 |

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 2019 and the accompanying explanatory notes as attached to this interim financial statement.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED 31 DECEMBER 2020

| | Share Capital | Treasury Shares | Non-Distributable Employee Share Option Reserve | Distributable Retained Profits | Total |
|--|-------------------|--------------------|---|--------------------------------|--------------------|
| | RM | RM | RM | RM | RM |
| The Group (Audited) | | | | | |
| 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 | - | - | - | 10,825,180 | 10,825,180 |
| Contribution by and distribution to owners of the company: | | | | | |
| - Dividend | - | - | - | (2,416,602) | (2,416,602) |
| - Recognition of share option expenses | - | - | 883,502 | - | 883,502 |
| - Employees' share options exercised | 832,050 | - | (184,900) | - | 647,150 |
| Balance at 31.12.2019 | 86,584,921 | (339,077) | 1,815,100 | 103,864,476 | 191,925,420 |
| (Unaudited) | | | | | |
| Balance at 1.1.2020 | 86,584,921 | (339,077) | 1,815,100 | 103,864,476 | 191,925,420 |
| Profit after taxation/ Total comprehensive income for the financial year | - | - | - | 2,101,048 | 2,101,048 |
| Contribution by and distribution to owners of the company: | | | | | |
| - Dividend | - | - | - | (3,956,937) | (3,956,937) |
| - Purchase of treasury shares | - | (2,910,266) | - | - | (2,910,266) |
| - Employees' share options exercised | 516,150 | - | (114,700) | - | 401,450 |
| Balance at 31.12.2020 | 87,101,071 | (3,249,343) | 1,700,400 | 102,008,587 | 187,560,715 |

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

ADVANCECON

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER ENDED 31 DECEMBER 2020

(The figures have not been audited)

| | Cumulative Current Period Ended 31.12.2020 RM | Cumulative Comparative Period Ended 31.12.2019 RM |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 6,646,268 | 16,280,429 |
| Adjustments for:- | | |
| Depreciation: | | |
| - investment properties | 575,833 | 572,006 |
| - property, plant and equipment | 25,657,710 | 25,954,303 |
| Interest expense on lease liabilities | 2,677,705 | 3,315,357 |
| Interest expense | 3,704,735 | 3,765,293 |
| Gain on dissolution of subsidiaries | (115,340) | (1,934,379) |
| Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up | - | 161,331 |
| Share of result of an equity accounted associate | 167,182 | 57,788 |
| Share option expenses | - | 883,502 |
| Property, plant and equipment written off | 33,126 | 273,105 |
| (Gain) / Loss on disposal of property, plant and equipment | (397,808) | 610,230 |
| Dividend income from short-term investments | (61,146) | (135,110) |
| Interest income | (1,660,081) | (1,489,047) |
| Cost of assets transfer to client | 215,106 | - |
| Operating profit before working capital changes | 37,443,290 | 48,314,808 |
| Increase in contract assets | (7,152,299) | (19,806,445) |
| Increase/ (Decrease) in contract liabilities | 5,474,336 | (9,482,698) |
| (Increase) / Decrease in trade and other receivables | (2,362,933) | 7,700,682 |
| Increase/ (Decrease) in trade and other payables | 4,313,801 | (332,774) |
| Increase in amount owing by associate company | (932,177) | - |
| Cash from operations | 36,784,018 | 26,393,573 |
| Interest paid | (6,382,440) | (7,080,650) |
| Income tax refund | - | 2,153,928 |
| Income tax paid | (5,321,325) | (8,848,077) |
| NET CASH FROM OPERATING ACTIVITIES | 25,080,253 | 12,618,774 |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER ENDED 31 DECEMBER 2020 (CONT'D)

(The figures have not been audited)

| | Cumulative Current Period Ended 31.12.2020 RM | Cumulative Comparative Period Ended 31.12.2019 RM |
|--|---|---|
| CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES | | |
| Net cash flow from deconsolidation of subsidiaries under Member's Voluntary Winding Up | - | (177,358) |
| Proceeds from dissolution of subsidiaries | 115,340 | 1,984,694 |
| Investment in an associate | - | (224,970) |
| Advances to an associated company | - | (111,138) |
| Interest received | 1,660,081 | 1,489,047 |
| Dividend income from short-term investments | 61,146 | 135,110 |
| Increase in deposits pledged with licensed bank | (10,423,647) | (6,992,322) |
| Purchase of property, plant and equipment | (2,308,460) | (3,372,349) |
| Addition of investment properties | (5,397,270) | (11,500) |
| Proceeds from disposal of property, plant and equipment | 1,054,600 | 13,493,570 |
| Repayment from finance lease receivables | 1,987,187 | 1,093,644 |
| Repayment from an associate company | 107,385 | - |
| NET CASH (FOR)/ FROM INVESTING ACTIVITIES | (13,143,638) | 7,306,428 |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| (Repayment to) / Advances from an associate company | (106,857) | 205,799 |
| Proceeds from exercise of employees' share options | 401,450 | 647,150 |
| Purchase of treasury shares | (2,910,266) | - |
| Dividend paid | (3,956,937) | (6,433,862) |
| Repayment of term loans | (693,938) | (8,436,791) |
| Net drawdown of bankers' acceptances | 5,567,582 | 2,293,349 |
| Net repayment of invoice financing | (1,507,453) | (4,407,480) |
| Net drawdown of revolving credit | 4,500,000 | 6,000,000 |
| Net drawdown of bank factoring | (4,721,305) | 9,498,475 |
| Repayment of lease liabilities | (18,336,093) | (17,360,190) |
| Advances from directors | 192,290 | - |
| NET CASH FOR FINANCING ACTIVITIES | (21,571,527) | (17,993,550) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT | (9,634,912) | 1,931,652 |
| Cash and cash equivalents at beginning of the financial year | 9,379,411 | 7,447,759 |
| CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR | (255,501) | 9,379,411 |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER ENDED 31 DECEMBER 2020 (CONT'D)

(The figures have not been audited)

| | Cumulative Current Period Ended 31.12.2020 RM | Cumulative Comparative Period Ended 31.12.2019 RM |
|---|---|---|
| Cash and cash equivalent comprised of: | | |
| Deposits with licensed banks | 50,053,145 | 39,629,498 |
| Short-term investments | 1,390,666 | 2,029,521 |
| Cash and bank balances | 2,232,770 | 9,165,984 |
| Bank overdrafts | (3,878,937) | (1,816,094) |
| | 49,797,644 | 49,008,909 |
| Less: Deposits pledged to licensed banks | (50,053,145) | (39,629,498) |
| | <u>(255,501)</u> | <u>9,379,411</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 2019 and the accompanying explanatory notes as attached to this interim financial statement.

ADVANCECON

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2020

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 2019, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2020:

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standard(s) and/or interpretation(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 period:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Year |
|--|-----------------------|
| • MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts | 2023 |
| • Amendments to MFRS 3: Reference to the Conceptual Framework | 2022 |
| • Amendments to MFRS 16: COVID-19-Related Rent Concessions | 2021 |
| • Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current | 2023 |
| • Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use | 2022 |
| • Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract | 2022 |
| • Annual Improvements to MFRS Standards 2018 - 2020 | 2022 |
| • Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2 | 2021 |

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2020 (CONT'D)

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

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

There were no issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the current quarter.

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 3.96 million in respect of financial year ending 31 December 2020 was paid on 16 December 2020.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2020 (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;
- (b) Property Investment that deals with the holding of investment properties for capital gain and/or rental income; and
- (c) Solar Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects.

| | Construction and Support Services | Property Investment | Solar Energy | Consolidation Adjustment | Total |
|--|-----------------------------------|---------------------|--------------|--------------------------|------------------|
| The Group | RM | RM | RM | RM | RM |
| Revenue | | | | | |
| External revenue | 247,971,433 | 489,071 | 1,875,163 | - | 250,335,667 |
| Inter-segment revenue | 62,705,403 | 20,800 | - | (62,726,203) | - |
| Consolidated revenue | 310,676,836 | 509,871 | 1,875,163 | | 250,335,667 |
| Represented by:- | | | | | |
| <u>Revenue recognized at a point in time</u> | | | | | |
| Sale of goods | 10,775,993 | - | - | - | 10,775,993 |
| Hiring of machinery | 57,965,639 | - | - | (56,670,201) | 1,295,438 |
| Day work revenue | 1,051,992 | - | - | - | 1,051,992 |
| Cabin Living Quarters Rental | 16,076 | - | - | - | 16,076 |
| <u>Revenue recognised over time</u> | | | | | |
| Contract revenue | 234,473,620 | - | - | 358,314 | 234,831,934 |
| Rental income from investment properties | - | 509,871 | - | (20,800) | 489,071 |
| Revenue-Solar Energy | - | - | 1,875,163 | - | 1,875,163 |
| <u>Revenue from other sources</u> | | | | | |
| Dividend income | 3,950,000 | - | - | (3,950,000) | - |
| Management fee | 2,443,516 | - | - | (2,443,516) | - |
| | 310,676,836 | 509,871 | 1,875,163 | | 250,335,667 |
| Results | | | | | |
| Segment results | | | | | 11,474,663 |
| Interest income | | | | | 1,660,081 |
| Dividend income from short-term investments | | | | | 61,146 |
| Finance Cost | | | | | (6,382,440) |
| Share of result of an equity accounted associate | | | | | (167,182) |
| Consolidated profit before taxation | | | | | 6,646,268 |
| Income tax expense | | | | | (3,890,865) |
| Deferred Tax | | | | | (654,355) |
| Consolidated profit after taxation | | | | | 2,101,048 |

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2020 (CONT'D)

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

1. Advancecon Solar Sdn Bhd (Adv Solar) (wholly-owned subsidiary of Advancecon Holdings Berhad) had on 11 January 2021 signed two separate Power Purchase Agreement ("PPAs") with Oon Corp Resources (M) Sdn Bhd ("OCR") to design, construct, install, own, operate and maintain a solar photovoltaic energy generating system with the capacity of 651.64 kWp under the Net Energy Metering (NEM) scheme at OCR's two premises located in Senawang Industrial Estate, in the State of Seremban ("the Plant");
2. Adv Solar had on 11 January 2021 signed a Power Purchase Agreement with Prominent Image Sdn Bhd ("Prominent") to design, construct, install, own, operate and maintain a solar photovoltaic energy generating system with the capacity of 342.32 kWp under the Net Energy Metering (NEM) scheme at Prominent's premise located in Rawang Industrial Estate, in the State of Selangor ("the Plant"); and
3. Advancecon Infra Sdn Bhd (Adv Infra) (wholly-owned subsidiary of Advancecon Holdings Berhad) had on 26 January 2021 accepted the Letter of Acceptance ("LOA") from China Communications Construction (ECRL) Sdn Bhd for the appointment of Adv Infra as the subcontractor for the proposed construction and completion of subgrade works of Package 3, Section 4 for the East Coast Rail Link Project, for the total subcontract sum of RM60,583,964.39.

A11. Changes in the Composition of the Group

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

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DEC 2020 (CONT'D)

A13. Capital Commitments

| | Unaudited As at 31.12.2020 RM |
|---|-------------------------------------|
| Approved and contracted for:- | |
| Purchase of property, plant and equipment | 3,902,076 |
| Purchase of investment properties | 741,150 |
| | <u>4,643,226</u> |

A14. Contingent Liabilities

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

A15. Significant Related Party Transactions

| | Unaudited 12 Months Ended 31.12.2020 RM |
|---------------------------|--|
| Transaction with Director | |
| Paid and payable:- | |
| Rental of premise | <u>75,600</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 | | | 12 Months Cumulative Period | | |
|------------------------|----------------------------|------------------|---------------|-----------------------------|------------------|---------------|
| | 31.12.2020 RM | 31.12.2019 RM | Variance % | 31.12.2020 RM | 31.12.2019 RM | Variance % |
| Revenue | 73,068,492 | 78,601,523 | -7.0% | 250,335,667 | 302,337,446 | -17.2% |
| Profit Before Taxation | 5,171,708 | 4,543,806 | 13.8% | 6,646,268 | 16,280,429 | -59.2% |
| Profit After Taxation | 3,641,571 | 2,609,544 | 39.5% | 2,101,048 | 10,825,180 | -80.6% |

For the current quarter under review, the Group recorded a 7.0% decrease in revenue as compared to preceding year corresponding quarter. The decrease was mainly attributable to lower progress billings from its on-going construction projects and support services.

In overall, construction and support services contributed about 97.3% of the Group's revenue, and Solar Energy contributed about 2.6% of the Group's revenue, at RM 71.1 million and RM 1.9 million respectively. As compared to the preceding year corresponding quarter, construction and support services contributed almost 100% of the Group's revenue, at RM 78.5 million, and there was no revenue contributed from Solar Energy. The balance of revenue was derived from property investment.

Construction and Support Services

During the current quarter under review, the division recorded a profit before taxation (PBT) of RM 5.13 million versus RM 4.75 million PBT during the preceding year corresponding quarter.

The slight increase in PBT of the Group in the current financial period as compared to the preceding year corresponding period despite decrease in revenue was mainly due to lower administrative expenses and finance cost, improvement in operational activities and lower weighted average diesel cost per litre.

The division recorded a better profit after taxation after (PAT) of RM 3.32 million versus RM 2.82 million for the preceding year corresponding quarter. The improvement in PAT was in line with higher PBT stated above.

Solar Energy

During the current quarter under review, the division recorded a PBT of RM 0.21 million versus RM 0.05 million loss before taxation during the preceding year corresponding quarter. The improvement in profit was contributed from the construction revenue for Solar Projects during the quarter.

Property Investment

For the current quarter under review, this division recorded a higher loss before taxation of RM 0.17 million versus RM 0.16 million in the preceding year corresponding quarter. The management is actively looking to monetise the investment properties in the nearest future.

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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 | | |
|------------------------|----------------------------|------------|----------|
| | 31.12.2020 | 30.9.2020 | Variance |
| | RM | RM | % |
| Revenue | 73,068,492 | 72,836,784 | 0.3% |
| Profit Before Taxation | 5,171,708 | 3,591,992 | 43.9% |
| Profit After Taxation | 3,641,571 | 3,131,915 | 16.3% |

During the current quarter under review, the Group recorded marginal improvement in revenue as compared to the immediate preceding quarter. The increase in both the Group's PBT and PAT was mainly contributed from the improvement in operational activities.

B3. Prospects

According to Bank Negara Malaysia, the country's Gross Domestic Product for fourth quarter registered a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. Similarly, the construction sector recorded a higher contraction at -13.9% in the latest quarter from -12.4% in the previous quarter. However, country's GDP is expected to recover in 2021 and to grow in the range of 6.5% to 7.5%.

Overall, the economic environment is expected to remain challenging in the short to medium term. However, the Group's operations are not adversely affected by the current Movement Control Order. For now, The Group will focus on:

- 1 Coordinated efforts to realise the remaining construction order book of RM 710 million within the contract period given.
- 2 Maintaining a very prudent approach and taken proactive steps in managing the Group's costs.
- 3 Remained cautious and selectively bid for future projects as competition is increasingly intense.
- 4 Optimizing billing and collections effort.

Barring any unforeseen circumstances, the Group is confident that its performance will remain profitable for the financial year ending 31 December 2021.

B4. Profit Forecast

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

B5. Taxation

| | Unaudited | Audited |
|--------------|------------------|------------------|
| | 12 Months Ended | 12 Months Ended |
| | 31.12.2020 | 31.12.2019 |
| | RM | RM |
| Income tax | 3,890,865 | 6,572,300 |
| Deferred tax | 654,355 | (1,117,051) |
| | <u>4,545,220</u> | <u>5,455,249</u> |

The Group's effective tax rate for the financial period is higher than statutory tax rate mainly due to the business losses of certain subsidiaries, certain expenses not deductible for tax purposes and provision of 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

The details are as set out below:

| No | Details of utilisation | Allocation of IPO Proceeds upon listing ⁽¹⁾ | Allocation of IPO Proceeds upon listing (revised) | Actual utilisation of IPO Proceeds | Unutilised IPO Proceeds | Estimated timeframe for utilisation (upon listing) |
|------|--|--|---|------------------------------------|-------------------------|--|
| i. | Total Capital expenditures:- | RM'000 29,700 | RM'000 27,050 | RM'000 (12,960) | RM'000 14,090 | Within 54 ⁽³⁾ months |
| | (a) Purchase of new construction machinery and equipment | 15,100 | 12,960 | (12,960) | - | Within 24 months |
| | (b) Construction of new workshop | 14,600 | 14,090 ⁽²⁾ | - | 14,090 | Within 54 ⁽³⁾ months |
| ii. | Repayment of bank borrowings | 12,500 | 12,455 ⁽²⁾ | (12,455) | - | Within 6 months |
| iii. | Working capital | 10,700 | 13,395 | (13,395) | - | Within 24 months |
| iv. | Estimated listing expenses | 3,800 | 3,800 | (3,800) | - | Upon Listing |
| | | <u>56,700</u> | <u>56,700</u> | <u>(42,610)</u> | <u>14,090</u> | |

Notes:

(1) As per IPO Prospectus dated 19 June 2017.

(2) On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings to day-to-day working capital expenses for payment to suppliers.

(3) On 26 August 2020, the Board announced to extend the estimated of timeframe for construction of new workshop from within 36 months to within 54 months from date of IPO.

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

B8. Group Borrowings and Debt Securities

| | Unaudited As at 31.12.2020 RM | Audited As at 31.12.2019 RM |
|---------------------------|-------------------------------------|-----------------------------------|
| <u>Non-current</u> | | |
| Term Loans | 24,693,873 | 25,493,245 |
| Lease liabilities | 32,213,597 | 35,443,821 |
| <u>Current</u> | | |
| Term Loans | 1,225,147 | 1,119,713 |
| Lease liabilities | 20,897,158 | 18,230,627 |
| Bankers' Acceptances | 19,907,931 | 14,340,349 |
| Invoice Financing | 10,241,415 | 11,748,868 |
| Revolving Credit | 13,500,000 | 9,000,000 |
| Bank Overdrafts | 3,878,937 | 1,816,094 |
| Bank factoring | 6,592,975 | 11,314,280 |
| | <u>133,151,033</u> | <u>128,506,997</u> |

B9. Material Litigation

As at the date of this report, the Group was not engaged in any material litigation.

B10. Dividends Declared

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

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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 12 Months Ended | |
|---|------------------------------|-------------|
| | 31.12.2020 | 31.12.2019 |
| Profit after tax attributable to the owners of the Company (RM) | 2,101,048 | 10,825,180 |
| Basic earnings per share | | |
| Weighted average number of ordinary shares | 398,450,277 | 401,691,655 |
| Basic earnings per share (sen) ⁽¹⁾ | 0.53 | 2.69 |
| Diluted earnings per share | | |
| Weighted average number of ordinary shares | 399,492,108 | 403,754,828 |
| Diluted earnings per share (sen) ⁽²⁾ | 0.53 | 2.68 |

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 31.12.2020 | Cumulative Quarter 31.12.2020 |
| | RM | RM |
| Auditors' remuneration | 46,750 | 172,000 |
| Depreciation: | | |
| - property, plant and equipment | 6,363,532 | 25,657,710 |
| - investment properties | 145,644 | 575,833 |
| Directors' remuneration | 1,016,414 | 3,633,441 |
| Interest expenses | 1,603,651 | 6,382,440 |
| Property, plant and equipment written off | 10,375 | 33,126 |
| Share of result of an equity accounted associate | 44,182 | 167,182 |
| Staff costs | 10,702,988 | 41,352,458 |
| Gain on disposal of property, plant and equipment | (144,118) | (397,809) |
| Interest income | (364,357) | (1,660,081) |
| Dividend income from short-term investments | (6,566) | (61,146) |

BY ORDER OF THE BOARD

24 FEB 2021