

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

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

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	DATE	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)	1.00	0.60	1.00	0.60
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per		0.4600		0.4800

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	24 Feb 2021
Category	Financial Results
Reference Number	FRA-24022021-00022

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

<u>Table of Contents</u>	<u>Page</u>
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	8-12
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	13-17

ADVANCECON

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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.

ADVANCECON

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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>

ADVANCECON

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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.

ADVANCECON

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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

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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.

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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.

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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.

ADVANCECON

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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