

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2022

ADVANCECON HOLDINGS BERHAD

Financial Year End 31 Dec 2022

Quarter 2 Qtr

Quarterly report for the financial period ended 30 Jun 2022

The figures have not been audited

Attachments

[Advancecon - Financial Results Q2 2022.pdf](#)
955.2 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2022

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	99,167	60,086	204,160	125,162
2	Profit/(loss) before tax	-1,640	-2,714	-5,626	-1,096
3	Profit/(loss) for the period	-3,423	-2,502	-7,947	-1,421
4	Profit/(loss) attributable to ordinary equity holders of the parent	549	-2,502	-1,528	-1,421
5	Basic earnings/(loss) per share (Subunit)	0.11	-0.62	-0.32	-0.35
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.4300		0.4400	

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 Aug 2022
Category	Financial Results
Reference Number	FRA-23082022-00085



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

<u>Table of Contents</u>	<u>Page</u>
Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	1
Unaudited Condensed Consolidated Statement Of Financial Position	2-3
Unaudited Condensed Consolidated Statement Of Changes In Equity	4
Unaudited Condensed Consolidated Statement Of Cash Flows	5-7
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	8-13
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	14-20

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SECOND QUARTER ENDED 30 JUNE 2022

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
		30.6.2022 RM	30.6.2021 RM	30.6.2022 RM	30.6.2021 RM
Revenue	A9	99,167,163	60,085,820	204,159,633	125,162,338
Cost of Sales		(95,509,147)	(57,041,932)	(195,564,550)	(115,631,265)
Gross Profit		3,658,016	3,043,888	8,595,083	9,531,073
Other Income		6,192,360	658,581	8,849,127	1,587,450
		9,850,376	3,702,469	17,444,210	11,118,523
Selling And Distribution Expenses		(837,251)	-	(1,706,164)	-
Administrative Expenses		(5,748,796)	(4,374,206)	(11,375,989)	(7,930,521)
Other Expenses		(2,030,756)	(653,248)	(4,020,741)	(1,325,683)
Finance Costs		(3,046,471)	(1,389,274)	(6,272,040)	(2,958,110)
Share of Result Of An Equity Accounted Associate		173,203	-	304,342	-
Loss Before Taxation	B12	(1,639,695)	(2,714,259)	(5,626,382)	(1,095,791)
Income Tax Expense	B5	(1,531,447)	(486,078)	(2,438,159)	(1,410,401)
Deferred Tax	B5	(251,740)	698,579	117,463	1,085,409
Loss After Taxation / Total Comprehensive (Loss) or Income for the Financial Period		(3,422,882)	(2,501,758)	(7,947,078)	(1,420,783)
Total Comprehensive Income/ (Loss) attributable to:					
- Owners of the Company		548,838	(2,501,758)	(1,527,747)	(1,420,783)
- Non-controlling interests		(3,971,720)	-	(6,419,331)	-
Earnings/ (Loss) per share (sen)					
- Basic	B11	0.11	(0.62)	(0.32)	(0.35)
- Diluted	B11	0.11	(0.62)	(0.32)	(0.35)

(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 2021 and the accompanying explanatory notes as attached to the interim financial statements.)

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	(Unaudited) As at Current Quarter 30.6.2022 RM	(Audited) As at Financial Year Ended 31.12.2021 RM
ASSETS		
Non-current assets		
Investment in an associate	869,323	564,981
Joint venture	96,561	-
Property, plant and equipment	222,452,327	108,461,221
Investment properties	69,035,353	38,618,591
Goodwill	16,169,679	-
Intangible assets	22,644,465	-
Deferred tax assets	7,552,149	160,149
Finance lease receivables	1,932,034	2,326,035
Trade receivables	553,792	636,658
Other receivables	1,121,620	1,387,312
	342,427,303	152,154,947
Current assets		
Inventories	14,507,371	-
Contract assets	125,965,358	104,091,186
Finance lease receivables	764,448	717,340
Trade receivables	30,023,697	41,279,622
Other receivables, deposits and prepayments	42,972,813	52,740,450
Amount owing by related parties	2,636,738	-
Amount owing by an associate	-	2,086,597
Short-term investments	2,164,298	2,845,915
Current tax assets	4,425,515	3,455,520
Deposits with licensed banks	65,243,146	59,979,480
Cash and bank balances	24,080,473	22,681,441
	312,783,857	289,877,551
TOTAL ASSETS	655,211,160	442,032,498

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022
(CONT'D)**

	(Unaudited) As at Current Quarter 30.6.2022 RM	(Audited) As at Financial Year Ended 31.12.2021 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	114,139,592	114,139,592
Treasury shares	(3,249,343)	(3,249,343)
Retained profits	103,157,394	104,685,141
	<u>214,047,643</u>	<u>215,575,390</u>
Non-controlling interests	13,386,403	-
TOTAL EQUITY	<u>227,434,046</u>	<u>215,575,390</u>
Non-current liabilities		
Deferred tax liabilities	10,538,625	3,758,402
Amount owing to related parties	24,059,062	-
Long-term borrowings	69,325,012	48,039,001
Lease liabilities	25,632,392	20,838,905
	<u>129,555,091</u>	<u>72,636,308</u>
Current liabilities		
Contract liabilities	38,016,135	22,389,595
Trade payables	90,890,099	60,338,350
Other payables and accruals	26,303,036	13,581,875
Amount owing to related parties	4,751,005	-
Amount owing to an associate and joint venture	1,041,466	269,338
Current tax liabilities	181,442	-
Short-term borrowings	101,301,306	39,948,700
Lease liabilities	29,320,118	17,292,942
Bank overdrafts	6,417,416	-
	<u>298,222,023</u>	<u>153,820,800</u>
TOTAL LIABILITIES	<u>427,777,114</u>	<u>226,457,108</u>
TOTAL EQUITY AND LIABILITIES	<u>655,211,160</u>	<u>442,032,498</u>
Net asset per share (RM)	<u>0.43</u>	<u>0.44</u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes as attached to the interim financial statement.)

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SECOND QUARTER ENDED 30 JUNE 2022**

	Share Capital	Treasury Shares	Non-Distributable Employee Share Option Reserve	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
The Group (Audited)							
Balance at 1.1.2021	87,101,071	(3,249,343)	1,700,400	102,008,584	187,560,712	-	187,560,712
Profit after taxation / Total comprehensive income for the financial year	-	-	-	2,049,957	2,049,957	-	2,049,957
Contribution by and distribution to owners of the Company:							
- Issuance of new ordinary shares	22,248,410	-	-	-	22,248,410	-	22,248,410
- Share issue expenses	(41,989)	-	-	-	(41,989)	-	(41,989)
- Employees' share options exercised	4,832,100	-	(1,073,800)	-	3,758,300	-	3,758,300
- Employees' share options lapsed	-	-	(626,600)	626,600	-	-	-
Balance at 31.12.2021 (Unaudited)	114,139,592	(3,249,343)	-	104,685,141	215,575,390	-	215,575,390
Balance at 1.1.2022	114,139,592	(3,249,343)	-	104,685,141	215,575,390	-	215,575,390
Loss after taxation / Total comprehensive loss for the financial period	-	-	-	(1,527,747)	(1,527,747)	(6,419,331)	(7,947,078)
Contribution by and distribution to owners of the Company:							
- Acquisition of Spring Energy Resources Berhad (Note A11)	-	-	-	-	-	19,805,734	19,805,734
Balance at 30.6.2022	114,139,592	(3,249,343)	-	103,157,394	214,047,643	13,386,403	227,434,046

(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 2021 and the accompanying explanatory notes as attached to the interim financial statements.)

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2022**

	Cumulative Current Period Ended 30.6.2022 RM	Cumulative Comparative Period Ended 30.6.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,626,382)	(1,095,791)
Adjustments for:		
Depreciation:		
- property, plant and equipment	26,981,237	12,890,408
- investment properties	319,450	279,132
Amortisation of intangible assets	1,544,162	-
Reversal of impairment losses on trade receivables	(173,344)	-
Interest expense on lease liabilities	1,550,467	1,305,065
Interest expense	4,721,573	1,653,045
Gain on dissolution of subsidiaries	-	(2,077)
Gain arising from modification of lease agreements	(14,547)	-
Share of net profit of an equity accounted associate	(304,342)	-
Property, plant and equipment written off	15,203	34
Gain on disposal of property, plant and equipment	(5,732,916)	(487,729)
Gain on disposal of investment properties	(85,789)	(96,176)
Dividend income from short-term investments	(18,385)	(16,794)
Interest income	(669,662)	(656,903)
Operating profit before working capital changes	22,506,725	13,772,214
(Increase) / Decrease in contract assets	(21,670,722)	8,514,741
Increase in contract liabilities	17,869,710	3,586,824
Increase in inventories	(2,104,714)	-
Decrease in trade and other receivables	35,992,811	5,314,057
(Decrease) / Increase in trade and other payables	(36,890,462)	4,492,847
Increase in amount owing to related parties	669,272	-
Decrease / (Increase) in amount owing by an associate company and joint venture	3,413,786	(248,824)
Cash from operations	19,786,406	35,431,859
Interest paid	(6,272,040)	(2,958,110)
Income tax paid	(1,757,293)	(1,689,265)
NET CASH FROM OPERATING ACTIVITIES	11,757,073	30,784,484

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)**

	Cumulative Current Period Ended 30.6.2022 RM	Cumulative Comparative Period Ended 30.6.2021 RM
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	669,662	656,903
Net cash outflow from acquisition of investment (Note A11)(b)	(14,830,482)	-
Dividend income from short-term investments	18,386	16,794
Increase in deposits pledged with licensed bank	(2,811,981)	(5,987,332)
Purchase of property, plant and equipment	(423,125)	(8,375,370)
Proceeds from dissolution of subsidiaries	-	2,128
Proceeds from disposal of property, plant and equipment	3,326,486	2,117,385
Proceeds from disposal of investment properties	2,050,000	5,739,847
Proceeds from finance lease receivables	346,893	538,777
Advances from related parties	10,709,352	-
Repayment to an associate and joint venture	(708,253)	(11,685)
NET CASH FOR INVESTING ACTIVITIES	(1,653,062)	(5,302,553)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment from an associate and joint venture	153,192	169,710
Proceeds from exercise of employees' share options	-	3,758,300
Net repayment of term loans	(6,989,662)	(622,683)
Net repayment of bankers' acceptances	(7,164,731)	(5,939,277)
Net drawdown of invoice financing	3,055,587	6,167,784
Net drawdown of revolving credit	3,000,000	-
Net drawdown of bank factoring	8,817,932	(6,592,975)
Repayment of lease liabilities	(16,676,330)	(10,670,574)
Repayment to a director	-	(192,290)
NET CASH FOR FINANCING ACTIVITIES	(15,804,012)	(13,922,005)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	(5,700,001)	11,559,926
Cash and cash equivalents at beginning of the financial period	25,527,356	(255,501)
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	19,827,355	11,304,425

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)**

	Cumulative Current Period Ended 30.6.2022 RM	Cumulative Comparative Period Ended 30.6.2021 RM
Cash and cash equivalent comprised of:		
Deposits with licensed banks	65,243,146	56,040,477
Short-term investments	2,164,298	1,786,842
Cash and bank balances	24,080,473	11,319,526
Bank overdrafts	(6,417,416)	(1,801,943)
	<u>85,070,501</u>	<u>67,344,902</u>
Less: Deposits pledged to licensed banks	(65,243,146)	(56,040,477)
	<u>19,827,355</u>	<u>11,304,425</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021 and the accompanying explanatory notes as attached to the interim financial statement.)

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**A1. Basis of Preparation**

The interim financial report of the Advancecon Holdings Berhad ("Advancecon" or "Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting, International Accounting Standard ("IAS") 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2021, except for the adoption of the following Amendments to MFRS beginning 1 January 2022:

- Annual Improvements to MFRS 9 "Financial Instruments" on 'Fees in the 10% test for derecognition of financial liabilities'.
- Amendments to MFRS 3 "Business Combinations" on 'Reference to Conceptual Framework'
- Amendments to MFRS 116 "Property, Plant and Equipment" on 'Proceeds before intended use'.
- Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" on 'Onerous contracts—cost of fulfilling a contract'

The adoption of the above accounting standard(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

A2. Changes In Accounting Policies

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Year
• Amendments to MFRS 108: Definition of Accounting Estimates	2023
• MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2023
• Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies;	2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)**A3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

A4. Seasonal or Cyclical Factors

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

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

Other than those disclosed in the financial statements, there were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2022.

A6. Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2022.

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

As at the date of this report, there was no payment of dividend during the financial year ending 31 December 2022.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)
A9. Segmental Reporting

The Group's operating and reportable segments comprised of:

- (a) Construction and Support Services – involved in earthworks and civil engineering services;
- (b) Property Investment – involved in sales of investment properties for capital gain and rental of investment properties; and
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
- (d) Quarry Operation – involved in quarry operation and sale of related products.

	Construction and Support Services	Property Investment	Green Energy	Quarry Operation	Consolidation Adjustment	Total
The Group	RM	RM	RM	RM	RM	RM
Revenue						
External revenue	132,364,594	296,421	152,622	71,345,996	-	204,159,633
Inter-segment revenue	34,808,333	27,000	-	3,326,600	(38,161,933)	-
Consolidated revenue	167,172,927	323,421	152,622	74,672,596		204,159,633
Represented by:						
<u>Revenue recognised at a point in time</u>						
Sale of goods	2,759,765	-	-	-	-	2,759,765
Quarry operations and sale of related products	-	-	-	48,094,299	(1,248,560)	46,845,739
Hiring of machinery	35,369,974	-	-	538,667	(31,150,039)	4,758,602
Day work revenue	2,302,996	-	-	-	-	2,302,996
Solar energy-Operating revenue	-	-	152,622	-	-	152,622
Cabin Living Quarters Rental	20,492	-	-	-	-	20,492
<u>Revenue recognised over time</u>						
Contract revenue	122,904,292	-	-	26,039,630	(1,920,926)	147,022,996
Rental income from investment properties	-	323,421	-	-	(27,000)	296,421

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

**A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED
30 JUNE 2022 (CONT'D)**
A9. Segmental Reporting (Cont'd)

The Group (Cont'd)	Construction and Support Services RM	Property Investment RM	Green Energy RM	Quarry Operation RM	Consolidation Adjustment RM	Total RM
Represented by: (Cont'd)						
<u>Revenue from other sources</u>						
Dividend income	1,500,000	-	-	-	(1,500,000)	-
Management fee	2,315,408	-	-	-	(2,315,408)	-
	167,172,927	323,421	152,622	74,672,596		204,159,633
Results						
Segment results						(346,731)
Interest income						669,662
Dividend income from short-term investments						18,385
Finance Cost						(6,272,040)
Share of result of an equity accounted associate						304,342
Consolidated loss before taxation						(5,626,382)
Income tax expense						(2,438,159)
Deferred Tax						117,463
Consolidated loss after taxation						(7,947,078)
Loss attributable to owners of the Company						
Owners of the Company						(1,527,747)
Non-Controlling Interest						(6,419,331)

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (CONT'D)
A10. Significant Events after the End of the Financial Period

There were no significant events after the end of the interim financial period.

A11. Changes in the Composition of the Group

On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with FHHSB for the acquisition of 51% equity interest in Spring Energy Resources Berhad ("SERB"). The total purchase consideration has been satisfied through a combination of cash amounting to RM 15,220,000 and the issuance of 33,000,000 new ordinary shares in the Company.

On 13 December 2021, the Company announced that the Consideration Shares of 33,000,000 issued pursuant to the Proposed Acquisition were listed and quoted on the Bursa Malaysia, which marks the completion of the Proposed Acquisition. The Company obtained control over SERB subsequently on 5 January 2022. Pursuant thereto, the Proposed Acquisition is deemed completed.

The fair value of the net identifiable assets and goodwill as disclosed below are based on provisional figures which will be finalised within twelve months after the acquisition date.

Effects of the above transaction are as below:

(a) Identified assets acquired and liabilities assumed

	RM
Non-current assets	160,503,914
Deferred tax assets	7,392,000
Inventories	12,402,657
Trade and other receivables	60,344,674
Cash and cash equivalents	389,518
Non-current liabilities	(28,907,725)
Lease liabilities	(29,903,425)
Trade and other payables	(146,237,871)
Deferred tax liabilities	(6,897,686)
Minority interests	(10,889,347)
Net identified assets	<u>18,196,709</u>

(b) Net cash outflow arising from Acquisition of SERB

	RM
Purchase consideration	25,450,000
Less: Purchase consideration (issuance of new ordinary shares)	(10,230,000)
Less: Cash and cash equivalent acquired	<u>(389,518)</u>
	<u>14,830,482</u>

(c) Goodwill from business combination

	RM
Fair value of consideration transferred	25,450,000
Fair value of identified net assets acquired	(18,196,709)
Non-controlling interests, based on their proportionate interest	<u>8,916,388</u>
Effect from business combination	<u>16,169,679</u>

The fair value of net assets and goodwill in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (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 30.6.2022
RM**

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

2,150,000

A14. Contingent Liabilities

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

A15. Significant Related Party Transactions

The Group had the following transactions with related parties during the financial period ended 30 June 2022

**Unaudited
6 Months Ended
30.6.2022
RM**

Transaction with Director

Rent office building

37,800

Transaction with companies in which the Directors have financial interest:

Rent office buildings

201,000

Sale of quarry product

2,748,363

Rent of machineries and vehicles

122,689

Provision of accounting services

24,000

Rent access road for transporting the quarry products

49,888

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
B1. Review of Group Performance

	3 Months Individual Period			6 Months Cumulative Period		
	30.6.2022	30.6.2021	Variance	30.6.2022	30.6.2021	Variance
	RM	RM	%	RM	RM	%
Revenue	99,167,163	60,085,820	65.0%	204,159,633	125,162,338	63.1%
(Loss) Before Taxation	(1,639,695)	(2,714,259)	39.6%	(5,626,382)	(1,095,791)	-413.5%
(Loss) After Taxation	(3,422,882)	(2,501,758)	-36.8%	(7,947,078)	(1,420,783)	-459.3%
Profit / (Loss) attributable to owners of the Company	548,838	(2,501,758)	121.9%	(1,527,747)	(1,420,783)	-7.5%

For the current quarter under review, the Group recorded a 65.0% increase in revenue as compared to preceding year corresponding quarter. The increase was mainly attributable to consolidation of Quarry Segment which contributed RM35.5 million to the Group's revenue.

Construction and Support Services Segment contributed about 64.0% (RM 63.5 million) of Group's revenue whereas Quarry Segment contributed about 35.8% (RM 35.5 million) of the Group's revenue respectively. The remaining revenue was derived from the Green Energy and Property Investment Segments. As compared to the preceding year corresponding quarter, Construction and Support Services Segment contributed about 98.6% of the Group's revenue, at RM 60.0 million.

Construction and Support Services Segment

During the current quarter under review, the division recorded a profit before taxation ("PBT") of RM 7.6 million versus RM 2.5 million loss before taxation ("LBT") during the preceding year corresponding quarter.

PBT during the current quarter under review was mainly attributed to the one off non-operating gain on disposal of old machineries amounting to RM 5.6 million and on-going construction projects amounting to RM2.0 million.

In terms of profit after taxation ("PAT"), this division recorded a higher PAT of RM 5.7 million versus loss after taxation ("LAT") of RM 2.3 million for the preceding year corresponding quarter. The increase in PAT was in line with the higher PBT stated above.

Green Energy Segment

During the current quarter under review, the division recorded a PBT of RM 0.04 million versus RM 0.1 million during the preceding year corresponding quarter. Lower PBT in the current quarter under review was mainly due to zero contract revenue from the Net Energy Metering Scheme.

Property Investment Segment

For the current quarter under review, the division recorded a marginal improvement with a lower LBT of RM 0.07 million versus LBT of RM 0.18 million in the preceding year corresponding quarter. Lower LBT in current quarter under review was attributable to the gain on disposal of an investment property amounting to RM 0.1 million. Management is continuously looking to monetise the investment properties.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B1. Review of Group Performance (Cont'd)

	3 Months Individual Period			
	30.6.2022 Before Business combination RM	Effect from Business combination (SERB) RM	30.6.2022 After Business combination RM	30.6.2021 RM
Revenue	63,702,232	35,464,931	99,167,163	60,085,820
Profit / (Loss) Before Taxation	7,534,615	(9,174,310)	(1,639,695)	(2,714,259)
Profit / (Loss) After Taxation	5,667,225	(9,090,107)	(3,422,882)	(2,501,758)
Profit / (Loss) attributable to owners of the Company	5,667,225	(5,118,387)	548,838	(2,501,758)

The Group reported a marginal profit attributable to Owners of the Company of RM 0.5 million after consolidating LAT of RM 5.1 million from the Quarry Segment. Higher LAT from Quarry Segment during the quarter under review was mainly attributed to:

- 1) lower revenue due to slower demand and compressed selling price due to competition;
- 2) increased production cost due to global inflation as well as increased in minimum wage which came into effect on 01st May 2022; and
- 3) higher finance cost due to interest rate hike.

B2. Comparison with Immediate Preceding Quarter Results

	3 Months Individual Period		
	30.6.2022 RM	31.3.2022 RM	Variance %
Revenue	99,167,163	104,992,470	-5.5%
(Loss) Before Taxation	(1,639,695)	(3,986,687)	58.9%
(Loss) After Taxation	(3,422,882)	(4,524,196)	24.3%
Profit / (Loss) attributable to owners of the Company	548,838	(2,076,585)	126.4%

During the current quarter under review, the Group recorded lower revenue at RM 99.2 million versus RM 105.0 million in the preceding quarter, mainly attributed to lower revenue generated from Quarry Segment. However, the Group reported a profit attributable to owners of the Company amounting to RM 0.5 million as compared to loss of RM 2.1 million in the preceding quarter.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B3. Prospects**

With the recent “Transition to Endemic” phase commencing from 1 April 2022, and the reopening of Malaysia’s borders, Malaysia economy and market conditions is recovering. However, the overall economy is still facing challenges such as labour shortage, interest rate hike, volatility in crude oil prices and supplies disruption.

Nevertheless, the Group foresees its prospects to remain optimistic by taking a very prudent approach to manage the risk and take proactive steps in managing the costs. The Group will continue to leverage on its competitive strength to meet these challenges.

Moving forward, the Group will focus to:

1. Execute and timely complete our existing order book of RM561.7 million;
2. Tender for more projects to replenish our order book;
3. Acquire new sales revenue; and
4. Continuously implement cost control strategies to further improve operational efficiency.

Based on the above, the Group will strive to achieve a positive overall performance for 2022.

B4. Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current year under review.

B5. Taxation

	Unaudited 6 Months Ended	
	30.6.2022	30.6.2021
	RM	RM
Income tax	2,438,159	1,410,401
Deferred tax	(117,463)	(1,085,409)
	<u>2,320,696</u>	<u>324,992</u>

The Group’s effective tax rate (“ETR”) for the financial year is higher than statutory tax rate of 24.0% mainly due to certain expenses not tax deductible and there is no Group tax relief available over the loss making companies with the Group. However, higher ETR was partly mitigated by the deferred tax movement.

B6. Status of Corporate Proposals

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

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (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

The details 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 (upon listing)
i.	Total Capital expenditures:	29,700	27,050	(14,245)	12,805	Within 78 ⁽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⁾	(1,285)	12,805	Within 78 ⁽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>(43,895)</u>	<u>12,805</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 by RM 0.51 million and RM 0.05 million respectively to day-to-day working capital expenses for payment to suppliers.

(3) On 6 January 2022, the Board announced to further extend the estimate timeframe for the utilisation of the balance IPO proceeds from 54 months to 78 months from date of IPO, up till 10 January 2024.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

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 30.6.2022 RM	Audited As at 31.12.2021 RM
<u>Non-current</u>		
Term loans	69,325,012	48,039,001
Lease liabilities	25,632,392	20,838,905
<u>Current</u>		
Term loans	20,015,047	9,305,771
Lease liabilities	29,320,118	17,292,942
Bankers' acceptances	35,148,573	20,621,288
Invoice financing	31,319,754	7,021,641
Revolving credit	6,000,000	3,000,000
Bank overdrafts	6,417,416	-
Bank factoring	8,817,932	-
	231,996,244	126,119,548

B9. Material Litigation

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

Spring Energy Sdn. Bhd. ("SESB" or "the Defendant") a wholly owned subsidiary of Spring Energy Resources Berhad had on 19 April 2021 received a Writ of Summon and Statement of Claim both dated 16 April 2021 filed by Zeti Ismrizan Binti Isa and 5 others ("Plaintiffs") under Shah Alam High Court Civil Suit No. BA-23NCVC-24/04/2021 (Suit 24).

Persatuan Penduduk Bukit Damar Dengkil and SESB entered into an agreement to construct the Link Road & Access Road and earthwork at Lot 281 & 282 of Kampung Bukit Damar. The Plaintiffs are claiming that the work carried out by SESB was done without their consent that the work has caused damages and/or variation to the quality or nature to their lands. Therefore, the Plaintiffs have filed the Writ of Summons and Statement of Claim against SESB to claim for the purported losses and/or damages suffered by them including the purported decrease in the value of their lands.

Pursuant to the Writ of Summons and Statement of Claim, the Plaintiffs are claiming from SESB for the sum of RM3,966,065.18 being the alleged specific damages suffered by the Plaintiffs due to the purported damages and/or variation to the quality or nature caused to their lands by SESB which carried out construction work without the consent of the Plaintiffs.

SESB has raised a Third Party Claim against Persatuan Penduduk Bukit Damar Dengkil, Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi (hereinafter referred as "the Third Parties") to indemnify SESB for any losses and/or damages suffered by SESB as a result of the Plaintiffs' claim as the Third Parties have breached the agreement and/or failed to obtain the consent from the Plaintiffs and/or have fraudulently or negligently misrepresented SESB that they have obtained the consent from all the landowners of Lot 281 and Lot 282 for SESB to commence the work. The Third Parties filed an application to strike out SESB's Third Party Claim on 6 August 2021 ("Strike Out Application").

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B9. Material Litigation (Cont'd)**

On 3 November 2021 at the hearing of the Strike Out Application, the High Court has allowed the Strike Out Application due to technical irregularity and the High Court had fixed the case management on 17 November 2021 for the main suit.

The Court had during the case management on 17 November 2021 directed the parties to file and serve 'Tabulated Summary of parties positions and arguments on the issues and sub-issues' and submit list of witness and Witness Statement by 4 January 2022. The Court then fixed the next case management on 6 January 2022 to fix the trial date.

During the case management on 17 November 2021, SESB has also informed the Court that SESB will file an appeal against the High Court's decision in striking out SESB's claim against Dato' Mohamad Hussin bin Semail and Muhammad Faizal bin M. Hairi would file a leave application to add Persatuan Penduduk Bukit Damar Dengkil as Third Party to the Main Suit.

SESB then filed Notice of Appeal in Court of Appeal on 18 November 2021. The case management for the Appeal was fixed on 7 January 2022.

On 30 November 2021, SESB filed in Shah Alam High Court the Notice of Application to seek leave to add the Persatuan Penduduk Bukit Damar Dengkil as Third Party and the Affidavit in Support ("Leave Application"). The Court had fixed the case management before the Judge on 17 December 2021.

During the case management on 17 December 2021, the Court fixed the hearing for the Leave Application on 6 January 2022 before the Judge. The Court had on 6 January 2022 disallowed the Leave Application and fixed the Trial dates on 21 July 2022, 22 July 2022 and 25 July 2022, during the case management.

SESB had on 9 February 2022 requested to withdraw the appeal and the Court has vacated the hearing on 10 March 2022 as the Parties reached a consensus for withdrawal with costs of RM500 to be paid by SESB. Further, Spring Energy Sdn Bhd initiated a new proceeding against Dato' Mohamed Dahan Bin Abdul Latif, being sued in the capacity of the Chairman/Office bearer for Persatuan Penduduk Bukit Damar Dengkil for breach of contract and against Mohamad Hussin bin Semail and Muhammad Faizal bin M.Hairi under the tort of deceit and misrepresentation. The Writ of Summons and Statement of Claim were filed on 8 March 2022, under Suit No. BA-22NCVC-99-03/2022 ("Suit 99").

On 15 July 2022, High Court allowed the consolidation application by SESB with cost in the cause and Suit 24 will be transferred and consolidated with Suit 99 (the Suit against 3rd party) and will be heard by YA Dato' Dr Choo Kah Sing. Therefore, the trial dates that were initially fixed on 21 July 2022, 22 July 2022 and 25 July 2022 have been vacated and new directions in respect of this matter will be given.

B10. Dividends Declared

There was no dividend declared during the current year under review.

ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B11. (Loss)/Earnings Per Share

	Unaudited	
	6 Months Ended	
	30.6.2022	30.6.2021
Loss after tax attributable to the owners of the Company (RM)	(1,527,747)	(1,420,783)
Basic earnings per share		
Weighted average number of ordinary shares	483,374,700	404,436,423
Basic loss per share (sen) ⁽¹⁾	(0.32)	(0.35)
Diluted earnings per share		
Weighted average number of ordinary shares	483,374,700	404,638,908
Diluted loss per share (sen) ⁽²⁾	(0.32)	(0.35)

Notes:

- (1) The basic earnings per share was computed based on (loss)/earnings attributable to owners of the Company divided by the weighted average number of ordinary shares.
- (2) For the period ended 31 March 2021, the dilutive portion of the ordinary shares deemed issued pursuant to the Employees' Share Options Scheme ("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. (Loss)/Profit Before Taxation

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

	Unaudited	
	Individual	Cumulative
	Quarter	Quarter
	30.6.2022	30.6.2022
	RM	RM
Auditors' remuneration	79,375	147,250
Depreciation:		
- property, plant and equipment	13,390,994	26,981,237
- investment properties	163,733	319,450
Amortisation of intangible asset	772,081	1,544,162
Directors' remuneration	759,519	1,668,287
Royalties and tributes	3,784,592	8,123,987
Interest expenses	3,046,471	6,272,040
Property, plant and equipment written off	1,827	15,203
Staff costs	19,336,788	38,502,816
Reversal of impairment losses on trade receivables	(243,734)	(173,344)
Gain on disposal of property, plant and equipment	(5,583,901)	(5,732,916)
Gain on disposal of investment property	(85,789)	(85,789)
Interest income	(344,456)	(669,662)
Dividend income from short-term investments	(5,863)	(18,385)

BY ORDER OF THE BOARD
24 AUGUST 2022