

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2023

ADVANCECON HOLDINGS BERHAD

Financial Year End 31 Dec 2023

Quarter 2 Qtr

Quarterly report for the financial period ended 30 Jun 2023

The figures have not been audited

Attachments

[Advancecon - Financial Results Q2 2023.pdf](#)
605.7 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2023

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	118,427	99,167	230,452	204,160
2	Profit/(loss) before tax	1,546	-1,640	363	-5,626
3	Profit/(loss) for the period	173	-3,423	-2,628	-7,947
4	Profit/(loss) attributable to ordinary equity holders of the parent	544	549	691	-1,528
5	Basic earnings/(loss) per share (Subunit)	0.10	0.11	0.13	-0.32
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 (\$\$)	0.3600		0.3900	

Definition of Subunit:

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

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

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	22 Aug 2023
Category	Financial Results
Reference Number	FRA-21082023-00024



ADVANCECON HOLDINGS BERHAD

(Registration no. 199701011469 (426965-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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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 2023

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
		30.6.2023 RM	30.6.2022 RM	30.6.2023 RM	30.6.2022 RM
Revenue	A9	118,426,685	99,167,163	230,451,515	204,159,633
Cost of Sales		(108,827,658)	(95,509,147)	(214,572,175)	(195,564,550)
Gross Profit		9,599,027	3,658,016	15,879,340	8,595,083
Other Income		3,626,560	6,192,360	10,651,657	8,849,127
		13,225,587	9,850,376	26,530,997	17,444,210
Selling And Distribution Expenses		(750,179)	(837,251)	(1,206,653)	(1,706,164)
Administrative Expenses		(6,101,084)	(5,748,796)	(11,768,478)	(11,375,989)
Other Expenses		(1,799,071)	(2,030,756)	(6,939,737)	(4,020,741)
Finance Costs		(3,102,528)	(3,046,471)	(6,407,801)	(6,272,040)
Share of Result Of An Equity Accounted Associate		30,842	173,203	47,591	304,342
Share of Result Of An Equity Joint Ventures		42,215	-	107,104	-
Profit / (Loss) Before Taxation	B12	1,545,782	(1,639,695)	363,023	(5,626,382)
Income Tax Expense	B5	(1,716,683)	(1,531,447)	(2,925,357)	(2,438,159)
Deferred Tax	B5	343,544	(251,740)	(65,684)	117,463
Profit / (Loss) After Taxation / Total Comprehensive Income / (Expenses) for the Financial Period		172,643	(3,422,882)	(2,628,018)	(7,947,078)
Total Comprehensive Income / (Expenses) attributable to:					
- Owners of the Company		543,848	548,838	691,498	(1,527,747)
- Non-controlling interests		(371,205)	(3,971,720)	(3,319,516)	(6,419,331)
Earnings / (Loss) per share (sen)					
- Basic	B11	0.10	0.11	0.13	(0.32)
- Diluted	B11	0.10	0.11	0.13	(0.32)

(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 2022 and the accompanying explanatory notes as attached to the interim financial statements.)

ADVANCECON HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	(Unaudited) As at Current Quarter 30.6.2023 RM	(Audited) As at Financial Year Ended 31.12.2022 RM
ASSETS		
Non-current assets		
Investment in an associate	1,123,312	1,075,721
Investment in joint venture	587,866	480,762
Property, plant and equipment	190,584,493	191,662,059
Investment properties	34,631,548	34,924,716
Intangible assets	1,250,000	1,300,000
Deferred tax assets	758,338	1,379,446
Finance lease receivables	557,366	756,929
Trade receivables	388,060	429,745
Other receivables	3,244,000	3,695,433
	<u>233,124,983</u>	<u>235,704,811</u>
Current assets		
Inventories	8,361,671	13,125,525
Contract assets	135,508,349	117,846,104
Finance lease receivables	386,401	360,950
Trade receivables	85,105,216	83,330,422
Other receivables, deposits and prepayments	42,681,821	35,110,646
Amount owing by an associate	9,248,635	15,070,187
Amount owing by joint venture	2,075,177	2,113,942
Short-term investments	239,277	234,321
Current tax assets	5,783,528	6,230,764
Deposits with licensed banks	64,596,211	64,332,129
Cash and bank balances	18,028,228	34,825,070
	<u>372,014,514</u>	<u>372,580,060</u>
NON- CURRENT ASSET HELD FOR SALE	<u>-</u>	<u>43,639,392</u>
TOTAL ASSETS	<u>605,139,497</u>	<u>651,924,263</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023
(CONT'D)**

	(Unaudited) As at Current Quarter 30.6.2023 RM	(Audited) As at Financial Year Ended 31.12.2022 RM
EQUITY AND LIABILITIES		
Equity		
Share capital	133,729,610	114,139,592
Treasury shares	(3,249,343)	(3,249,343)
Retained profits	82,018,029	81,326,531
	<u>212,498,296</u>	<u>192,216,780</u>
Non-controlling interests	5,272,631	15,020,286
TOTAL EQUITY	<u>217,770,927</u>	<u>207,237,066</u>
Non-current liabilities		
Deferred tax liabilities	5,141,326	5,696,750
Long-term borrowings	53,274,220	71,427,961
Lease liabilities	1,531,059	1,900,279
	<u>59,946,605</u>	<u>79,024,990</u>
Current liabilities		
Contract liabilities	29,535,194	28,352,108
Trade payables	104,365,192	97,984,275
Other payables and accruals	38,297,315	24,742,863
Amount owing to related parties	24,556,824	26,798,879
Amount owing to associate company	149,481	-
Amount owing to joint venture	1,659,642	2,549,361
Current tax liabilities	632,345	247,847
Short-term borrowings	121,159,547	161,812,838
Lease liabilities	852,319	913,693
Bank overdrafts	6,214,106	22,260,343
	<u>327,421,965</u>	<u>365,662,207</u>
TOTAL LIABILITIES	<u>387,368,570</u>	<u>444,687,197</u>
TOTAL EQUITY AND LIABILITIES	<u>605,139,497</u>	<u>651,924,263</u>
Net asset per share attributable to owner of the Company (RM)	<u>0.36</u>	<u>0.39</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 2022 and the accompanying explanatory notes as attached to the interim financial statement.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SECOND QUARTER ENDED 30 JUNE 2023**

	Share Capital	Treasury Shares	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM
The Group						
(Audited)						
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 expenses for the financial year	-	-	(23,358,610)	(23,358,610)	5,056,057	(18,302,553)
- Acquisition of subsidiary	-	-	-	-	9,964,229	9,964,229
Balance at 31.12.2022	114,139,592	(3,249,343)	81,326,531	192,216,780	15,020,286	207,237,066
(Unaudited)						
Balance at 1.1.2023	114,139,592	(3,249,343)	81,326,531	192,216,780	15,020,286	207,237,066
Profit/ (loss) after taxation / Total comprehensive income/ (expenses) for the financial period	-	-	691,498	691,498	(3,319,516)	(2,628,018)
- Additional purchase of shares in a subsidiary	-	-	-	-	(6,428,139)	(6,428,139)
Contribution by and distribution to owners of the Company:						
- Issuance of new ordinary shares	19,774,818	-	-	19,774,818	-	19,774,818
- Share issue expenses	(184,800)	-	-	(184,800)	-	(184,800)
Balance at 30.6.2023	133,729,610	(3,249,343)	82,018,029	212,498,296	5,272,631	217,770,927

(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 2022 and the accompanying explanatory notes as attached to the interim financial statements.)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2023**

	Cumulative Current Period Ended 30.6.2023 RM	Cumulative Comparative Period Ended 30.6.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	363,023	(5,626,382)
Adjustments for:		
Depreciation:		
- property, plant and equipment	21,588,459	26,981,237
- investment properties	293,168	319,450
Amortisation of intangible assets	50,000	1,544,162
Reversal of impairment losses on property, plant and equipment	(442,430)	-
Reversal of impairment losses on trade receivables	(72,008)	(173,344)
Bad debt written off	80,035	-
Interest expense on lease liabilities	78,797	41,549
Interest expense	6,329,004	6,230,491
Share of net profit of an equity accounted associate	(47,591)	(304,342)
Share of net profit of an equity accounted joint venture	(107,104)	-
Property, plant and equipment written off	-	15,203
Gain arising from modification of lease agreements	-	(14,547)
Gain on disposal of property, plant and equipment	(5,967,401)	(5,732,916)
Gain on disposal of investment properties	-	(85,789)
Dividend income from short-term investments	(4,955)	(18,385)
Interest income	(806,860)	(669,662)
Operating profit before working capital changes	21,334,137	22,506,725
Increase in contract assets	(17,662,245)	(21,670,722)
Increase in contract liabilities	1,183,086	17,869,710
Decrease / (Increase) in inventories	4,763,854	(2,104,714)
(Increase) / Decrease in trade and other receivables	(4,363,878)	35,992,811
Increase / (Decrease) in trade and other payables	6,381,368	(36,890,462)
Increase in amount owing to related parties	-	669,272
Decrease in amount owing by an associate company	6,952,574	3,413,786
Decrease in amount owing to joint venture	(889,719)	-
Cash from operations	17,699,177	19,786,406
Interest paid	(6,407,801)	(6,272,040)
Income tax paid	(2,093,623)	(1,757,293)
NET CASH FROM OPERATING ACTIVITIES	9,197,753	11,757,073

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**

	Cumulative Current Period Ended 30.6.2023 RM	Cumulative Comparative Period Ended 30.6.2022 RM
CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES		
Interest received	806,860	669,662
Net cash outflow from acquisition of investment	-	(14,830,482)
Additional purchase of shares in a subsidiary	(6,428,139)	-
Dividend income from short-term investments	4,955	18,386
Increase in deposits pledged with licensed bank	(264,082)	(2,811,981)
Purchase of property, plant and equipment	(3,992,702)	(423,125)
Proceeds from disposal of property, plant and equipment	4,182,211	3,326,486
Proceeds from disposal of investment properties	-	2,050,000
Proceeds from finance lease receivables	174,112	346,893
Proceeds from disposal of non-current asset held for sale	37,681,822	-
Repayment from related parties	-	10,709,352
Repayment to an associate	(1,131,022)	(708,253)
Repayment from joint venture	38,765	-
NET CASH FROM / (FOR) INVESTING ACTIVITIES	31,072,780	(1,653,062)
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceeds from issuance of shares	19,774,818	-
Share issue expenses	(184,800)	-
Repayment from an associate	149,481	153,192
Net repayment of term loans	(14,834,377)	(6,989,662)
Net repayment of bankers' acceptances	(5,226,646)	(7,164,731)
Net drawdown of invoice financing	7,002,906	3,055,587
Net (repayment) / drawdown of revolving credit	(4,500,000)	3,000,000
Net (repayment) / drawdown of bank factoring	(29,146,823)	8,817,932
Repayment of lease liabilities	(430,594)	(392,293)
Repayment of hire purchase	(11,378,092)	(16,284,037)
Repayment to related parties	(2,242,055)	-
NET CASH FOR FINANCING ACTIVITIES	(41,016,182)	(15,804,012)
NET DECREASE IN CASH AND CASH EQUIVALENT	(745,649)	(5,700,001)
Cash and cash equivalents at beginning of the financial period	12,799,048	25,527,356
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	12,053,399	19,827,355

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**

	Cumulative Current Period Ended 30.6.2023 RM	Cumulative Comparative Period Ended 30.6.2022 RM
Cash and cash equivalent comprised of:		
Deposits with licensed banks	64,596,211	65,243,146
Short-term investments	239,277	2,164,298
Cash and bank balances	18,028,228	24,080,473
Bank overdrafts	(6,214,106)	(6,417,416)
	76,649,610	85,070,501
Less: Deposits pledged to licensed banks	(64,596,211)	(65,243,146)
	12,053,399	19,827,355

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022 and the accompanying explanatory notes as attached to the interim financial statement.)

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**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 2022, except for the adoption of the following Amendments to MFRS beginning 1 January 2022:

- 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'
- Annual Improvement to MFRS Standards 2018 - 2020

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
• MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	2023
• Amendment to MFRS 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9: Financial Instruments – Comparative Information	2023
• Amendments to MFRS 108: Definition of Accounting Estimates	2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2023
• Amendments to MFRS 16: Leases – Lease Liability in a Sale and Leaseback	2024
• Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;	2024
• 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.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**A3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

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 2023.

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 2023.

A7. Debt and Equity Securities

There was 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 2023.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (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.
- (e) Centralised Labour Quarter -involved in workers' dormitory/ accommodation services

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarters	Quarry Operation	Consolidation Adjustment	Total
The Group	RM	RM	RM	RM	RM	RM	RM
Revenue							
External revenue	148,554,593	187,936	159,085	282,400	81,267,501	-	230,451,515
Inter-segment revenue	24,605,435	-	-	-	13,453,289	(38,058,724)	-
Consolidated revenue	173,160,028	187,936	159,085	282,400	94,720,790		230,451,515

Represented by:

Revenue recognised at a point in time

Construction and support services:

- sale of goods	8,129,986	-	-	-	-	(267,380)	7,862,606
- hiring of machinery	24,188,018	-	-	-	-	(21,821,655)	2,366,363
- day work revenue	2,896,252	-	-	-	-	-	2,896,252
Rental of centralised labour quarters	21,745	-	-	-	-	-	21,745
Quarry operations:							
- sale of quarry products	-	-	-	-	50,689,894	(6,760,463)	43,929,431
- hiring of machinery	-	-	-	-	244,081	(13,950)	230,131
- transport income	-	-	-	-	1,110,136	(232,811)	877,325
Solar energy:							
- operating revenue	-	-	159,085	-	-	-	159,085

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)
A9. Segmental Reporting (Cont'd)

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarter	Quarry Operation	Consolidation Adjustment	Total
	RM	RM	RM	RM	RM	RM	RM
The Group (Cont'd)							
Represented by: (Cont'd)							
<u>Revenue recognised over time</u>							
Construction and support services							
- contract revenue	135,407,627	-	-	-	-	-	135,407,627
Rental income from investment properties	-	187,936	-	-	-	-	187,936
Rental of centralised labour quarters	-	-	-	282,400	-	-	282,400
Quarry operations:							
- contract revenue	-	-	-	-	8,003,152	(1,027,907)	6,975,245
- sub-contract work	-	-	-	-	34,673,527	(5,418,158)	29,255,369
<u>Revenue from other sources</u>							
Management fee	2,516,400	-	-	-	-	(2,516,400)	-
	173,160,028	187,936	159,085	282,400	94,720,790		230,451,515
Results							
Segment results	9,669,922	(336,538)	(107,734)	72,762	(3,425,983)	(68,115)	5,804,314
Interest income							806,860
Dividend income from short-term investments							4,955
Finance Cost							(6,407,801)
Share of result of an equity							47,591
Share of results of equity accounted joint ventures							107,104
Consolidated profit before taxation							363,023

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)
A9. Segmental Reporting (Cont'd)

	Construction and Support Services	Property Investment	Green Energy	Centralised Labour Quarter	Quarry Operation	Consolidation Adjustment	Total
The Group (Cont'd)	RM	RM	RM	RM	RM	RM	RM
Income tax expense							(2,925,357)
Deferred Tax							(65,684)
Consolidated loss after taxation							(2,628,018)
Profit/ (Loss) attributable to							
Owners of the Company							691,498
Non-Controlling Interest							(3,319,516)

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**A10. Significant Events after the End of the Financial Period**

There was no material event subsequent to the current financial period ended 30 June 2023 and up to the date of this report, which is likely to substantially affect the profits of the Group.

A11. Changes in the Composition of the Group

During the last quarter, Spring Energy Sdn. Bhd. ("SESB"), a 51% owned indirect subsidiary of the Group had completed the purchase of the remaining 3,470,000 ordinary shares of RM1.00 each in SE Satu Sdn. Bhd. ("SE SATU"), representing 49.0% of the issued and paid-up share capital of SE SATU for a cash consideration of RM4,796,205.97. The additional shares were purchased from Citaglobal Berhad (formerly known as WZ Satu Berhad).

Following the completion of this acquisition, SESB's equity interest in SE SATU has increased from 51.0% to 100%.

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

Approved and contracted for:

Purchase of property, plant and equipment

**Unaudited
As at 30.6.2023
RM**

3,606,878

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 2023

	Unaudited 6 Months Ended 30.6.2023 RM
Transaction with Director	
Rent office building	37,800
Transaction with companies in which the Directors of subsidiaries have financial interest:	
Rent of office buildings	193,500
Sale of quarry product	448,738
Provision of accounting services	5,000
Rent of access road for transporting quarry products	<u>12,436</u>

ADVANCECON HOLDINGS BERHAD

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(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 Ended			6 Months Ended		
	30.6.2023 RM	30.6.2022 RM	Variance %	30.6.2023 RM	30.6.2022 RM	Variance %
Revenue	118,426,685	99,167,163	19.4%	230,451,515	204,159,633	12.9%
Profit / (Loss) Before Taxation	1,545,782	(1,639,695)	194.3%	363,023	(5,626,382)	106.5%
Profit / (Loss) After Taxation	172,643	(3,422,882)	105.0%	(2,628,018)	(7,947,078)	66.9%
Profit / (Loss) attributable to owners of the Company	543,848	548,838	-0.9%	691,498	(1,527,747)	145.3%

For the current quarter under review, the Group recorded a 19.4% increase in revenue compared to the preceding year's corresponding quarter. The revenue was mainly contributed by the Construction and Support Services Segment (RM 77.7 million or 65.7%) and Quarry Segment (RM 40.3 million or 34.0%). The remaining revenue was derived from the Green Energy and Property Investment Segments.

The Group recorded a profit attributable to owners of the Company of RM 0.5 million for both current quarter and preceding year corresponding quarter.

Construction and Support Services Segment

The division recorded a profit before taxation ("PBT") of RM 2.4 million for current financial quarter compared to RM 7.6 million in the preceding year corresponding quarter. Higher PBT in preceding year corresponding quarter was mainly contributed by a one off non-operating gain on disposal of old machineries amounting to RM 5.6 million.

Quarry Segment

The division recorded a lower loss attributable to owners of the Company of RM 0.8 million in this quarter versus RM 9.2 million in the preceding year corresponding quarter. The improvement was mainly due to higher contribution on revenue and profitability from construction projects.

Green Energy Segment

The division recorded a higher PBT of RM 0.06 million versus RM 0.04 million in the preceding year corresponding quarter.

Property Investment Segment

The division registered a Loss Before Tax ("LBT") of RM 0.21 million versus a lower LBT of RM 0.07 million in the preceding year corresponding quarter. This was mainly attributable to higher finance cost incurred and lower rental income generated. Management is actively sourcing to generate income from this segment.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B2. Comparison with Preceding Quarter Results**

	3 Months Ended		
	30.6.2023	31.3.2023	Variance
Revenue	118,426,685	112,024,830	5.7%
Profit / (Loss) before tax	1,545,782	(1,182,759)	230.7%
Profit attributable to owners of the Company	543,848	147,650	268.3%

The Group recorded a higher revenue at RM 118.4 million versus RM 112.0 million in the preceding quarter, mainly contributed by the Construction and Support Services Segment.

Overall, the Group reported a higher profit attributable to owners of the Company amounting to RM 0.5 million compared to RM 0.1 million in the preceding quarter.

B3. Prospects

Malaysia's gross domestic product (GDP) growth is projected between 4% to 5% in 2023. Public sector investment is expected to expand by 7% in 2023 (2022 : 5.3%), with higher capital spending by the government, amid the continued progress of large-scale infrastructure projects, such as the East Coast Rail Link (ECRL), the Light Rail Transit Line 3 (LRT3), and the Pan Borneo Highway (BNM Annual report, March 2023).

Despite the Malaysia economy expanding by 5.6% in the first quarter of 2023, Bank Negara Malaysia retains its forecast for Malaysia's GDP to grow between 4% to 5%, driven mainly by firm domestic demand and multi-year infrastructure projects continued to spur the economic activity. (Malay Mail, July 2023)

With the expected growth in the construction sector in 2023, particularly in the civil engineering sub-sectors, the Group is actively on the lookout for opportunities to expand its development and production services and its assets. As at the date of this report, total outstanding order book stands at RM480.3 million.

In the Construction business, a 30% owned associate of the Group had on 1 August 2023, accepted the Letter of Award ("LOA") and on 10 August 2023 received the consent letter dated 9 August 2023 from PETROS Power Sendirian Berhad ("PETROS") as the Contractor for the proposed construction and completion of earthworks and other related works for the development of Package 1 Earthworks for Miri Combined Cycle Gas Turbine ("MCCGT") Power Plant Project. The total contract sum is approximately RM45.4 million and the contract period would be 12 months from the date of LOA. The Group will continue to bid for new contracts to grow its order book as well as focusing on project execution to ensure timely completion of all on-going projects.

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

In the Green Energy business, the Group had executed a Power Purchase Agreement (“PPA”) with Tenaga Nasional Berhad in August 2021 for the development of Large Scale Solar Photovoltaic Plant (“LSSPV”) of 26MV at Kuala Langat, Selangor. In August 2022, the Energy Commission (“EC”) granted the Group an additional 4 years extension of the development from 21 years to 25 years. This will enable the Group to optimize its returns for the next 25 years, which is in line with the Group’s long-term strategy to grow its sustainable and recurring income. In March 2023, the Group had obtained 80% project financing support of 15 years from a financial institution for the development of LSSPV. The remaining 20% of equity portion was through the issuance of 91,975,900 Private Placement Shares in April 2023. The remaining shares under the Private Placement lapsed on 2 August 2023, marking the completion of the Private Placement.

In the Quarry operation business, revenue grew in the second quarter in 2023 by 20.7% compared to the corresponding period last year. On 25 April 2023, Spring Energy Sdn. Bhd. (“SESB”), a 51% owned indirect subsidiary of the Group had accepted the Letter of Acceptance (“LOA”) from China Communications Construction (ECRL) Sdn Bhd, to appoint SESB as the subcontractor for the Construction and Completion of Subgrade Earthworks within KPC Depot Station and OCC Area (Section 5), for a total subcontract sum of RM11.5 million. The subcontract period commenced on 29 April 2023 and is expected to complete in September 2023. This project provides relatively high profitability to quarry operation business.

The Group will continue to exercise prudence to achieve operational efficiency for 2023. The Group will undertake necessary measures to manage the risks and take proactive steps to mitigate the adverse impacts of rising operating construction costs of raw materials, equipment and labour.

B4. Profit Forecast

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

B5. Taxation

	Unaudited 6 Months Ended	
	30.6.2023	30.6.2022
	RM	RM
Income tax	2,925,357	2,438,159
Deferred tax	65,684	(117,463)
	<u>2,991,041</u>	<u>2,320,696</u>

The Group’s effective tax rate (“ETR”) for the financial year is higher than statutory tax rate of 24.0% mainly due to deferred tax movement and tax permanent differences.

B6. Status of Corporate Proposals

There is no corporate proposal announced but not completed as at date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B7. Utilisation of Proceeds Raised from Public Issue

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)
		RM'000	RM'000	RM'000	RM'000	
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.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B8. Utilisation of Proceeds Raised from Private Placement

The details are as set out below:

Utilisation of Proceeds	Proposed utilisation	Actual utilisation of proceeds	Unutilised proceeds	Expected timeframe for utilisation
	RM'000	RM'000	RM'000	
Development of solar photovoltaic energy generating facility	19,665	(5,085)	14,580	Within 12 months from the receipt of placement funds
Estimated expenses for Private Placement	110	(110)	-	Upon completion of the Private Placement
TOTAL	19,775	(5,195)	14,580	

Notes:

On 6 April 2023, the Company successfully raised RM19.78 million from the Private Placement following the listing and quotation of 91,975,900 Placement Shares at an issue price of RM0.2150 per placement share on Main Market of Bursa Securities. The Private Placement had lapsed on 2 August 2023, which marks the completion of the Private Placement.

B9. Group Borrowings and Debt Securities

	Unaudited As at 30.6.2023 RM	Audited As at 31.12.2022 RM
<u>Non-current</u>		
Term loans	35,906,957	47,801,927
Hire Purchases	17,367,263	23,626,034
<u>Current</u>		
Term loans	27,504,905	31,607,312
Hire Purchases	15,951,228	20,631,549
Bankers' acceptances	24,775,004	30,001,650
Invoice financing	34,587,702	27,584,796
Revolving credit	13,000,000	17,500,000
Bank overdrafts	6,214,106	22,260,343
Bank factoring	5,340,708	34,487,531
	180,647,873	255,501,142

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B10. 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").

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.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B10. Material Litigation (Cont'd)**

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.

The Third Parties have filed the striking out application and the Court has originally fixed the hearing date on 5 April 2023. The hearing date was later vacated by the High Court and rescheduled to 15 June 2023 and 15 August 2023 respectively. The Court on 15 August 2023, has rescheduled the hearing date to 12 October 2023.

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

B11. Dividends Declared

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

B12. Earnings / (Loss) Per Share

	Unaudited 6 Months Ended	
	30.6.2023	30.6.2022
Profit / (Loss) after tax attributable to the owners of the Company (RM)	691,498	(1,527,747)
Basic earnings per share		
Weighted average number of ordinary shares	552,671,611	483,374,700
Basic earnings / (loss) per share (sen) ⁽¹⁾	0.13	(0.32)
Diluted earnings per share		
Weighted average number of ordinary shares	552,671,611	483,374,700
Diluted earnings / (loss) per share (sen) ⁽²⁾	0.13	(0.32)

Notes:

- (1) The basic earnings / (loss) per share was computed based on earnings/(loss) attributable to owners of the Company divided by the weighted average number of ordinary shares.
- (2) Diluted earnings / (loss) per ordinary share for the current financial year is calculated by dividing the profit / (loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

B13. Profit Before Taxation

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

	Unaudited	
	Individual Quarter	Cumulative Quarter
	30.6.2023	30.6.2023
	RM	RM
Auditors' remuneration	93,725	178,450
Depreciation:		
- property, plant and equipment	10,333,548	21,588,459
- investment properties	146,584	293,168
Amortisation of intangible asset	25,000	50,000
Directors' remuneration	756,061	1,548,763
Royalties and tributes	1,219,110	5,086,765
Interest expenses	3,102,528	6,407,801
Staff costs	21,853,484	42,067,992
Gain on disposal of property, plant and equipment	(1,844,503)	(5,967,401)
Interest income	(386,092)	(806,860)
Dividend income from short-term investments	(2,304)	(4,955)

BY ORDER OF THE BOARD
22 AUGUST 2023