

**AME Elite Consortium Berhad**  
Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)

**Interim Financial Report**  
**Second quarter ended 30 September 2019**

## AME Elite Consortium Berhad

Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)

### Unaudited condensed consolidated statement of financial position As at 30 September 2019

	unaudited 30.9.2019 RM'000	audited 31.3.2019 RM'000
<b>Assets</b>		
Property, plant and equipment	98,997	95,380
Inventories	8,661	8,661
Investment properties	326,761	278,796
Investment in a joint venture	29,092	32,392
Deferred tax assets	3,205	3,048
<b>Total non-current assets</b>	<u>466,716</u>	<u>418,277</u>
Inventories	336,397	234,097
Contract costs	13,283	11,737
Trade and other receivables	101,389	94,425
Contract assets	52,290	28,092
Current tax assets	790	4,265
Cash and cash equivalents	87,390	102,488
<b>Total current assets</b>	<u>591,539</u>	<u>475,104</u>
<b>Total assets</b>	<u>1,058,255</u>	<u>893,381</u>
<b>Equity</b>		
Share capital	512,538	1
Invested equity	--	4,501
Retained earnings	436,026	401,907
Merger reserve	(452,311)	--
<b>Equity attributable to owners of the Company</b>	<u>496,253</u>	<u>406,409</u>
Non-controlling interests	33,983	30,266
<b>Total equity</b>	<u>530,236</u>	<u>436,675</u>
<b>Liabilities</b>		
Loans and borrowings <sup>(i)</sup>	293,541	186,948
Due to Directors	--	3,296
Due to a minority shareholder	10,000	10,000
Deferred tax liabilities	15,509	14,016
<b>Total non-current liabilities</b>	<u>319,050</u>	<u>214,260</u>
Loans and borrowings <sup>(i)</sup>	20,369	28,893
Trade and other payables	149,519	138,231
Contract liabilities	32,950	21,298
Due to Directors	--	50,929
Due to a minority shareholder	770	565
Current tax liabilities	5,361	2,530
<b>Total current liabilities</b>	<u>208,969</u>	<u>242,446</u>
<b>Total liabilities</b>	<u>528,019</u>	<u>456,706</u>
<b>Total equity and liabilities</b>	<u>1,058,255</u>	<u>893,381</u>
<b>Net assets per share attributable to owners of the Company (RM) <sup>(ii)</sup></b>	<u>1.45</u>	<u>N/A <sup>(iii)</sup></u>

(i) See Note B8.

(ii) Based on the issued share capital of 341,692,101 ordinary shares after the completion of the Restructuring Exercise but before the Public Issue.

(iii) Not disclosed since it is not comparable.

**AME Elite Consortium Berhad**Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the second quarter ended 30 September 2019**

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Revenue	81,812	106,276	176,168	164,958
Cost of sales	(53,846)	(82,850)	(116,984)	(127,134)
<b>Gross profit</b>	27,966	23,426	59,184	37,824
Other income	7,987	38	8,322	685
Distribution expenses	(683)	(1,051)	(1,916)	(1,645)
Administrative expenses	(7,738)	(7,298)	(16,610)	(14,368)
Other expenses	(18)	(30)	(20)	(47)
<b>Results from operating activities</b>	27,514	15,085	48,960	22,449
Finance income	733	1,003	1,390	1,655
Finance costs	(3,131)	(771)	(7,251)	(1,923)
<b>Net finance (costs)/income</b>	(2,398)	232	(5,861)	(268)
Share of profit/(loss) of an equity-accounted joint venture, net of tax	3,680	(1,162)	4,763	254
<b>Profit before tax</b>	28,796	14,155	47,862	22,435
Tax expense	(5,495)	(3,870)	(10,026)	(5,389)
<b>Profit for the period/ Total comprehensive income for the period</b>	23,301	10,285	37,836	17,046
<b>Profit attributable to:</b>				
Owners of the Company	20,976	10,005	34,119	16,712
Non-controlling interests	2,325	280	3,717	334
<b>Profit for the period/ Total comprehensive income for the period</b>	23,301	10,285	37,836	17,046
<b>Basic earnings per ordinary share (sen) <sup>(i)</sup></b>	6.14	2.93	9.99	4.89
<b>Diluted earnings per ordinary share (sen) <sup>(i)</sup></b>	6.14	2.93	9.99	4.89

(i) See Note B11.

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### Unaudited condensed consolidated statement of changes in equity for the second quarter ended 30 September 2019

	← Non-distributable →			Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 April 2018</b>	--	4,501	--	364,560	369,061	26,623	395,684
At date of incorporation	1	--	--	--	1	-	1
Profit and total comprehensive income for the period	--	--	--	16,712	16,712	334	17,046
<b>At 30 September 2018</b>	1	4,501	--	381,272	385,774	26,957	412,731
<b>At 1 April 2019</b>	1	4,501	--	401,907	406,409	30,266	436,675
Profit and total comprehensive income for the period	--	--	--	34,119	34,119	3,717	37,836
Capitalisation of amounts due to Directors <sup>(i)</sup>	55,725	--	--	--	55,725	--	55,725
New shares issued by the Company as consideration for the acquisition of subsidiaries <sup>(i)</sup>	456,812	--	(456,812)	--	--	--	--
Subscription of shares in subsidiaries <sup>(i)</sup>	--	800	(800)	--	--	--	--
Reversal of issued and paid-up share capital of the subsidiaries <sup>(i)</sup>	--	(5,301)	5,301	--	--	--	--
<b>At 30 September 2019</b>	512,538	--	(452,311)	436,026	496,253	33,983	530,236

(i) See Note B6.

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**Unaudited condensed consolidated statement of cash flows for the second quarter ended 30 September 2019**

	<b>Cumulative quarter 6 months ended</b>	
	<b>30.9.2019 RM'000</b>	<b>30.9.2018 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	47,862	22,435
Adjustments for:		
Property, plant and equipment:		
- depreciation	2,992	3,077
- gain on disposal	(27)	(43)
Reversal of impairment loss on trade receivables	(4)	--
Share of profit of an equity-accounted joint venture, net of tax	(4,763)	(254)
Finance costs	7,251	1,923
Finance income	(1,390)	(1,655)
Unrealised gain on foreign exchange	(7)	(37)
Changes in fair value of investment properties	(7,267)	--
<b>Operating profit before changes in working capital</b>	<b>44,647</b>	<b>25,446</b>
Changes in inventories	(102,710)	(14,609)
Changes in trade and other receivables	(7,452)	(10,643)
Changes in trade and other payables	9,043	28,600
Changes in contract assets/(liabilities)	(12,547)	8,541
Changes in contract costs	(1,545)	(708)
<b>Cash (used in)/generated from operations</b>	<b>(70,564)</b>	<b>36,627</b>
Interest received	1,390	1,655
Interest paid	(4,245)	(1,540)
Tax paid	(2,385)	(10,529)
<b>Net cash (used in)/from operating activities <sup>(i)</sup></b>	<b>(75,804)</b>	<b>26,213</b>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(6,104)	(5,537)
- investment properties	(40,698)	(12,791)
Proceeds from disposal of property, plant and equipment	33	210
Dividends received from a joint venture	8,000	--
Changes in pledged deposits	2,655	(317)
<b>Net cash used in investing activities</b>	<b>(36,114)</b>	<b>(18,435)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(1,136)	(1,381)
Proceeds from short term borrowings	705	--
Repayment of term loans	(44,174)	(24,018)
Drawdown from term loans	146,015	5,716
Proceeds from issuance of share capital	--	1
Interest paid	(114)	(218)
Due to a minority shareholder	--	10,000
Due to Directors	1,500	(300)
<b>Net cash from/(used in) financing activities</b>	<b>102,796</b>	<b>(10,200)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,122)</b>	<b>(2,422)</b>
<b>Cash and cash equivalents as at 1 April</b>	<b>78,436</b>	<b>85,315</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>69,314</b>	<b>82,893</b>

**Unaudited condensed consolidated statement of cash flows for the second quarter ended 30 September 2019**  
(continued)

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position:

	<b>Cumulative quarter 6 months ended</b>	
	<b>30.9.2019 RM'000</b>	<b>30.9.2018 RM'000</b>
Cash and cash equivalents:		
- cash and bank balances	45,610	24,742
- fixed deposits with licensed banks	41,780	82,894
	<u>87,390</u>	<u>107,636</u>
Less: Pledged deposits	(15,857)	(23,427)
Bank overdrafts	(2,219)	(1,316)
	<u>69,314</u>	<u>82,893</u>

- (i) There was a net cash used in operating activities during the current financial period under review mainly due to acquisition of a parcel of land for the Phase 3 development of i-Park @ Senai Airport City at RM150.14 million ("Land") of which a deposit of RM15.01 million was paid in financial year ended 31 March 2016, a differential sum of RM30.13 million was paid using internally generated funds and the remaining balance of RM105.00 million was financed through bank borrowing during the current financial period under review. The acquisition of the Land was completed on 27 August 2019 (see Note A15). 80% of the Land amounting to RM120.11 million has been determined for purpose of development properties for sale whilst the remaining 20% of the Land amounting to RM30.03 million has been held for purpose of investment properties for lease.

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### **Notes to the interim financial report**

## **Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34 Interim Financial Reporting**

### **A1. Basis of preparation**

This interim financial report is unaudited and has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Malaysia Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and International Accounting Standards (IAS) 34: Interim Financial Reporting.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 24 September 2019 and the accompanying notes attached to the interim financial report.

### **A2. Significant accounting policies**

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its audited combined financial statements for the years ended 31 March 2019, 2018, 2017 and 2016, except for the adoption of the following new accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) for the period beginning on 1 April 2019.

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above new accounting standards, interpretations and amendments does not have any material impact on the financial statements of the Group.

### **A3. Auditors’ report**

The audited combined financial statements for the financial years ended 31 March 2019, 2018, 2017 and 2016 were not subject to any qualifications.

### **A4. Seasonal or cyclical factors**

The nature of the Group’s business was not subject to any significant seasonal or cyclical factors.

## **Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)**

### **A5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.

### **A6. Changes in estimates**

There were no material changes in estimates for the current quarter and financial period under review.

### **A7. Debt and equity securities**

There were no debt and equity securities issued during the current quarter and financial period under review except for those disclosed in Note B6.

### **A8. Dividends paid**

There were no dividends paid during the current quarter and financial period under review.

### **A9. Property, plant and equipment (“PPE”)**

The Group acquired PPE amounting to RM2.78 million and RM6.61 million during the current quarter and financial period under review respectively.

There were no material disposals of PPE during the current quarter and financial period under review.

### **A10. Impairment losses**

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the current quarter and financial period under review.



## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A11. Segmental information

Segmental information is presented in respect of the Group's business segments as follows:

1.7.2019 to 30.9.2019	Construction RM'000	Property development RM'000	Engineering RM'000	Investment holding/ Property investment and management services RM'000	Total RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	40,237	19,282	11,936	10,357	81,812	--	81,812
Inter-segment revenue	7,322	--	13,634	2,088	23,044	(23,044)	--
<b>Total revenue</b>	<b>47,559</b>	<b>19,282</b>	<b>25,570</b>	<b>12,445</b>	<b>104,856</b>	<b>(23,044)</b>	<b>81,812</b>
Segment results from operating activities	7,653	2,468	1,133	16,113 <sup>(i)</sup>	27,367	147	27,514
Share of profit of a joint venture							3,680
Finance income							733
Finance costs							(3,131)
<b>Profit before tax</b>							<b>28,796</b>
Tax expense							(5,495)
<b>Profit after tax</b>							<b>23,301</b>

(i) Inclusive of fair value gains on investment properties.

**Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)****A11. Segmental information (continued)**

<b>1.7.2018 to 30.9.2018</b>	<b>Construction RM'000</b>	<b>Property development RM'000</b>	<b>Engineering RM'000</b>	<b>Investment holding/ Property investment and management services RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	76,005	9,021	16,001	5,249	106,276	--	106,276
Inter-segment revenue	9,252	479	14,735	3,541	28,007	(28,007)	--
<b>Total revenue</b>	<b>85,257</b>	<b>9,500</b>	<b>30,736</b>	<b>8,790</b>	<b>134,283</b>	<b>(28,007)</b>	<b>106,276</b>
Segment results from operating activities	5,072	(504)	1,022	4,353	9,943	5,142	15,085
Share of loss of a joint venture							(1,162)
Finance income							1,003
Finance costs							(771)
<b>Profit before tax</b>							<b>14,155</b>
Tax expense							(3,870)
<b>Profit after tax</b>							<b>10,285</b>

**Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)****A11. Segmental information (continued)**

1.4.2019 to 30.9.2019	Construction RM'000	Property development RM'000	Engineering RM'000	Investment holding/ Property investment and management services RM'000	Total RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	80,260	55,778	23,732	16,398	176,168	--	176,168
Inter-segment revenue	26,320	--	36,482	3,936	66,738	(66,738)	--
<b>Total revenue</b>	<b>106,580</b>	<b>55,778</b>	<b>60,214</b>	<b>20,334</b>	<b>242,906</b>	<b>(66,738)</b>	<b>176,168</b>
Segment results from operating activities	14,785	9,364	3,950	21,151 <sup>(i)</sup>	49,250	(290)	48,960
Share of profit of a joint venture							4,763
Finance income							1,390
Finance costs							(7,251)
<b>Profit before tax</b>							<b>47,862</b>
Tax expense							(10,026)
<b>Profit after tax</b>							<b>37,836</b>

(i) Inclusive of fair value gains on investment properties.

**Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)****A11. Segmental information (continued)**

1.4.2018 to 30.9.2018	Construction RM'000	Property development RM'000	Engineering RM'000	Investment holding/ Property investment and management services RM'000	Total RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	122,639	11,770	20,282	10,267	164,958	--	164,958
Inter-segment revenue	25,291	3,374	25,911	1,730	56,306	(56,306)	--
<b>Total revenue</b>	<b>147,930</b>	<b>15,144</b>	<b>46,193</b>	<b>11,997</b>	<b>221,264</b>	<b>(56,306)</b>	<b>164,958</b>
Segment results from operating activities	10,402	(2,362)	2,114	9,358	19,512	2,937	22,449
Share of profit of a joint venture							254
Finance income							1,655
Finance costs							(1,923)
<b>Profit before tax</b>							<b>22,435</b>
Tax expense							(5,389)
<b>Profit after tax</b>							<b>17,046</b>

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A12. Material events subsequent to the statement of financial position date

On 25 October 2019, the Group entered into a sale and purchase agreement to acquire a parcel of land measuring approximately 6.0768 hectares for industrial properties development at a total purchase consideration of RM25.00 million. The purchase consideration will be satisfied via internally generated funds and/or bank borrowing in which the quantum or proportion has not been finalised as at date of this report.

Saved as disclosed above and in Note B6(ii), there were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

### A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period under review except for those disclosed in Note B6.

### A14. Contingent assets and contingent liabilities

	30.9.2019 RM'000	31.3.2019 RM'000
<b>Granted to the companies in which certain Directors have financial interest</b>		
Corporate guarantees given to licensed banks in respect of banking facilities of companies having common shareholders of the Group	--	44,450

The corporate guarantees of RM10.50 million and RM33.95 million have been fully discharged on 1 August 2019 and 5 August 2019 respectively.

Save as disclosed above, there were no changes in contingent assets or contingent liabilities of the Group for the current quarter and financial period under review.

### A15. Capital commitments

	30.9.2019 RM'000	31.3.2019 RM'000
<b>Contracted but not provided for:</b>		
Development land	--	135,126

On 29 May 2019, a differential sum of RM30.13 million was paid using internally generated funds for the acquisition of the Land. On 27 August 2019, the Group drew down a term loan amounting to RM105.00 million for financing the balance of the acquisition price of the Land and the acquisition of the Land was completed on the same date.

## Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)

### A16. Significant related party transactions

The significant related party transactions of the Company are shown below.

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
<b>A. Joint venture</b>				
Contract income	1,022	5,026	1,735	12,818
Rental income	<u>27</u>	<u>15</u>	<u>48</u>	<u>30</u>
<b>B. Companies in which certain Directors have financial interest</b>				
Contract income	--	66	--	66
Rental expenses	<u>--</u>	<u>(99)</u>	<u>--</u>	<u>(99)</u>
<b>C. Minority shareholder of a subsidiary</b>				
Interest expenses	<u>(102)</u>	<u>(81)</u>	<u>(205)</u>	<u>(81)</u>

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

### B1. Review of performance

#### Current quarter against corresponding quarter

	Individual quarter 3 months ended		Changes %
	30.9.2019 RM'000	30.9.2018 RM'000	
Revenue	81,812	106,276	(23)
Gross profit	27,966	23,426	19
Share of profit/(loss) of an equity-accounted joint venture, net of tax	3,680	(1,162)	417
Profit before tax	28,796	14,155	103
Profit after tax	23,301	10,285	127
Profit attributable to owners of the Company	<u>20,976</u>	<u>10,005</u>	<u>110</u>

The Group's revenue decreased by RM24.46 million mainly due to the decrease in construction services revenue of RM35.77 million and engineering services revenue of RM4.06 million, partially offset by the increase in property development revenue of RM10.26 million and rental income of RM5.11 million.

The Group's construction services revenue decreased from RM76.01 million to RM40.24 million, which was a decrease of approximately 47.06%. The decrease in revenue was mainly due to the timing of the construction projects. Some existing projects were near completion and the newly secured projects were in the initial stage.

The Group's engineering services revenue decreased from RM16.00 million to RM11.94 million, which was a decrease of approximately 25.38%. The decrease in revenue was mainly due to lower contribution from the steel engineering and precast concrete works division, partially offset by higher contribution from the mechanical and electrical engineering works division.

The Group's property development revenue increased from RM9.02 million to RM19.28 million, which was an increase of approximately 113.75%. The increase in revenue was mainly due to sale of commercial shop lots in addition to higher sales of industrial properties.

The Group's rental income increased from RM5.25 million to RM10.36 million, which was an increase of approximately 97.33%. The increase in revenue was mainly due to additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

Despite the decrease in the Group's revenue, the Group recorded higher gross profit mainly due to some new construction projects with higher profit margin, as well as change in sales mix of which there was increase in property development revenue and rental income with higher profit margin.

The Group's share of profit from an equity-accounted joint venture was mainly due to higher sales of industrial properties by the joint venture.

In addition to the higher gross profit, the Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to fair value gains on investment properties and share of profit from the joint venture.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B1. Review of performance (continued)

#### Current financial period against corresponding financial period

	Cumulative quarter 6 months ended		Changes %
	30.9.2019 RM'000	30.9.2018 RM'000	
Revenue	176,168	164,958	7
Gross profit	59,184	37,824	56
Share of profit of an equity-accounted joint venture, net of tax	4,763	254	1,775
Profit before tax	47,862	22,435	113
Profit after tax	37,836	17,046	122
Profit attributable to owners of the Company	<u>34,119</u>	<u>16,712</u>	<u>104</u>

The Group's revenue increased by RM11.21 million mainly due to the increase in engineering services revenue of RM3.45 million, property development revenue of RM44.01 million and rental income of RM6.13 million, partially offset by the decrease in construction services revenue of RM42.38 million.

The Group's engineering services revenue increased from RM20.28 million to RM23.73 million, which was an increase of approximately 17.01%. The increase in revenue was mainly due to higher contribution from the mechanical and electrical engineering works division, partially offset by the lower contribution from the steel engineering and precast concrete works division.

The Group's property development revenue increased from RM11.77 million to RM55.78 million, which was an increase of approximately 373.92%. The increase in revenue was mainly due to sale of commercial shop lots in addition to higher sales of industrial properties.

The Group's rental income increased from RM10.27 million to RM16.40 million, which was an increase of approximately 59.69%. The increase in revenue was mainly due to additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

The Group's construction services revenue decreased from RM122.64 million to RM80.26 million, which was a decrease of approximately 34.56%. The decrease in revenue was mainly due to the timing of the construction projects. Some existing projects were near completion and the newly secured projects were in the initial stage.

The Group recorded higher gross profit mainly due to some new construction projects with higher profit margin, as well as change in sales mix of which there was increase in property development revenue and rental income with higher profit margin.

The increase in the Group's share of profit from an equity-accounted joint venture was mainly due to higher sales of industrial properties by the joint venture.

In addition to the higher gross profit, the Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to fair value gains on investment properties and share of profit from the joint venture.



## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B2. Comparison with immediate preceding quarter

	Current quarter 30.9.2019 RM'000	Preceding quarter 30.6.2019 RM'000	Changes %
Revenue	81,812	94,356	(13)
Gross profit	27,966	31,218	(10)
Share of profit of an equity-accounted joint venture, net of tax	3,680	1,083	240
Profit before tax	28,796	19,066	51
Profit after tax	23,301	14,535	60
Profit attributable to owners of the Company	<u>20,976</u>	<u>13,143</u>	<u>60</u>

The Group's revenue and gross profit decreased by RM12.54 million and RM3.25 million respectively mainly due to the decrease in property development revenue. This was mainly due to the higher property development revenue recorded in the preceding quarter as a result of higher sales of industrial properties.

The Group's share of profit of an equity-accounted joint venture increased by RM2.60 million mainly due to higher sales of industrial properties by the joint venture.

The Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to fair value gains on investment properties and higher share of profit from the joint venture.

### B3. Prospects for the Group for the financial year ending 31 March 2020

The industrial property sector is expected to remain active for the rest of the financial year, supported by the foreign direct investment inflows. The relocation of companies to Malaysia due to the US-China trade dispute is also likely to bring more direct investments into the country.

Our business has benefitted and is expected to continue to benefit from economic growth and investments in manufacturing sector in Malaysia, as well as the corresponding demand for industrial properties in the country. We have also experienced strong demand for our construction services and industrial properties, as well as growth in rental income and value of our investment properties.

Moving forward, we will remain focused on developing i-Park @ Senai Airport City (Phase 1 and Phase 2) and expanding our construction, engineering services and property investment and management services segments to improve the Group's profitability. We also expect to commence the Phase 3 development of i-Park @ Senai Airport City by quarter 4 of this financial year after obtaining all relevant approvals for the construction.

The Board expects the Group to achieve a satisfactory financial results for this financial year.

### B4. Profit forecast

The Group did not issue any profit forecast during the current quarter and financial period under review.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
<b>Current</b>				
Tax expense	4,076	3,515	8,691	5,413
Deferred tax expense/(income)	1,419	355	1,335	(24)
	<u>5,495</u>	<u>3,870</u>	<u>10,026</u>	<u>5,389</u>

The Group's effective tax rates for the current quarter and financial period under review were lower than the statutory tax rates mainly due to the fair value gains of our investment properties which were subjected to the expected Real Property Gains Tax at 10% and share of profit of an equity-accounted joint venture on a net of tax basis.

### B6. Status of corporate proposals

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, the following listing scheme was undertaken by the Company:

- (i) Restructuring Exercise
  - (a) Acquisition of shares in respect of the subsidiaries of the Company

On 1 June 2019, the Company acquired from shareholders the ordinary shares held by them in the following subsidiaries:

	Equity interest (%)	Purchase consideration RM'000	No. of shares issued by the Company
Amsun Industries Sdn. Bhd.	100	124,125	82,750,030
AME Development Sdn. Bhd.	100	184,620	123,079,906
AME Industrial Park Sdn. Bhd.	100	59,882	39,921,470
AME Engineering Industries Sdn. Bhd.	100	25,525	17,016,296
Asiamost Sdn. Bhd.	100	16,520	11,013,488
Amsun Capital Sdn. Bhd.	100	4,248	2,832,003
Tanjung Bebas Sdn. Bhd.	100	18,746	12,497,406
Twin Sunrich Sdn. Bhd.	100	4,506	3,003,690
LKL Industries Sdn. Bhd.	100	18,570	12,380,280
I Stay Management Sdn. Bhd.	70	70	46,666
		<u>456,812</u>	<u>304,541,235</u>

The purchase consideration was satisfied via the issuance by the Company of an aggregate of 304,541,235 new ordinary shares in the Company, at an issue price of RM1.50 per share.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B6. Status of corporate proposals (continued)

(i) Restructuring Exercise (continued)

(b) Subscription of shares in respect of the subsidiaries of the Company

On 1 June 2019, the Company completed the subscription of new ordinary shares in the following subsidiaries at a subscription price of RM0.001 per share for cash:

	<b>No. of shares subscribed by the Company</b>	<b>Subscription consideration RM'000</b>
AME Integrated Sdn. Bhd.	100,000	--
Active Gold Services Sdn. Bhd.	500,000,000	500
Symphony Square Sdn. Bhd.	300,000,000	300
	<hr/> 800,100,000 <hr/>	<hr/> 800 <hr/>

The subscription of shares will result in the Company holding 99.99% equity interest in each of the above subsidiaries.

(c) Advances by the Directors to the Company

Directors of the Company have on 18 June 2019 made advances to the Company amounting to RM1.50 million for purpose of funding the Restructuring Exercise.

(d) Capitalisation of amount due to Directors

As part of the Restructuring Exercise, the entire amount owing by the subsidiaries to the Directors of RM55.73 million have been capitalised into 37,149,865 ordinary shares, at an issue price of RM1.50 per share.

(ii) Initial Public Offering ("IPO")

(a) Public Issue

The public issue of 85,423,000 new ordinary shares in the Company was issued at a price of RM1.30 per share.

(b) Offer for Sale

The offer for sale by selling shareholders of up to 42,711,800 ordinary shares in the Company was issued at a price of RM1.30 per share.

The listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad were completed on 14 October 2019.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B7. Utilisation of proceeds from the Public Issue

The gross proceeds from the Public Issue approximately RM111.05 million is expected to be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	Proposed utilisation RM'000	Actual utilisation RM'000
Future industrial property development and investment projects including land acquisitions and joint ventures	Within 36 months	69,050	--
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	--
Complete the expansion of our precast concrete fabrication capacity	Within 12 months	9,000	--
Estimated listing expenses	Within 6 months	10,000	6,158
		<u>111,050</u>	<u>6,158</u>

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 24 September 2019.

### B8. Borrowings and debt securities

	30.9.2019 RM'000	31.3.2019 RM'000
<b>Secured</b>		
<b>Non-current</b>		
Term loans	291,930	184,742
Finance lease liabilities	1,611	2,206
	293,541	186,948
<b>Current</b>		
Term loans	15,520	21,398
Bank overdrafts	2,219	5,539
Finance lease liabilities	1,925	1,956
Bankers' acceptances	705	--
	<u>20,369</u>	<u>28,893</u>
	<u>313,910</u>	<u>215,841</u>

### B9. Material litigations

There were no material litigations which would materially and adversely affect the financial position of the Group as at date of this report.

### B10. Dividends

The Board of Directors does not recommend any dividend for the current quarter and financial period under review.

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B11. Earnings per share (“EPS”)

The basic and diluted EPS for the current quarter and financial period under review are computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
Net profit attributable to the owners of the Company (RM'000)	20,976	10,005	34,119	16,712
Weighted average number of ordinary shares in issue ('000) <sup>(i)</sup>	341,692	341,692	341,692	341,692
Basic EPS (sen) <sup>(ii)</sup>	6.14	2.93	9.99	4.89
Diluted EPS (sen) <sup>(iii)</sup>	<u>6.14</u>	<u>2.93</u>	<u>9.99</u>	<u>4.89</u>

- (i) Based on the issued share capital of 341,692,101 ordinary shares after the completion of the Restructuring Exercise but before the Public Issue.
- (ii) Basic EPS is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current quarter and financial period under review.
- (iii) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial period under review.

### B12. Revenue

#### Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
<b>Revenue with contract customers</b>				
Construction contract				
- over time	52,173	92,006	103,992	142,921
Sales of development properties				
- over time	19,282	9,021	33,628	11,770
- at a point in time	--	--	22,150	--
	19,282	9,021	55,778	11,770
<b>Other revenue</b>				
Rental income	10,357	5,249	16,398	10,267
<b>Total revenue</b>	<u>81,812</u>	<u>106,276</u>	<u>176,168</u>	<u>164,958</u>

## Part B: Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (continued)

### B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Depreciation	1,599	1,740	2,992	3,077
Rental expenses of:				
- equipment	3,204	2,100	6,316	4,089
- premises	3	47	15	119
Rental income of premises	(371)	--	(506)	--
Property, plant and equipment:				
Loss/(Gain) on disposal of property, plant and equipment	6	(45)	(27)	(43)
Loss/(Gain) on foreign exchange				
- realised	10	45	12	62
- unrealised	(2)	(11)	(7)	(37)
Late payment interest income from purchasers	(126)	(241)	(173)	(241)
Reversal of impairment loss on trade receivables	(4)	--	(4)	--
Changes in fair value of investment properties <sup>(i)</sup>	(7,267)	--	(7,267)	--

- (i) The fair value of investment properties was at level 3 which is estimated by Directors using the sales comparison approach. Sale price of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The significant unobservable input into the Directors' valuation was adjustment to the price per square foot of comparable properties.