

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

Interim Financial Report
Fourth quarter ended 31 March 2020

AME Elite Consortium Berhad

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Unaudited condensed consolidated statement of financial position As at 31 March 2020

	unaudited 31.3.2020 RM'000	audited 31.3.2019 RM'000
Assets		
Property, plant and equipment	100,579	95,380
Inventories	8,661	8,661
Investment properties	344,266	278,796
Investment in a joint venture	20,769	32,392
Deferred tax assets	4,305	3,048
Total non-current assets	<u>478,580</u>	<u>418,277</u>
Inventories	357,763	234,097
Contract costs	5,820	11,737
Trade and other receivables	86,235	94,425
Contract assets	30,157	28,092
Current tax assets	659	4,265
Cash and cash equivalents	191,806	102,488
Total current assets	<u>672,440</u>	<u>475,104</u>
Total assets	<u><u>1,151,020</u></u>	<u><u>893,381</u></u>
Equity		
Share capital	620,140	1
Invested equity	--	4,501
Retained earnings	465,654	401,907
Merger reserve	(452,311)	--
Equity attributable to owners of the Company	<u>633,483</u>	<u>406,409</u>
Non-controlling interests	35,163	30,266
Total equity	<u>668,646</u>	<u>436,675</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	260,783	186,948
Due to Directors	--	3,296
Due to a minority shareholder	10,000	10,000
Deferred tax liabilities	14,050	14,016
Total non-current liabilities	<u>284,833</u>	<u>214,260</u>
Loans and borrowings ⁽ⁱ⁾	22,442	28,893
Trade and other payables	144,644	138,231
Contract liabilities	23,707	21,298
Due to Directors	--	50,929
Due to a minority shareholder	962	565
Current tax liabilities	5,786	2,530
Total current liabilities	<u>197,541</u>	<u>242,446</u>
Total liabilities	<u>482,374</u>	<u>456,706</u>
Total equity and liabilities	<u><u>1,151,020</u></u>	<u><u>893,381</u></u>
Net assets per share attributable to owners of the Company (RM) ⁽ⁱⁱ⁾	<u>1.48</u>	<u>N/A ⁽ⁱⁱⁱ⁾</u>

(i) See Note B8.

(ii) Based on the issued share capital of 427,115,101 ordinary shares after the completion of the Restructuring Exercise and 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 fourth quarter ended 31 March 2020

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Revenue	98,092	69,099	380,346	339,013
Cost of sales	(70,873)	(43,858)	(260,022)	(244,959)
Gross profit	27,219	25,241	120,324	94,054
Other income ⁽ⁱ⁾	6,902	17,303	15,837	18,469
Distribution expenses	(2,549)	(1,185)	(4,720)	(3,768)
Administrative expenses ⁽ⁱⁱ⁾	(9,659)	(8,968)	(37,565)	(31,957)
Other expenses	(443)	(145)	(482)	(207)
Results from operating activities	21,470	32,246	93,394	76,591
Finance income	1,485	939	4,022	3,202
Finance costs	(3,198)	(2,203)	(13,980)	(6,615)
Net finance costs	(1,713)	(1,264)	(9,958)	(3,413)
Share of profit/(loss) of an equity-accounted joint venture, net of tax	388	(802)	5,239	(586)
Profit before tax	20,145	30,180	88,675	72,592
Tax expense	(4,340)	(11,419)	(20,031)	(21,602)
Profit for the period/year/ Total comprehensive income for the period/year	15,805	18,761	68,644	50,990
Profit attributable to:				
Owners of the Company	14,795	15,788	63,747	47,347
Non-controlling interests	1,010	2,973	4,897	3,643
Profit for the period/year/ Total comprehensive income for the period/year	15,805	18,761	68,644	50,990
Basic earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.46	4.62	16.72	13.86
Diluted earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.46	4.62	16.72	13.86

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2020
(continued)

- (i) Included in other income are fair value gains on investment properties amounting to RM6.20 million and RM13.47 million during the current quarter and financial year under review respectively.
- (ii) Included in administrative expenses is an one-off listing expenses incurred amounting to NIL and RM2.89 million during the current quarter and financial year under review respectively.

For illustration purpose, the Group's financial performance after adjusting the fair value gains on investment properties and one-off listing expenses is as follow:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Profit before tax	20,145	30,180	88,675	72,592
Less: Fair value gains on investment properties	(6,200)	(16,376)	(13,467)	(16,376)
Add back: Listing expenses	--	940	2,894	2,314
Adjusted profit before tax	<u>13,945</u>	<u>14,744</u>	<u>78,102</u>	<u>58,530</u>

- (iii) See Note B11.

AME Elite Consortium Berhad

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of changes in equity for the fourth quarter ended 31 March 2020

	← 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		
At 1 April 2018	--	4,501	--	364,560	369,061	26,623	395,684
At date of incorporation	1	--	--	--	1	--	1
Profit and total comprehensive income for the year	--	--	--	47,347	47,347	3,643	50,990
Dividends paid	--	--	--	(10,000)	(10,000)	--	(10,000)
At 31 March 2019	1	4,501	--	401,907	406,409	30,266	436,675
At 1 April 2019	1	4,501	--	401,907	406,409	30,266	436,675
Profit and total comprehensive income for the year	--	--	--	63,747	63,747	4,897	68,644
Capitalisation of amounts due to Directors ⁽ⁱ⁾	55,725	--	--	--	55,725	--	55,725
New shares issued by the Company as consideration for the acquisition of subsidiaries ⁽ⁱ⁾	456,812	--	(456,812)	--	--	--	--
Subscription of shares in subsidiaries ⁽ⁱ⁾	--	800	(800)	--	--	--	--
Reversal of issued and paid-up share capital of the subsidiaries ⁽ⁱ⁾	--	(5,301)	5,301	--	--	--	--
New shares issued by the Company for the Public Issue ⁽ⁱ⁾	111,050	--	--	--	111,050	--	111,050
New shares issuance expenses for the Public Issue	(3,448)	--	--	--	(3,448)	--	(3,448)
At 31 March 2020	620,140	--	(452,311)	465,654	633,483	35,163	668,646

(i) See Note B6.

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

Unaudited condensed consolidated statement of cash flows for the fourth quarter ended 31 March 2020

	Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000
Cash flows from operating activities		
Profit before tax	88,675	72,592
Adjustments for:		
Property, plant and equipment:		
- depreciation	6,525	5,367
- loss/(gain) on disposal	55	(383)
Loss on disposal of an investment property	109	--
Reversal of impairment loss on trade receivables	(5)	(103)
Share of (profit)/loss of an equity-accounted joint venture, net of tax	(5,239)	586
Finance costs	13,980	6,616
Finance income	(4,022)	(3,202)
Unrealised (gain)/loss on foreign exchange	(146)	59
Fair value gains on investment properties	(13,467)	(16,376)
Operating profit before changes in working capital	86,465	65,156
Changes in inventories	(123,993)	(2,462)
Changes in trade and other receivables	8,205	(18,984)
Changes in trade and other payables	6,411	(12,367)
Changes in contract assets/(liabilities)	344	43,979
Changes in contract costs	5,918	(10,099)
Cash (used in)/generated from operations	(16,650)	65,223
Interest received	4,022	3,202
Interest paid	(13,070)	(6,291)
Tax paid	(14,392)	(16,215)
Net cash (used in)/from operating activities ⁽ⁱ⁾	(40,090)	45,919
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(11,086)	(23,482)
- investment properties	(66,003)	(25,424)
Proceeds from disposal of:		
- property, plant and equipment	177	715
- an investment property	13,891	--
- assets classified as held for sale	--	33
Dividends received from a joint venture	17,000	3,000
Changes in pledged deposits	2,341	4,598
Net cash used in investing activities	(43,680)	(40,560)
Cash flows from financing activities		
Repayment of finance lease liabilities	(2,084)	(2,521)
Repayment of short term borrowings	(10,705)	--
Proceeds from short term borrowings	10,705	--
Repayment of term loans	(79,484)	(57,352)
Drawdown from term loans	151,160	51,580
Proceeds from issue of share capital	111,050	--
Repayment of shares issuance expenses	(3,448)	--
Interest paid	(186)	(172)
Due to a minority shareholder	--	10,000
Dividends paid	--	(10,000)
Due to Directors	1,500	(3,774)
Net cash from/(used in) financing activities	178,508	(12,239)

Unaudited condensed consolidated statement of cash flows for the fourth quarter ended 31 March 2020
(continued)

	Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000
Net increase/(decrease) in cash and cash equivalents	94,738	(6,880)
Cash and cash equivalents as at date of incorporation	--	1
Cash and cash equivalents as at 1 April	78,436	85,315
Cash and cash equivalents as at 31 March	<u>173,174</u>	<u>78,436</u>

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:

	Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000
Cash and cash equivalents:		
- cash and bank balances	22,345	48,474
- fixed deposits with licensed banks	169,461	54,014
	191,806	102,488
Less: Pledged deposits	(16,172)	(18,513)
Bank overdrafts	(2,460)	(5,539)
	<u>173,174</u>	<u>78,436</u>

- (i) There was a net cash used in operating activities during the current financial year under review mainly due to the 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 year under review. The acquisition of the Land was completed on 27 August 2019 (see Note A15). About 80% of the Land amounting to RM121.54 million has been determined for purpose of development properties for sale whilst about 20% of the Land amounting to RM28.60 million (based on actual identification of investment properties by plot) 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 year under review.

A6. Changes in estimates

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

A7. Debt and equity securities

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

A8. Dividends paid

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

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

The Group acquired PPE amounting to RM4.38 million and RM11.96 million of which the amount financed by finance lease liabilities was RM0.17 million and RM0.87 million during the current quarter and financial year under review respectively.

There were no material disposals of PPE during the current quarter and financial year 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 year 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:

1.1.2020 to 31.3.2020	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	44,846	22,610	21,282	9,354	98,092	--	98,092
Inter-segment revenue	21,562	--	11,934	3,090	36,586	(36,586)	--
Total revenue	66,408	22,610	33,216	12,444	134,678	(36,586)	98,092
Segment results from operating activities	5,609	7,144	(131)	11,673 ⁽ⁱ⁾	24,295	(2,825)	21,470
Share of profit of a joint venture							388
Finance income							1,485
Finance costs							(3,198)
Profit before tax							20,145
Tax expense							(4,340)
Profit after tax							15,805

(i) Inclusive of fair value gains on investment properties as disclosed in Note B13.

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

A11. Segmental information (continued)

1.1.2019 to 31.3.2019	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	42,468	12,691	8,014	5,926	69,099		69,099
Inter-segment revenue	25,461	--	15,364	1,710	42,535	(42,535)	--
Total revenue	67,929	12,691	23,378	7,636	111,634	(42,535)	69,099
Segment results from operating activities	5,112	7,443	1,980	18,475 ⁽ⁱ⁾	33,010	(764)	32,246
Share of loss of a joint venture							(802)
Finance income							939
Finance costs							(2,203)
Profit before tax							30,180
Tax expense							(11,419)
Profit after tax							18,761

(i) Inclusive of fair value gains on investment properties as disclosed in Note B13.

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

1.4.2019 to 31.3.2020	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	185,186	92,347	68,182	34,631	380,346	--	380,346
Inter-segment revenue	61,193	--	58,702	9,117	129,012	(129,012)	--
Total revenue	246,379	92,347	126,884	43,748	509,358	(129,012)	380,346
Segment results from operating activities	33,957	18,321	5,288	39,126 ⁽ⁱ⁾	96,692	(3,298)	93,394
Share of profit of a joint venture							5,239
Finance income							4,022
Finance costs							(13,980)
Profit before tax							88,675
Tax expense							(20,031)
Profit after tax							68,644

(i) Inclusive of fair value gains on investment properties as disclosed in Note B13.

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

1.4.2018 to 31.3.2019	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	233,670	43,144	40,677	21,522	339,013	--	339,013
Inter-segment revenue	75,831	1,021	52,808	6,501	136,161	(136,161)	--
Total revenue	309,501	44,165	93,485	28,023	475,174	(136,161)	339,013
Segment results from operating activities	28,903	5,921	4,668	32,204 ⁽ⁱ⁾	71,696	4,895	76,591
Share of loss of a joint venture							(586)
Finance income							3,202
Finance costs							(6,615)
Profit before tax							72,592
Tax expense							(21,602)
Profit after tax							50,990

(i) Inclusive of fair value gains on investment properties as disclosed in Note B13.

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 June 2020, the 99.90% owned subsidiary of the Company, Symphony Square Sdn. Bhd. ("SS") entered into a joint venture agreement with Baozhou New Energy Technology Sdn. Bhd. ("BNET") to form a joint venture company ("JVC") to provide engineering, procurement, construction and commissioning services for solar energy projects and solution for solar energy systems for commercial and industrial buildings in Malaysia.

The JVC will be 51.00% owned by SS and 49.00% owned by BNET. The initial share capital of the JVC will be RM1 million of which SS will be subscribing for 510,000 ordinary shares and BNET will be subscribing for 490,000 ordinary shares of RM1 per share in cash respectively.

Saved as disclosed above, there were no material events subsequent to the end of the current quarter and financial year 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 year under review except for those disclosed in Note B6.

A14. Contingent assets and contingent liabilities

	31.3.2020 RM'000	31.3.2019 RM'000
Granted to the companies in which certain Directors have financial interest		
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 year under review.

A15. Capital commitments

	31.3.2020 RM'000	31.3.2019 RM'000
Contracted but not provided for:		
Land held as investment property ⁽ⁱ⁾	--	--
Development land ⁽ⁱⁱ⁾	--	135,126
	--	135,126

- (i) On 11 November 2019, the Group entered into a sale and purchase agreement to acquire a parcel of land measuring approximately 4.887 acres at free industrial zone of Senai Airport City, Johor for construction of a warehouse to be held for purpose of investment property for lease at a total purchase consideration of RM10.64 million ("Consideration"). 20% of the Consideration amounting to RM2.13 million and 80% of the Consideration amounting to RM8.51 million will be satisfied via internally generated funds and bank borrowing respectively, of which a deposit of 10% amounting to RM1.06 million has been paid via internally generated funds during the current quarter and financial year under review. On 26 February 2020, financial guarantees have been obtained from a bank for the balance of the Consideration of RM9.58 million which is payable to the vendor after financial year 2020.

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

A15. Capital commitments (continued)

- (ii) 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.

A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
A. Joint venture				
Contract income	8,385	385	17,038	16,072
Rental income	<u>21</u>	<u>14</u>	<u>90</u>	<u>59</u>
B. Companies in which certain Directors have financial interest				
Contract income	--	--	--	66
Rental expenses	--	--	--	(99)
Maintenance fee	--	--	--	(50)
Management fee	<u>--</u>	<u>--</u>	<u>--</u>	<u>(6)</u>
C. Minority shareholder of a subsidiary				
Interest expenses	<u>(91)</u>	<u>(107)</u>	<u>(397)</u>	<u>(296)</u>
D. Firm in which a Director has financial interest				
Professional fee	<u>(75)</u>	<u>(86)</u>	<u>(257)</u>	<u>(324)</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 %
	31.3.2020 RM'000	31.3.2019 RM'000	
Revenue	98,092	69,099	42
Gross profit	27,219	25,241	8
Share of profit/(loss) of an equity-accounted joint venture, net of tax	388	(802)	148
Profit before tax	20,145	30,180	(33)
Profit after tax	15,805	18,761	(16)
Profit attributable to owners of the Company	<u>14,795</u>	<u>15,788</u>	<u>(6)</u>

The Group's revenue increased by RM28.99 million due to the increase in construction services revenue of RM2.38 million, property development revenue of RM9.92 million, engineering services revenue of RM13.27 million and rental income of RM3.42 million.

The Group's construction services revenue increased from RM42.47 million to RM44.85 million, which was an increase of approximately 5.60%. The lower construction services revenue in the corresponding quarter was mainly due to some construction projects were near completion.

The Group's property development revenue increased from RM12.69 million to RM22.61 million, which was an increase of approximately 78.17%. The increase in revenue was mainly due to the higher sales of industrial properties.

The Group's engineering services revenue increased from RM8.01 million to RM21.28 million, which was an increase of approximately 165.67%. The increase in revenue was mainly due to the higher contribution from the steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division.

The Group's rental income increased from RM5.93 million to RM9.35 million, which was an increase of approximately 57.67%. The increase in revenue was mainly due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

Despite the Group recorded higher revenue and gross profit, the lower gross profit margin was mainly due to the progression in stage of completion of on-going engineering projects with lower profit margin.

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

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

The Movement Control Order ("MCO") imposed by the Government of Malaysia towards the end of the current quarter has to a certain extent affected the performance of the Group.

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

B1. Review of performance (continued)

Current financial year against corresponding financial year

	Cumulative quarter 12 months ended		Changes %
	31.3.2020 RM'000	31.3.2019 RM'000	
Revenue	380,346	339,013	12
Gross profit	120,324	94,054	28
Share of profit/(loss) of an equity-accounted joint venture, net of tax	5,239	(586)	994
Profit before tax	88,675	72,592	22
Profit after tax	68,644	50,990	35
Profit attributable to owners of the Company	<u>63,747</u>	<u>47,347</u>	<u>35</u>

The Group's revenue increased by RM41.33 million mainly due to the increase in property development revenue of RM49.21 million, engineering services revenue of RM27.50 million and rental income of RM13.11 million, partially offset by the decrease in construction services revenue of RM48.49 million.

The Group's construction services revenue decreased from RM233.67 million to RM185.18 million, which was a decrease of approximately 20.75%. The decrease in revenue was mainly due to the timing of construction projects. Some construction projects have been completed or were near completion and the newly secured projects were in initial stage. There was also temporary disruption to the Group's progression in stage of completion of on-going construction projects as a result of the MCO imposed by the Government of Malaysia prior to the end of the current financial year.

The Group's property development revenue increased from RM43.14 million to RM92.35 million, which was an increase of approximately 114.07%. The increase in revenue was mainly due to the sale of commercial shop lots in addition to higher sales of industrial properties.

The Group's engineering services revenue increased from RM40.68 million to RM68.18 million, which was an increase of approximately 67.60%. The increase in revenue was mainly due to the higher contribution from the steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division.

The Group's rental income increased from RM21.52 million to RM34.63 million, which was an increase of approximately 60.92%. The increase in revenue was mainly due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

In line with the increase in the Group's revenue, the Group recorded higher gross profit. The improvement in the Group's gross profit margin was mainly due to some new construction projects with higher profit margin.

The Group's share of profit from an equity-accounted joint venture was mainly due to the 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 the higher gross profit and higher share of profit from the joint venture, despite the lower fair value gains on investment properties.

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

B2. Comparison with immediate preceding quarter

	Current quarter 31.3.2020 RM'000	Preceding quarter 31.12.2019 RM'000	Changes %
Revenue	98,092	106,086	(8)
Gross profit	27,219	33,921	(20)
Share of profit of an equity-accounted joint venture, net of tax	388	88	341
Profit before tax	20,145	20,668	(3)
Profit after tax	15,805	15,003	5
Profit attributable to owners of the Company	<u>14,795</u>	<u>14,833</u>	<u>--</u>

The Group's revenue and gross profit decreased by RM7.99 million and RM6.70 million respectively mainly due to the decrease in construction services revenue. There was temporary disruption to the Group's progression in stage of completion of on-going construction projects as a result of the MCO.

The increase in the Group's share of profit of an equity-accounted joint venture of RM0.3 million was mainly due to the fair value gain on an investment property.

The Group recorded higher profit after tax mainly due to the fair value gains on investment properties and higher share of profit from the joint venture, partially offset by the lower gross profit.

B3. Prospects for the Group for the financial year ending 31 March 2021

In response to the unprecedented Coronavirus Disease 2019 ("COVID-19") pandemic, the Government of Malaysia imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional MCO ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery MCO ("RMCO") from 10 June 2020 to 31 August 2020 respectively. Under the MCO, non-essential services in the country were suspended, and this has temporarily disrupted the Group's construction, engineering and property development activities. Major subsidiaries of the Group obtained approvals from Ministry of International Trade and Industry ("MITI") between 22 to 30 April 2020 to gradually resume its operations for construction, engineering and property development activities on a limited scale during the MCO period under strict compliance of relevant standard operating procedures. During the CMCO period, the Group has resumed its business activities and operations with full workforce capacity as more business activities were allowed to reopen.

The Group is presently taking steps to recover the construction, engineering and property development progresses due to the delay caused by the MCO. Precautionary measures will be strictly adhered by the Group to prevent the spread of the COVID-19 and ensure the health and safety of our employees, including construction workers at our project sites.

We will continue developing i-Park @ Senai Airport City (Phase 1, Phase 2 and Phase 3) and expanding our construction services, engineering services and property investment and management services segments to improve the Group's profitability. We have also commenced the Phase 3 development of i-Park @ Senai Airport City in quarter 4 of this financial year.

Furthermore, in line with our expansion strategy, we would strive to grow the i-Park brand of industrial parks throughout Peninsular Malaysia and are exploring landbanking opportunities to sustain our future pipeline.

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

B3. Prospects for the Group for the financial year ending 31 March 2021 (continued)

We have a healthy level of unbilled sales from industrial properties at our i-Parks, as well as construction and engineering orderbook. We intend to participate in more jobs through the construction and engineering services division, and are also targeting growth in rental income and value of our investment properties in line with expanding activity at our industrial parks.

Despite the temporary disruption caused by the MCO which has adversely impacted the Group's business activities and operations at the beginning of the new financial year, the Board expects the Group to achieve a satisfactory financial performance for the financial year ending 31 March 2021 in view of the positive prospects outlined above.

B4. Profit forecast

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

B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Current				
Tax expense	6,051	4,293	21,254	13,891
Deferred tax (income)/expense	(1,711)	7,126	(1,223)	7,711
	<u>4,340</u>	<u>11,419</u>	<u>20,031</u>	<u>21,602</u>

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

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

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.

(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:

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

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.

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)

(a) 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.

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	8,656 ⁽ⁱ⁾
		<u>111,050</u>	<u>8,656</u>

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

- (i) The actual listing expenses incurred of RM8.66 million is lower than the estimated amount of RM10.00 million, therefore the excess amount of RM1.34 million will be used for working capital purposes, particularly as payment of initial development costs of Phase 3 of our i-Park @ Senai Airport City industrial park project.

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

B8. Borrowings and debt securities

	31.3.2020 RM'000	31.3.2019 RM'000
Secured		
Non-current		
Term loans	259,278	184,742
Finance lease liabilities	1,505	2,206
	260,783	186,948
Current		
Term loans	18,538	21,398
Finance lease liabilities	1,444	1,956
Bank overdrafts	2,460	5,539
	22,442	28,893
	<u>283,225</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

On 25 June 2020, the Board of Directors declared an interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 March 2020, which will be payable on 18 August 2020 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 July 2020.

B11. Earnings per share ("EPS")

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Net profit attributable to the owners of the Company (RM'000)	14,795	15,788	63,747	47,347
Weighted average number of ordinary shares in issue ('000)	427,115 ⁽ⁱ⁾	341,692 ⁽ⁱⁱ⁾	381,369 ⁽ⁱⁱⁱ⁾	341,692 ⁽ⁱⁱ⁾
Basic EPS (sen) ^(iv)	3.46	4.62	16.72	13.86
Diluted EPS (sen) ^(v)	<u>3.46</u>	<u>4.62</u>	<u>16.72</u>	<u>13.86</u>

(i) Based on the issued share capital of 427,115,101 ordinary shares after the completion of the Restructuring Exercise and the Public Issue.

(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) Based on the weighted average number of issued share capital of 341,692,101 ordinary shares after the completion of the Restructuring Exercise but before the Public Issue and 427,115,101 ordinary shares after the completion of the Public Issue.

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

B11. Earnings per share (“EPS”) (continued)

- (iv) 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 year under review.
- (v) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial year under review.

B12. Revenue

Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Revenue with contract customers				
Construction contract				
- over time	66,128	50,482	253,368	274,347
Sales of development properties				
- over time	8,449	3,330	49,232	33,783
- at a point in time	14,161	9,361	43,115	9,361
	22,610	12,691	92,347	43,144
Other revenue				
Rental income	9,354	5,926	34,631	21,522
Total revenue	<u>98,092</u>	<u>69,099</u>	<u>380,346</u>	<u>339,013</u>

B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,951	1,347	6,525	5,367
Rental expenses of:				
- equipment	1,482	5,702	8,874	14,685
- premises	11	8	38	109
Rental income of premises	(225)	(3)	(1,135)	(3)
Loss/(Gain) on disposal:				
- property, plant and equipment	78	(214)	55	(383)
- an investment property	109	--	109	--
Loss/(Gain) on foreign exchange				
- realised	40	42	43	92
- unrealised	(145)	98	(146)	59
Late payment interest income from purchasers	(5)	(81)	(185)	(566)
Reversal of impairment loss on trade receivables	(1)	(96)	(5)	(103)
Fair value gains on investment properties ⁽ⁱ⁾	(6,200)	(16,376)	(13,467)	(16,376)
	<u>(6,200)</u>	<u>(16,376)</u>	<u>(13,467)</u>	<u>(16,376)</u>

- (i) The fair value of investment properties was at level 3 which is determined by external independent property valuers 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 external independent property valuers' valuation was adjustment to the price per square foot of comparable properties.