

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

Interim Financial Report
Third quarter ended 31 December 2020

AME Elite Consortium Berhad

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

	unaudited 31.12.2020 RM'000	audited 31.3.2020 RM'000
Assets		
Property, plant and equipment	107,184	100,579
Inventories	8,662	8,662
Investment properties	336,701	344,266
Investment in a joint venture	20,649	20,769
Deferred tax assets	7,040	7,148
Total non-current assets	<u>480,236</u>	<u>481,424</u>
Inventories	332,643	357,763
Contract costs	28,575	5,820
Contract assets	8,863	30,157
Trade and other receivables	101,641	86,234
Current tax assets	2,458	659
Cash and cash equivalents	287,304	191,806
Total current assets	<u>761,484</u>	<u>672,439</u>
Total assets	<u><u>1,241,720</u></u>	<u><u>1,153,863</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	485,093	466,048
Merger reserve	(452,311)	(452,311)
Equity attributable to owners of the Company	<u>652,922</u>	<u>633,877</u>
Non-controlling interests	37,835	33,769
Total equity	<u>690,757</u>	<u>667,646</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	247,414	260,783
Due to a minority shareholder	10,000	10,000
Deferred tax liabilities	16,808	16,894
Total non-current liabilities	<u>274,222</u>	<u>287,677</u>
Loans and borrowings ⁽ⁱ⁾	26,753	22,442
Trade and other payables	169,140	144,643
Contract liabilities	75,236	23,707
Due to a minority shareholder	1,171	1,962
Current tax liabilities	4,441	5,786
Total current liabilities	<u>276,741</u>	<u>198,540</u>
Total liabilities	<u>550,963</u>	<u>486,217</u>
Total equity and liabilities	<u><u>1,241,720</u></u>	<u><u>1,153,863</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.53</u>	<u>1.48</u>

(i) See Note B8.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2020

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	121,679	106,086	297,291	282,254
Cost of sales	(93,938)	(72,165)	(230,072)	(189,149)
Gross profit	27,741	33,921	67,219	93,105
Other income	6,421	613	7,968	8,935
Distribution expenses	(862)	(255)	(2,666)	(2,171)
Administrative expenses	(7,697)	(11,296)	(21,838)	(27,906)
Other expenses	(120)	(19)	(996)	(39)
Results from operating activities	25,483	22,964	49,687	71,924
Finance income	1,058	1,147	3,204	2,537
Finance costs	(2,284)	(3,531)	(7,491)	(10,782)
Net finance costs	(1,226)	(2,384)	(4,287)	(8,245)
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(188)	88	3,010	4,851
Profit before tax ⁽ⁱ⁾	24,069	20,668	48,410	68,530
Tax expense	(7,208)	(5,665)	(12,976)	(15,691)
Profit for the period/ Total comprehensive income for the period	16,861	15,003	35,434	52,839
Profit attributable to:				
Owners of the Company	15,142	14,833	31,858	48,952
Non-controlling interests	1,719	170	3,576	3,887
Profit for the period/ Total comprehensive income for the period	16,861	15,003	35,434	52,839
Basic earnings per ordinary share (sen) ⁽ⁱⁱ⁾	3.55	3.57	7.46	13.37
Diluted earnings per ordinary share (sen) ⁽ⁱⁱ⁾	3.55	3.57	7.46	13.37

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

- (i) For illustration purposes only, the Group's normalised financial performance after adjusting for the fair value changes of investment properties and one-off listing expenses is as follow:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit before tax	24,069	20,668	48,410	68,530
Less: Fair value gains on investment properties	*(5,711)	--	*(5,711)	***(7,267)
Add back: Realisation of fair value from sales of investment properties	--	--	^7,603	--
Add back: Listing expenses	--	1,855	--	2,894
Normalised profit before tax	<u>18,358</u>	<u>22,523</u>	<u>50,302</u>	<u>64,157</u>

* The fair value gains on investment properties net of tax and share by non-controlling interests was RM3.44 million.

** The fair value gains on investment properties net of tax and share by non-controlling interests was RM5.23 million.

^ The realisation of fair value from sales of investment properties net of tax and share by non-controlling interests was RM6.30 million.

- (ii) See Note B11.

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Unaudited condensed consolidated statement of changes in equity for the period ended 31 December 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 2019	1	4,501	--	401,907	406,409	30,266	436,675
Profit and total comprehensive income for the period	--	--	--	48,952	48,952	3,887	52,839
Capitalisation of amounts due to Directors	55,725	--	--	--	55,725	--	55,725
New shares issued by the Company as consideration for the acquisition of subsidiaries	456,812	--	(456,812)	--	--	--	--
Subscription of shares in subsidiaries	--	800	(800)	--	--	--	--
Reversal of issued and paid-up share capital of the subsidiaries	--	(5,301)	5,301	--	--	--	--
New shares issued by the Company for the Public Issue	111,050	--	--	--	111,050	--	111,050
New shares issuance expenses for the Public Issue	(3,448)	--	--	--	(3,448)	--	(3,448)
At 31 December 2019	620,140	--	(452,311)	450,859	618,688	34,153	652,841
At 1 April 2020	620,140	--	(452,311)	466,048	633,877	33,769	667,646
Profit and total comprehensive income for the period	--	--	--	31,858	31,858	3,576	35,434
Subscription of shares by non-controlling interests	--	--	--	--	--	490	490
Dividends to owners of the Company	--	--	--	(12,813)	(12,813)	--	(12,813)
At 31 December 2020	620,140	--	(452,311)	485,093	652,922	37,835	690,757

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Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2020

	9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Cash flows from operating activities		
Profit before tax	48,410	68,530
Adjustments for:		
Impairment loss/(Reversal) on trade receivables	130	(4)
Property, plant and equipment:		
- depreciation	4,870	4,574
- gain on disposal	(186)	(23)
Loss on disposal of investment properties	197	--
Share of profit of an equity-accounted joint venture, net of tax	(3,010)	(4,851)
Finance costs	7,491	10,782
Finance income	(3,204)	(2,537)
Unrealised gain on foreign exchange	(2)	(1)
Changes in fair value of investment properties	(5,711)	(7,267)
Operating profit before changes in working capital	48,985	69,203
Changes in inventories	35,197 ⁽ⁱ⁾	(128,639)
Changes in trade and other receivables	(15,405)	(9,156)
Changes in trade and other payables	24,497	19,958
Changes in contract assets/(liabilities)	72,823	(25,636)
Changes in contract costs	(22,755)	3,882
Cash generated from/(used in) operations	143,342	(70,388)
Interest received	3,204	2,537
Interest paid	(7,203)	(7,640)
Tax paid	(16,098)	(6,579)
Net cash from/(used in) operating activities	123,245	(82,070) ⁽ⁱⁱ⁾
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(11,046)	(6,881)
- investment properties	(16,101)	(48,011)
Proceeds from disposal of:		
- property, plant and equipment	207	50
- investment properties	19,103	--
Dividends received from a joint venture	3,000	8,000
Changes in pledged deposits	2,189	2,636
Net cash used in investing activities	(2,648)	(44,206)
Cash flows from financing activities		
Repayment of hire purchase liabilities	(941)	(1,569)
Repayment of short term borrowings	--	(705)
Proceeds from short term borrowings	5,000	10,705
Repayment of term loans	(26,958)	(53,304)
Drawdown from term loans	15,022	146,015
Proceeds from issue of share capital	--	111,050
Repayment of shares issuance expenses	--	(3,448)
Proceeds from issuance of shares to non-controlling interests	490	--
Interest paid	(79)	(156)
Dividends paid to:		
- owners of the Company	(12,813)	--
- non-controlling interests	(1,000)	--
Due to Directors	--	1,500
Net cash (used in)/from financing activities	(21,279)	210,088

Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2020
(continued)

	9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Net increase in cash and cash equivalents	99,318	83,812
Cash and cash equivalents as at 1 April	<u>173,174</u>	<u>78,436</u>
Cash and cash equivalents as at 31 December	<u><u>272,492</u></u>	<u><u>162,248</u></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:

	9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Cash and cash equivalents:		
- cash and bank balances	133,785	51,857
- fixed deposits with licensed banks	<u>153,519</u>	<u>127,212</u>
	287,304	179,069
Less: Pledged deposits	(13,983)	(15,877)
Bank overdrafts	<u>(829)</u>	<u>(944)</u>
	<u><u>272,492</u></u>	<u><u>162,248</u></u>

- (i) There was a transfer of investment properties to inventories amounting to RM10.08 million during the financial period under review.
- (ii) There was a net cash used in operating activities during the corresponding financial period 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 period under review. The acquisition of the Land was completed on 27 August 2019. 80% of the Land amounting to RM120.11 million was determined for purpose of development properties for sale whilst the remaining 20% of the Land amounting to RM30.03 million was 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 audited consolidated financial statements for the year ended 31 March 2020 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 consolidated financial statements for the year ended 31 March 2020.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- 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*

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

A2. Significant accounting policies (continued)

The Group plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group upon their first adoption.

A3. Auditors' report

The audited consolidated financial statements for the financial year ended 31 March 2020 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.

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.

A8. Dividends paid

On 25 June 2020, the Board of Directors declared an interim single-tier dividend of 3.0 sen per ordinary share totaling RM12.81 million in respect of the financial year ended 31 March 2020, which was paid on 18 August 2020 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 30 July 2020.

A9. Property, plant and equipment ("PPE")

The Group acquired PPE amounting to RM10.10 million and RM11.05 million during the current quarter and financial period under review respectively.

Included in the PPE acquisitions was an acquisition of 3 plots of freehold land measuring approximately 3.45 acres at Senai Airport City, Johor at a total purchase consideration of approximately RM7.53 million for building workers' dormitories for rental income in the near future.

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:

1.10.2020 to 31.12.2020 (3Q2021)	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	52,934	48,024	11,626	9,095	121,679	--	121,679
Inter-segment revenue	25,739	--	19,372	1,992	47,103	(47,103)	--
Total revenue	78,673	48,024	30,998	11,087	168,782	(47,103)	121,679
Segment results from operating activities	5,843	9,940	1,802	12,387 ⁽ⁱ⁾	29,972	(4,489)	25,483
Share of loss of a joint venture							(188)
Finance income							1,058
Finance costs							(2,284)
Profit before tax							24,069
Tax expense							(7,208)
Profit after tax							16,861

(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)**

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

1.10.2019 to 31.12.2019 (3Q2020)	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	60,080	13,959	23,168	8,879	106,086	--	106,086
Inter-segment revenue	13,311	--	10,286	2,091	25,688	(25,688)	--
Total revenue	73,391	13,959	33,454	10,970	131,774	(25,688)	106,086
Segment results from operating activities	13,563	1,813	1,469	6,302	23,147	(183)	22,964
Share of profit of a joint venture							88
Finance income							1,147
Finance costs							(3,531)
Profit before tax							20,668
Tax expense							(5,665)
Profit after tax							15,003

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

A11. Segmental information (continued)

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

1.4.2020 to 31.12.2020 (Cumulative 3Q2021)	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	124,001	112,953	33,766	26,571	297,291	--	297,291
Inter-segment revenue	53,555	--	47,257	6,436	107,248	(107,248)	--
Total revenue	177,556	112,953	81,023	33,007	404,539	(107,248)	297,291
Segment results from operating activities	8,724	22,271	(1,244)	25,926 ⁽ⁱ⁾	55,677	(5,990)	49,687
Share of profit of a joint venture							3,010
Finance income							3,204
Finance costs							(7,491)
Profit before tax							48,410
Tax expense							(12,976)
Profit after tax							35,434

(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)

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

1.4.2019 to 31.12.2019 (Cumulative 3Q2020)	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	140,340	69,737	46,900	25,277	282,254	--	282,254
Inter-segment revenue	39,631	--	46,768	6,027	92,426	(92,426)	--
Total revenue	179,971	69,737	93,668	31,304	374,680	(92,426)	282,254
Segment results from operating activities	28,348	11,177	5,419	27,453 ⁽ⁱ⁾	72,397	(473)	71,924
Share of profit of a joint venture							4,851
Finance income							2,537
Finance costs							(10,782)
Profit before tax							68,530
Tax expense							(15,691)
Profit after tax							52,839

(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

There were no 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

Quantum Renewable Energy Sdn Bhd (“QRE”) was incorporated on 1 July 2020. It is formed 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. QRE is 51% owned by a subsidiary of the Company, Symphony Square Sdn Bhd (“SS”) and 49% owned by Baozhou New Energy Technology Sdn Bhd (“BNET”). The initial share capital of QRE is RM1 million in which SS subscribed for 510,000 ordinary shares and BNET subscribed for 490,000 ordinary shares.

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

A14. Contingent assets and contingent liabilities

A performance guarantee of RM20.19 million given to a customer of a subsidiary in respect of performance of contract has been fully discharged on 20 July 2020.

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

	31.12.2020 RM'000	31.3.2020 RM'000
Capital expenditure commitment		
Property, plant and equipment		
(Two new blocks of workers' dormitories in i-Park @ Indahpura)		
Contracted but not provided for	22,081	--

Save as disclosed above, there were no changes in capital commitments of the Group for the current quarter and financial period under review.

A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
A. Joint venture				
Contract income	1,398	6,918	7,446	8,653
Rental income	21	21	63	69
B. Minority shareholder of a subsidiary				
Interest expenses	(65)	(101)	(209)	(306)
C. Firm in which a Director has financial interest				
Professional fees	(75)	(6)	(111)	(182)

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 %
	31.12.2020 RM'000	31.12.2019 RM'000	
Revenue	121,679	106,086	15
Gross profit	27,741	33,921	(18)
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(188)	88	(314)
Profit before tax	24,069	20,668	16
Profit after tax	16,861	15,003	12
Profit attributable to owners of the Company	<u>15,142</u>	<u>14,833</u>	<u>2</u>

The Group's revenue increased by RM15.59 million mainly due to the increase in property development revenue of RM34.06 million and rental income of RM0.22 million, partially offset by the decrease in construction services revenue of RM7.15 million and engineering services revenue of RM11.54 million.

The Group's property development revenue increased from RM13.96 million to RM48.02 million, which was an increase of approximately 243.98%. The increase in the revenue was mainly due to the higher sales of industrial properties and higher stages of work completed.

The Group's rental income increased from RM8.88 million to RM9.10 million, which was an increase of approximately 2.48%. The increase in the rental income was mainly due to the higher rental income generated from workers' dormitories.

The Group's construction services revenue decreased from RM60.08 million to RM52.93 million, which was a decrease of approximately 11.90%. The decrease in the revenue was mainly due to the timing of external construction projects. The Group was involved in more internal construction activities in conjunction with the Group's higher sales of industrial properties.

The Group's engineering services revenue decreased from RM23.17 million to RM11.63 million, which was a decrease of approximately 49.81%. There were lower contributions from steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division mainly due to certain existing engineering projects were near completion.

Despite the higher revenue, the Group recorded lower gross profit mainly due to certain industrial properties, construction and engineering projects with lower profit margin.

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

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

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 9 months ended		Changes %
	31.12.2020 RM'000	31.12.2019 RM'000	
Revenue	297,291	282,254	5
Gross profit	67,219	93,105	(28)
Share of profit of an equity-accounted joint venture, net of tax	3,010	4,851	(38)
Profit before tax	48,410	68,530	(29)
Profit after tax	35,434	52,839	(33)
Profit attributable to owners of the Company	<u>31,858</u>	<u>48,952</u>	<u>(35)</u>

The Group's property development, construction and engineering operations were temporarily disrupted by the Movement Control Order ("MCO") imposed by the Government of Malaysia from mid-March to May 2020, which led to delay in project completion and recognition, especially construction and engineering projects.

The Group's revenue increased by RM15.04 million due to the increase in property development revenue of RM43.21 million and rental income of RM1.30 million, partially offset by the decrease in construction services revenue of RM16.34 million and engineering services revenue of RM13.13 million.

The Group's property development revenue increased from RM69.74 million to RM112.95 million, which was an increase of approximately 61.96%. The increase in the revenue recognised was mainly due to the higher stages of work completed.

The Group's rental income increased from RM25.27 million to RM26.57 million, which was an increase of approximately 5.14%. The increase in the rental income was mainly due to the higher rental income generated from workers' dormitories.

The Group's construction services revenue decreased from RM140.34 million to RM124.00 million, which was a decrease of approximately 11.64%. In addition to the impact from the MCO, the decrease in the revenue was mainly due to the timing of external construction projects. The Group was involved in more internal construction activities in conjunction with the Group's higher sales of industrial properties.

The Group's engineering services revenue decreased from RM46.90 million to RM33.77 million, which was a decrease of approximately 28.00%. There were lower contributions from steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division mainly due to certain existing engineering projects were near completion and the impact from the MCO.

In addition to the fixed overhead costs incurred during the temporary disruption to the Group's operations caused by the MCO, the Group recorded lower gross profit mainly due to certain industrial properties, construction and engineering projects with lower profit margin.

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

Overall, the Group recorded lower profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the temporary disruption to the Group's operations caused by the MCO, lower share of profit from the joint venture and 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 31.12.2020 RM'000	Preceding quarter 30.9.2020 RM'000	Changes %
Revenue	121,679	120,888	1
Gross profit	27,741	25,599	8
Share of profit of an equity-accounted joint venture, net of tax	(188)	1,247	(115)
Profit before tax	24,069	17,721	36
Profit after tax	16,861	12,554	34
Profit attributable to owners of the Company	15,142	11,393	33

The Group's gross profit increased by RM2.14 million mainly due to the construction projects with better profit margin.

The decrease in the Group's share of profit of an equity-accounted joint venture was mainly due to the lower sales of industrial properties recorded 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 fair value gains on investment properties.

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

In response to the surge in the COVID-19 infections nationwide, the Government of Malaysia implemented a second Movement Control Order ("MCO 2.0") from 13 January 2021 to 4 March 2021 across certain states in the country, including Johor and Selangor where the Group operates. However, there was no major disruption to the Group's construction, engineering and property development activities as the Group's business activities were allowed to operate during the MCO 2.0 period under the strict compliance of relevant standard operating procedures.

The protracted and evolving COVID-19 situation worldwide and the reintroduction of the MCO 2.0 in the country may adversely impact the foreign direct investment flows to the country. The take-up of our i-Park industrial properties may be under pressure from the on-going border closures. Nevertheless, this impact has been alleviated as the Group was able to secure a substantial domestic direct investment to build its headquarters and industrial facilities in i-Park @ Senai Airport City during the financial year.

We will continue developing i-Park @ Senai Airport City (Phase 1, Phase 2 and Phase 3) and expanding our construction segment to improve the Group's profitability.

We have a healthy level of unbilled sales from industrial properties at our i-Parks, as well as construction and engineering orderbook, which would contribute to earnings recognition until the financial year ending 31 March 2022. We have also been receiving enquiries for our industrial properties, especially from those multinational companies in the country which are planning to expand locally.

While mindful of potential changes in the business landscape in light of the economic challenges at the macro level, we remain steadfast in exploring, identifying and transforming suitable landbank to potentially replicate our i-Park model in Peninsular Malaysia.

Despite the uncertain economic scenario posed by the COVID-19 pandemic, the Board of Directors expects the Group to achieve a satisfactory financial performance 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 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Current				
Tax expense	7,186	6,512	12,845	15,203
Deferred tax expense/(income)	22	(847)	(814)	488
Real Property Gains Tax ("RPGT")	--	--	945	--
	<u>7,208</u>	<u>5,665</u>	<u>12,976</u>	<u>15,691</u>

The Group's effective tax rate for the current quarter under review was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes, whilst the Group's effective tax rate for the financial period under review was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes and the RPGT incurred for disposal of investment properties, partially offset by the effect of share of profit of an equity-accounted joint venture on a net of tax basis.

B6. Status of corporate proposals

(i) On 9 October 2020, wholly-owned subsidiaries of the Company, Pentagon Land Sdn Bhd ("Pentagon") and Greenhill SILC Sdn Bhd ("Greenhill") (Pentagon and Greenhill are collectively defined as "Purchaser") entered into two separate Heads of Agreement ("HOAs") with UEM Land Berhad ("UEM" or "Vendor") and Nusajaya Heights Sdn Bhd ("NHSB" or "Proprietor"), both being the subsidiaries of UEM Sunrise Berhad, in the following manner:

- (a) the first HOA ("HOA 1") was entered into between Pentagon, Greenhill, UEM and NHSB; and
- (b) the second HOA ("HOA 2") was entered into between Pentagon, UEM and NHSB

Pentagon, Greenhill, UEM and NHSB are collectively defined as ("Parties") and HOA 1 and HOA 2 are collectively defined as ("Signed HOA").

The Signed HOA is in relation to the acquisition of seventy-two (72) plots of freehold industrial land in Phase 3, Southern Industrial & Logistic Clusters ("SiLC") in Iskandar Puteri, Johor measuring a total acreage of approximately 169.75 acres by the Purchaser for a total purchase consideration of approximately RM434.29 million ("Proposed Acquisition").

The Proposed Acquisition is conditional upon the execution of legal binding agreements comprising the sale and purchase agreements, amongst others ("Definitive Agreements"). Negotiations between the Parties have commenced with respect to the Definitive Agreements. Pending the conclusion of the negotiations, the Parties have agreed to document their intentions as well as the salient terms to be incorporated in the Definitive Agreements via the Signed HOA, which is non-binding and not intended to create any legal obligations between the Parties.

The Signed HOA will be valid for a period of thirty (30) days from the date of execution, or at an extended date as agreed in writing by the Parties, whichever is the later. The Vendor and Proprietor will not enter into deals with other parties during this period.

On 6 November 2020 and 7 December 2020, the Parties mutually agreed to extend the validity period of the Signed HOA for another thirty (30) days from 8 November 2020 to 7 December 2020 and to further extend the validity period of the Signed HOA for another twenty-four (24) days from 8 December 2020 to 31 December 2020 respectively.

Subsequently, Pentagon and Greenhill had on 30 December 2020 and entered into the following agreements:

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

B6. Status of corporate proposals (continued)

- (a) a conditional sale and purchase agreement entered into by Pentagon to acquire thirty-eight (38) plots of freehold industrial land in Mukim of Pulai, District of Johor Bahru, State of Johor all located within Phase 3 of SiLC, measuring approximately 37.09 hectares or approximately 91.64 acres in total land area ("Non-Bumi Plots") from UEM and NHSB for an indicative total cash consideration of approximately RM233.53 million ("Purchase Consideration 1") ("SPA 1"); and
- (b) a conditional sale and purchase agreement entered into by Greenhill to acquire thirty-four (34) plots of freehold industrial land in Mukim of Pulai, District of Johor Bahru, State of Johor all located within Phase 3 of SiLC, measuring approximately 31.61 hectares or approximately 78.11 acres in total land area ("Bumi Plots") from UEM and NHSB for an indicative total cash consideration of approximately RM200.76 million ("Purchase Consideration 2") ("SPA 2").

The Proposed Acquisitions entail the acquisition of the lands by Pentagon and Greenhill from UEM and NHSB for an indicative Total Purchase Consideration of approximately RM434.29 million, subject to the terms and conditions of the sale and purchase agreements ("SPAs"). Pursuant to the SPAs, Pentagon shall purchase the Non-Bumi Plots and Greenhill shall purchase the Bumi Plots respectively free from all encumbrances and with vacant possession, subject to any expressed and implied conditions of title and restrictions in interest, and other endorsements as registered on the documents of title to the Non-Bumi Plots or Bumi Plots upon the terms and conditions of the SPA 1 and SPA 2 respectively.

The Proposed Acquisitions are subject to the Company obtaining its shareholders' approval in an extraordinary general meeting which date has yet to be determined.

- (ii) On 1 December 2020, the Company appointed Hong Leong Investment Bank Berhad as the Principal Adviser and Bookrunner for the Proposed Establishment and Listing of an Industrial Real Estate Investment Trust ("AME REIT") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed REIT Establishment and Listing").

The initial investment portfolio of AME REIT shall comprise industrial properties to be identified, which are currently owned by the subsidiaries of the Company ("Subject Properties").

The Proposed REIT Establishment and Listing may entail, amongst others, the following:

- (a) proposed disposals by the subsidiaries of the Company of their interests in the Subject Properties to AME REIT with the disposal consideration to be satisfied through a combination of cash and issuance of new units in AME REIT ("Units");
- (b) proposed placement of Units to institutional investors and selected investors to meet the public unitholding spread requirement of at least 25% pursuant to the Main Market Listing Requirements of Bursa Securities; and
- (c) proposed admission of AME REIT to the Official List of Bursa Securities and the listing of and quotation for the Units on the Main Market of Bursa Securities.

Apart from the above, the Company will also explore other potential corporate exercises which may be undertaken as part of the Proposed REIT Establishment and Listing.

The Proposed REIT Establishment and Listing will be subject to, amongst others, valuation of the Subject Properties to be conducted, finalisation of the structure, terms and conditions, the necessary approvals, waivers and/or consents from the relevant authorities and the approval of the shareholders of the Company.

Save as disclosed above, there were no corporate proposals pending completion as at the date of this report.

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	Initial proposed utilisation RM'000	Revised 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	78,050 ⁽ⁱ⁾	--
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	24,344	10,273
Complete the expansion of our precast concrete fabrication capacity	Within 12 months	9,000	-- ⁽ⁱ⁾	--
Estimated listing expenses	Within 6 months	10,000	8,656	8,656 ⁽ⁱⁱ⁾
		<u>111,050</u>	<u>111,050</u>	<u>18,929</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) On 25 February 2021, the Board of Directors ("Board") has approved to vary the utilisation of proceeds arising from the IPO ("IPO Proceeds") for the future industrial property development and investment projects including land acquisitions and joint ventures, and the expansion of precast concrete fabrication capacity.

Amidst the COVID-19 pandemic, the Group's precast concrete division has been facing decrease in demand for precast concrete products arising from economic and construction industry slowdowns, as well as decrease in profit margin due to the high overhead costs and tough competition among the industry players.

The Board is of the view that the Group's precast concrete business will remain challenging given the uncertain economic scenario posed by the COVID-19 pandemic. As such, the Board has decided not to proceed the Group's expansion plan for precast concrete fabrication capacity, and to vary the IPO Proceeds by reallocating the entire initial proposed utilisation of RM9.0 million for the expansion of precast concrete fabrication capacity to the future industrial property development and investment projects including land acquisitions and joint ventures.

The reallocated IPO Proceeds will be utilised to partially fund the Proposed Acquisitions as disclosed in Note B6 which is expected to contribute positively to the future earnings of the Group as and when the benefits of the Proposed Acquisitions are realised.

- (ii) 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

	31.12.2020 RM'000	31.3.2020 RM'000
Secured		
Non-current		
Term loans	246,115	259,278
Hire purchase liabilities	1,299	1,505
	247,414	260,783
Current		
Term loans	19,765	18,538
Revolving credit	5,000	--
Hire purchase liabilities	1,159	1,444
Bank overdrafts	829	2,460
	26,753	22,442
	<u>274,167</u>	<u>283,225</u>

B9. Material litigations

AME Construction Sdn Bhd ("Plaintiff"), a wholly owned subsidiary of Amsun Industries Sdn Bhd which in turn is a wholly owned subsidiary of the Company, has on 6 November 2020 filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Shah Alam, Selangor Darul Ehsan ("Civil Suit") against Area Ventures Sdn Bhd ("Defendant"), via its solicitors Messrs Raja, Darryl & Loh pertaining to a project known as

"Cadangan Membina Sebuah Pusat Gudang Logistik Yang Mengandungi: (i) 1 Blok Gudang 3 Tingkat Dengan Pejabat Di Tingkat Mezzanine Dan 1 Tingkat Sub-Basemen Gudang dan Tempat Letak Kereta, (ii) 2 Unit Pondok Pengawal, (iii) 1 Unit Pencawang Pembahagian Utama TNB Dan Bangunan-Bangunan Utiliti, (iv) 1 Unit Bangunan Pejabat Satellite Kastam, Di Atas Lot 7716 (PN 97879) Dan Lot 7717 (HSM 2601/PT 7666), Lorong Enggang, Hulu Kelang FTZ, Seksyen 2, Bandar Hulu Kelang, Daerah Gombak, Selangor Darul Ehsan, Untuk Tetuan Area Ventures Sdn Bhd" ("Project")

where the Plaintiff was engaged by the Defendant, via inter alia a principal letter of award dated 1 August 2016, as its main contractor to carry out the construction works for the project. The said principal letter of award has incorporated various documents all of which taken together formed the contract between the parties ("Contract").

The Plaintiff had completed all the works under the Contract and the Certificate of Practical Completion was obtained on 17 November 2019. The defects liability period will therefore expire on 16 November 2020. However, the Defendant failed to pay the Plaintiff for part of the works properly done and completed under the Contract.

To resolve the overdue payment for the debt owing to the Plaintiff by the Defendant, the parties agreed to a settlement by way of a letter dated 19 June 2020 ("Settlement Letter") from the Defendant to the Plaintiff.

The Defendant has failed to honour its payment obligations under the Settlement Letter by failing to pay the Plaintiff a substantial amount due under the Settlement Letter by 30 September 2020. In view of the current default by the Defendant, it is anticipated that the Defendant may default in the subsequent payment obligation as well.

The Plaintiff was claiming against the Defendant for the following:

- (i) The sum of RM24,700,143.13;
- (ii) The sum of RM4,878,971.01 as the Defendant failed to pay the same to the Plaintiff on 17 November 2020;

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

B9. Material litigations (continued)

- (iii) Interest at the rate of 5% per annum on RM24,700,143.13 to be calculated from 1 October 2020 until full realisation and interest at the rate of 5% per annum on RM4,878,971.01 to be calculated from 17 November 2020 until full realisation;
- (iv) Costs on indemnity basis to be paid by the Defendant to the Plaintiff; and
- (v) Such further and/or other order or relief as the Honourable Court thinks fit to grant.

The hearing of the Defendant's Application for a Stay of Proceedings Pending Arbitration was held on 4 February 2021 and the High Court of Malaya at Shah Alam was scheduled to deliver its decision on 17 February 2021.

The High Court of Malaya at Shah Alam had on 17 February 2021 allowed the Defendant's Application for a Stay of Proceedings Pending Arbitration, for parties to refer disputes to arbitration. The Plaintiff will file an appeal against the said decision within one (1) month from 17 February 2021.

The Board of Directors of the Company is of the opinion that it is necessary for the Plaintiff to pursue the Civil Suit to best protect the interest of the Group.

The Civil Suit is not expected to materially affect the operations of the Group.

Save as disclosed above, there were no other material litigations which might materially and adversely affect the financial position of the Group as at the date of this report.

B10. Dividends

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

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 9 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit attributable to the owners of the Company (RM'000)	15,142	14,833	31,858	48,952
Weighted average number of ordinary shares in issue ('000)	427,115 ⁽ⁱ⁾	415,044 ⁽ⁱⁱ⁾	427,115 ⁽ⁱ⁾	366,232 ⁽ⁱⁱ⁾
Basic EPS (sen) ⁽ⁱⁱⁱ⁾	3.55	3.57	7.46	13.37
Diluted EPS (sen) ^(iv)	3.55	3.57	7.46	13.37

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

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

B12. Revenue

Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	64,560	83,248	157,767	187,240
Sales of properties under development				
- over time	24,783	7,155	39,543	40,783
Sales of completed properties and land				
- at a point in time	23,241	6,804	73,410	28,954
	112,584	97,207	270,720	256,977
Other revenue				
Rental income	9,095	8,879	26,571	25,277
Total revenue	<u>121,679</u>	<u>106,086</u>	<u>297,291</u>	<u>282,254</u>

B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,568	1,582	4,870	4,574
Expenses relating to short term leases of:				
- equipment	2,351	1,076	5,467	7,392
- premises	171	12	229	27
Rental income of premises	(404)	(404)	(1,212)	(910)
Loss/(Gain) on disposal of:				
- property, plant and equipment	6	4	(186)	(23)
- investment properties	--	--	197	--
(Gain)/Loss on foreign exchange:				
- realised	(3)	(9)	14	3
- unrealised	(1)	6	(2)	(1)
Impairment loss/(Reversal) on trade receivables	--	--	130	(4)
Late payment interest income from purchasers	(9)	(7)	(9)	(180)
Changes in fair value of investment properties ⁽ⁱ⁾	(5,711)	--	(5,711)	(7,267)
	<u>(5,711)</u>	<u>--</u>	<u>(5,711)</u>	<u>(7,267)</u>

- (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.