

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

Interim Financial Report
Fourth quarter ended 31 March 2021

AME Elite Consortium Berhad

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Unaudited condensed consolidated statement of financial position As at 31 March 2021

	unaudited 31.3.2021 RM'000	audited 31.3.2020 RM'000
Assets		
Property, plant and equipment	131,597	100,579
Inventories	8,662	8,662
Investment properties	325,600	344,266
Investment in a joint venture	18,194	20,769
Deferred tax assets	8,874	7,148
Total non-current assets	<u>492,927</u>	<u>481,424</u>
Inventories	311,459	357,763
Contract costs	6,742	5,820
Contract assets	16,495	30,157
Trade and other receivables	94,332	86,234
Current tax assets	1,319	659
Cash and cash equivalents	271,402	191,806
Total current assets	<u>701,749</u>	<u>672,439</u>
Total assets	<u><u>1,194,676</u></u>	<u><u>1,153,863</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	507,852	466,048
Merger reserve	(452,311)	(452,311)
Equity attributable to owners of the Company	<u>675,681</u>	<u>633,877</u>
Non-controlling interests	37,708	33,769
Total equity	<u>713,389</u>	<u>667,646</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	226,133	260,783
Due to a minority shareholder	10,000	10,000
Deferred tax liabilities	18,164	16,894
Total non-current liabilities	<u>254,297</u>	<u>287,677</u>
Loans and borrowings ⁽ⁱ⁾	21,475	22,442
Trade and other payables	159,679	144,643
Contract liabilities	37,258	23,707
Due to a minority shareholder	2,234	1,962
Current tax liabilities	6,344	5,786
Total current liabilities	<u>226,990</u>	<u>198,540</u>
Total liabilities	<u>481,287</u>	<u>486,217</u>
Total equity and liabilities	<u><u>1,194,676</u></u>	<u><u>1,153,863</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.58</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 fourth quarter ended 31 March 2021

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Revenue	163,315	98,092	460,606	380,346
Cost of sales	(119,833)	(70,873)	(349,905)	(260,022)
Gross profit	43,482	27,219	110,701	120,324
Other income	2,489	6,902	10,457	15,837
Distribution expenses	(1,053)	(2,549)	(3,719)	(4,720)
Administrative expenses	(11,278)	(9,659)	(33,116)	(37,565)
Other expenses	(299)	(443)	(1,295)	(482)
Results from operating activities	33,341	21,470	83,028	93,394
Finance income	1,235	1,485	4,439	4,022
Finance costs	(2,347)	(3,198)	(9,838)	(13,980)
Net finance costs	(1,112)	(1,713)	(5,399)	(9,958)
Share of profit of an equity-accounted joint venture, net of tax	500	388	3,510	5,239
Profit before tax ⁽ⁱ⁾	32,729	20,145	81,139	88,675
Tax expense	(9,097)	(4,340)	(22,073)	(20,031)
Profit for the period/year/ Total comprehensive income for the period/year	23,632	15,805	59,066	68,644
Profit attributable to:				
Owners of the Company	22,759	15,189	54,617	64,141
Non-controlling interests	873	616	4,449	4,503
Profit for the period/year/ Total comprehensive income for the period/year	23,632	15,805	59,066	68,644
Basic earnings per ordinary share (sen) ⁽ⁱⁱ⁾	5.33	3.56	12.79	16.82
Diluted earnings per ordinary share (sen) ⁽ⁱⁱ⁾	5.33	3.56	12.79	16.82

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2021 (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 12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Profit before tax	32,729	20,145	81,139	88,675
Less: Fair value gains on investment properties	*(1,542)	** (6,200)	*(7,253)	** (13,467)
Add back: Realisation of fair value from sales of investment properties	^8,586	^^1,115	^16,189	^^1,115
Add back: Listing expenses	--	--	--	2,894
Normalised profit before tax	<u>39,773</u>	<u>15,060</u>	<u>90,075</u>	<u>79,217</u>

* The fair value gains on investment properties net of tax and share by non-controlling interests was RM1.68 million (higher than the fair value gains on investment properties of RM1.54 million during the current quarter under review due to the higher provision of deferred tax liability for fair value gain on an investment property in the preceding quarter which was subsequently reversed upon sale of the investment property in the current quarter under review) and RM5.12 million during the current quarter and financial year under review respectively.

** The fair value gains on investment properties net of tax and share by non-controlling interests was RM5.36 million and RM10.59 million during the corresponding quarter and financial year under review respectively.

^ The realisation of fair value from sales of investment properties net of tax and share by non-controlling interests was RM6.27 million and RM12.57 million during the current quarter and financial year under review respectively.

^^ The realisation of fair value from sales of investment properties net of tax and share by non-controlling interests was RM1.0 million during the corresponding quarter and financial year under review.

- (ii) See Note B11.

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Unaudited condensed consolidated statement of changes in equity for the year ended 31 March 2021

	← 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 year	--	--	--	64,141	64,141	4,503	68,644
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)
Dividends to non-controlling interests in a subsidiary	--	--	--	--	--	(1,000)	(1,000)
At 31 March 2020	620,140	--	(452,311)	466,048	633,877	33,769	667,646
At 1 April 2020	620,140	--	(452,311)	466,048	633,877	33,769	667,646
Profit and total comprehensive income for the year	--	--	--	54,617	54,617	4,449	59,066
Subscription of shares by non-controlling interests	--	--	--	--	--	490	490
Dividends to owners of the Company	--	--	--	(12,813)	(12,813)	--	(12,813)
Dividends to non-controlling interests in a subsidiary	--	--	--	--	--	(1,000)	(1,000)
At 31 March 2021	620,140	--	(452,311)	507,852	675,681	37,708	713,389

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Unaudited condensed consolidated statement of cash flows for the year ended 31 March 2021

	12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000
Cash flows from operating activities		
Profit before tax	81,139	88,675
Adjustments for:		
Impairment loss/(Reversal) on trade receivables	172	(5)
Property, plant and equipment:		
- depreciation	6,760	6,525
- (gain)/loss on disposal	(139)	55
Loss on disposal of investment properties	197	109
Share of profit of an equity-accounted joint venture, net of tax	(3,510)	(5,239)
Finance costs	9,838	13,980
Finance income	(4,439)	(4,022)
Unrealised loss/(gain) on foreign exchange	80	(146)
Changes in fair value of investment properties	(7,253)	(13,467)
Operating profit before changes in working capital	82,845	86,465
Changes in inventories	42,257 ⁽ⁱ⁾	(123,993)
Changes in trade and other receivables	(9,265)	8,205
Changes in trade and other payables	15,036	6,411
Changes in contract assets/(liabilities)	27,213	344
Changes in contract costs	(922)	5,918
Cash generated from/(used in) operations	157,164	(16,650)
Interest received	4,439	4,022
Interest paid	(9,459)	(13,070)
Tax paid	(22,631)	(14,392)
Net cash from/(used in) operating activities	129,513	(40,090) ⁽ⁱⁱ⁾
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(23,098)	(11,086)
- investment properties	(19,258)	(66,003)
Proceeds from disposal of:		
- property, plant and equipment	183	177
- investment properties	34,903	13,891
Dividends received from a joint venture	7,000	17,000
Changes in pledged deposits	2,156	2,341
Net cash from/(used in) investing activities	1,886	(43,680)
Cash flows from financing activities		
Repayment of hire purchase liabilities	(1,264)	(2,084)
Repayment of short term borrowings	(5,000)	(10,705)
Proceeds from short term borrowings	5,000	10,705
Repayment of term loans	(52,351)	(79,484)
Drawdown from term loans	19,103	151,160
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	(107)	(186)
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	(47,942)	178,508

Unaudited condensed consolidated statement of cash flows for the year ended 31 March 2021
(continued)

	12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000
Net increase in cash and cash equivalents	83,457	94,738
Cash and cash equivalents as at 1 April	173,174	78,436
Cash and cash equivalents as at 31 March	256,631	173,174

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:

	12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000
Cash and cash equivalents:		
- cash and bank balances	72,093	30,227
- fixed deposits with licensed banks	199,309	161,579
	271,402	191,806
Less: Pledged deposits	(14,016)	(16,172)
Bank overdrafts	(755)	(2,460)
	256,631	173,174

- (i) There were transfer of investment properties to inventories amounting to RM10.08 million and transfer of inventories to property, plant and equipment amounting to RM14.12 million during the financial year under review.
- (ii) There was a net cash used in operating activities during the corresponding 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 corresponding financial year 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 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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)*

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

A2. Significant accounting policies (continued)

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 and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure of Accounting Estimates*

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*

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 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.

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.

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

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

The additions to PPE of the Group were RM26.33 million and RM37.82 million of which the amount financed by finance lease liabilities was RM0.15 million and RM0.60 million during the current quarter and financial year under review respectively.

Included in the additions to PPE during the financial year under review were 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 RM7.55 million for building workers’ dormitories for rental income in the near future, the headquarters office and clubhouse in-progress of RM20.69 million, workers’ dormitories in-progress of RM6.41 million and other PPEs of RM2.57 million.

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:

1.1.2021 to 31.3.2021 (4Q2021)	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	58,742	84,205	10,577	9,791	163,315	--	163,315
Inter-segment revenue	33,339	18,996	25,473	2,343	80,151	(80,151)	--
Total revenue	92,081	103,201	36,050	12,134	243,466	(80,151)	163,315
Segment results from operating activities	12,001	13,678	2,470	7,686 ⁽ⁱ⁾	35,835	(2,494)	33,341
Share of profit of a joint venture							500
Finance income							1,235
Finance costs							(2,347)
Profit before tax							32,729
Tax expense							(9,097)
Profit after tax							23,632

(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:

1.1.2020 to 31.3.2020 (4Q2020)	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)

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

1.4.2020 to 31.3.2021 (Cumulative 4Q2021)	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	182,743	197,158	44,343	36,362	460,606	--	460,606
Inter-segment revenue	86,894	18,996	72,730	8,779	187,399	(187,399)	--
Total revenue	269,637	216,154	117,073	45,141	648,005	(187,399)	460,606
Segment results from operating activities	20,725	35,949	1,226	33,612 ⁽ⁱ⁾	91,512	(8,484)	83,028
Share of profit of a joint venture							3,510
Finance income							4,439
Finance costs							(9,838)
Profit before tax							81,139
Tax expense							(22,073)
Profit after tax							59,066

(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 31.3.2020 (Cumulative 4Q2020)	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)

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 year under review that have not been reflected in the interim financial report.

A13. Changes in the composition of the Group

Two wholly-owned subsidiaries, Pentagon Land Sdn Bhd and Greenhill SILC Sdn Bhd were incorporated on 1 June 2020 and 2 June 2020 respectively, each with 100 ordinary shares of RM1 per share in cash respectively, for the purposes of industrial property development.

On 1 July 2020, Quantum Renewable Energy Sdn Bhd ("QRE") was incorporated. 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 year 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 year under review.

A15. Capital commitments

	31.3.2021 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	20,563	--

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

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 12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
A. Joint venture				
Contract income	8,493	8,385	15,939	17,038
Rental income	<u>20</u>	<u>21</u>	<u>83</u>	<u>90</u>
B. Minority shareholder of a subsidiary				
Interest expenses	<u>(63)</u>	<u>(91)</u>	<u>(272)</u>	<u>(397)</u>
C. Firm in which a Director has financial interest				
Professional fees	<u>(23)</u>	<u>(75)</u>	<u>(134)</u>	<u>(257)</u>
D. Company in which certain Directors have financial interest				
Progress billings on sale of a commercial shop	<u>74</u>	<u>74</u>	<u>223</u>	<u>1,264</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 %
	31.3.2021 RM'000	31.3.2020 RM'000	
Revenue	163,315	98,092	66
Gross profit	43,482	27,219	60
Share of profit of an equity-accounted joint venture, net of tax	500	388	29
Profit before tax	32,729	20,145	62
Profit after tax	23,632	15,805	50
Profit attributable to owners of the Company	<u>22,759</u>	<u>15,189</u>	<u>50</u>

During the corresponding quarter, the Group's property development, construction and engineering operations were disrupted by the Movement Control Order ("MCO") imposed by the Government of Malaysia towards the corresponding quarter end, which led to a delay in the completion of projects and income recognition.

As compared to the corresponding quarter, the Group's revenue increased by RM65.23 million due to the increase in construction services revenue of RM13.89 million, property development revenue of RM61.60 million and rental income of RM0.44 million, partially offset by the decrease in engineering services revenue of RM10.70 million.

The Group's construction services revenue increased from RM44.85 million to RM58.74 million, which was an increase of approximately 30.97%. The increase in the revenue was mainly due to the timing of construction projects.

The Group's property development revenue increased from RM22.61 million to RM84.21 million, which was an increase of approximately 272.45%. The increase in the revenue was mainly due to the higher stages of work completed.

The Group's rental income increased from RM9.35 million to RM9.79 million, which was an increase of approximately 4.71%. The increase in the rental income was mainly due to the higher rental income generated from workers' dormitories.

The Group's engineering services revenue decreased from RM21.28 million to RM10.58 million, which was a decrease of approximately 50.28%. 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 which were near completion.

In line with the higher revenue, the Group recorded higher gross profit.

The increase in the Group's share of profit from an equity-accounted joint venture was mainly due to the higher 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 higher contributions from construction and property development segments, notwithstanding the lower fair value gains on investment properties.

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 %
	31.3.2021 RM'000	31.3.2020 RM'000	
Revenue	460,606	380,346	21
Gross profit	110,701	120,324	(8)
Share of profit of an equity-accounted joint venture, net of tax	3,510	5,239	(33)
Profit before tax	81,139	88,675	(8)
Profit after tax	59,066	68,644	(14)
Profit attributable to owners of the Company	<u>54,617</u>	<u>64,141</u>	<u>(15)</u>

The Group's revenue increased by RM80.26 million due to the increase in property development revenue of RM104.81 million and rental income of RM1.73 million, partially offset by the decrease in construction services revenue of RM2.45 million and engineering services revenue of RM23.83 million.

The Group's property development revenue increased from RM92.35 million to RM197.16 million, which was an increase of approximately 113.49%. 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 RM34.63 million to RM36.36 million, which was an increase of approximately 5.00%. 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 RM185.19 million to RM182.74 million, which was a decrease of approximately 1.32%. The decrease in the revenue was mainly due to the impact from the MCO.

The Group's engineering services revenue decreased from RM68.18 million to RM44.35 million, which was a decrease of approximately 34.95%. 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 which 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, projects with lower profit margin, 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 31.3.2021 RM'000	Preceding quarter 31.12.2020 RM'000	Changes %
Revenue	163,315	121,679	34
Gross profit	43,482	27,741	57
Share of profit/(loss) of an equity-accounted joint venture, net of tax	500	(188)	366
Profit before tax	32,729	24,069	36
Profit after tax	23,632	16,861	40
Profit attributable to owners of the Company	22,759	15,142	50

The increase in the Group's revenue was mainly due to the increase in construction services revenue and property development revenue. In line with the higher revenue, the Group recorded higher gross profit.

The increase in the Group's share of profit of an equity-accounted joint venture was mainly due to the higher 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 higher contributions from construction and property development segments, notwithstanding the lower fair value gains on investment properties.

B3. Prospects for the Group for the financial year ending 31 March 2022 ("FYE 2022")

In response to the surge in the COVID-19 infections nationwide, the Government of Malaysia implemented a third Movement Control Order ("MCO 3.0") from 12 May 2021 to 7 June 2021 throughout the country. The MCO 3.0 was subsequently tightened on 25 May 2021 to reduce the workplace presence limit to 60% capacity for the private sector. There was no major disruption to the Group's construction, engineering and property development activities during the MCO 3.0 period, other than the 60% manpower capacity limit beginning on 25 May 2021 which may affect our project completion. The Group has also been monitoring the recent hike in prices of building materials which may adversely impact the financial performance of the Group.

The protracted and evolving COVID-19 situation worldwide and the implementation of the MCO 3.0 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 prolonged border closures. Nevertheless, the Group has been taking steps to overcome these marketing challenges.

Notably, the Group has secured substantial investments from several multinational companies with local presence at the beginning of the FYE 2022 to build their industrial facilities in our i-Parks, and we continue to receive inquiries about our i-Park industrial properties from several prospective customers. 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 in the FYE 2022.

We will continue developing i-Park @ Senai Airport City (Phase 3) and expanding our construction and property development segments to improve the Group's profitability. 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.

In view of the uncertain economic scenario posed by the ongoing COVID-19 pandemic and other abovementioned factors, the Board of Directors is cautiously optimistic of the Group's financial performance for the FYE 2022.

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

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	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Current				
Tax expense	9,455	6,051	22,300	21,254
Deferred tax income	(864)	(1,711)	(1,678)	(1,223)
Real Property Gains Tax ("RPGT")	506	--	1,451	--
	<u>9,097</u>	<u>4,340</u>	<u>22,073</u>	<u>20,031</u>

The Group's effective tax rates for the current quarter and financial year under review were 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 effects of fair value gains on our investment properties which were subject to the RPGT at a rate of 10% and 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.

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

B6. Status of corporate proposals (continued)

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

- (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 fulfilment of conditions precedent, including the approval of the Company's shareholders at an extraordinary general meeting, which was obtained on 8 April 2021.

- (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.

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

B6. Status of corporate proposals (continued)

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

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	15,610
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>24,266</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

	31.3.2021 RM'000	31.3.2020 RM'000
Secured		
Non-current		
Term loans	224,939	259,278
Hire purchase liabilities	1,194	1,505
	226,133	260,783
Current		
Term loans	19,628	18,538
Hire purchase liabilities	1,092	1,444
Bank overdrafts	755	2,460
	21,475	22,442
	<u>247,608</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.

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

B9. Material litigations (continued)

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;
- (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.

Subsequently, the Plaintiff had on 25 February 2021 filed an appeal to the Court of Appeal Malaysia at Putrajaya ("Court of Appeal") against the High Court's decision to allow the Defendant's Application for a Stay of Proceedings Pending Arbitration. The Court of Appeal fixed a case management on 12 April 2021.

On 12 April 2021, the case management was conducted by way of e-Review and the Court of Appeal fixed a further case management on 15 June 2021 pending the grounds of judgment from the High Court.

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 payable

On 27 May 2021, the Board of Directors declared an interim single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 March 2021, which will be payable on 8 July 2021 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 17 June 2021.

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 year under review are computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
Net profit attributable to the owners of the Company (RM'000)	22,759	15,189	54,617	64,141
Weighted average number of ordinary shares in issue ('000)	427,115 ⁽ⁱ⁾	427,115 ⁽ⁱ⁾	427,115 ⁽ⁱ⁾	381,369 ⁽ⁱⁱ⁾
Basic EPS (sen) ⁽ⁱⁱⁱ⁾	5.33	3.56	12.79	16.82
Diluted EPS (sen) ^(iv)	5.33	3.56	12.79	16.82

- (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 year under review.
- (iv) 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	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	69,319	66,128	227,086	253,368
Sales of properties under development				
- over time	53,015	8,449	92,558	49,232
Sales of completed properties and land				
- at a point in time	31,190	14,161	104,600	43,115
	153,524	88,738	424,244	345,715
Other revenue				
Rental income	9,791	9,354	36,362	34,631
Total revenue	<u>163,315</u>	<u>98,092</u>	<u>460,606</u>	<u>380,346</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 12 months ended	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,890	1,951	6,760	6,525
Expenses relating to short term leases of:				
- equipment	3,544	1,482	9,011	8,874
- premises	292	11	521	38
Rental income of premises	(569)	(225)	(1,781)	(1,135)
Loss/(Gain) on disposal of:				
- property, plant and equipment	47	78	(139)	55
- investment properties	--	109	197	109
Loss/(Gain) on foreign exchange:				
- realised	51	40	65	43
- unrealised	82	(145)	80	(146)
Impairment loss/(Reversal) on trade receivables	42	(1)	172	(5)
Late payment interest income from purchasers	(16)	(5)	(25)	(185)
Income from forfeited deposits	(82)	--	(99)	--
Changes in fair value of investment properties ⁽ⁱ⁾	(1,542)	(6,200)	(7,253)	(13,467)

- (i) The fair value of investment properties as at financial year end was at level 3 which is determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.