

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

Interim Financial Report
Third quarter ended 31 December 2021

AME Elite Consortium Berhad

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

	unaudited 31.12.2021 RM'000	audited 31.3.2021 RM'000
Assets		
Property, plant and equipment	150,652	131,597
Inventories	8,662	8,662
Investment properties	325,846	325,600
Investment in a joint venture	13,062	18,194
Deferred tax assets	6,030	6,030
Total non-current assets	<u>504,252</u>	<u>490,083</u>
Inventories	313,438	311,459
Contract costs	5,192	6,742
Contract assets	29,138	16,495
Trade and other receivables	118,697	94,332
Current tax assets	2,489	1,319
Cash and cash equivalents	208,782	271,402
Total current assets	<u>677,736</u>	<u>701,749</u>
Total assets	<u><u>1,181,988</u></u>	<u><u>1,191,832</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	517,308	506,711
Merger reserve	(452,311)	(452,311)
Equity attributable to owners of the Company	<u>685,137</u>	<u>674,540</u>
Non-controlling interests	39,900	37,708
Total equity	<u>725,037</u>	<u>712,248</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	216,395	226,133
Due to minority shareholders	10,000	10,000
Deferred tax liabilities	15,390	14,961
Total non-current liabilities	<u>241,785</u>	<u>251,094</u>
Loans and borrowings ⁽ⁱ⁾	31,917	21,475
Trade and other payables	135,199	147,179
Contract liabilities	41,886	51,258
Due to minority shareholders	1,436	2,234
Current tax liabilities	4,728	6,344
Total current liabilities	<u>215,166</u>	<u>228,490</u>
Total liabilities	<u>456,951</u>	<u>479,584</u>
Total equity and liabilities	<u><u>1,181,988</u></u>	<u><u>1,191,832</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.07</u>	<u>1.06</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 2021

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	95,585	121,679	258,660	297,291
Cost of sales	(71,327)	(93,938)	(188,460)	(230,072)
Gross profit	24,258	27,741	70,200	67,219
Other income	1,229	6,421	3,432	7,968
Distribution expenses	(430)	(862)	(1,566)	(2,666)
Administrative expenses	(7,141)	(7,697)	(24,875)	(21,838)
Other expenses	(99)	(120)	(935)	(996)
Results from operating activities	17,817	25,483	46,256	49,687
Finance income	930	1,058	2,970	3,204
Finance costs	(2,336)	(2,284)	(6,673)	(7,491)
Net finance costs	(1,406)	(1,226)	(3,703)	(4,287)
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(42)	(188)	111	3,010
Profit before tax ⁽ⁱ⁾	16,369	24,069	42,664	48,410
Tax expense	(4,740)	(7,208)	(12,790)	(12,976)
Profit for the period/ Total comprehensive income for the period	11,629	16,861	29,874	35,434
Profit attributable to:				
Owners of the Company	10,709	15,142	27,682	31,858
Non-controlling interests	920	1,719	2,192	3,576
Profit for the period/ Total comprehensive income for the period	11,629	16,861	29,874	35,434
Basic earnings per ordinary share (sen) ⁽ⁱⁱ⁾	1.67	2.36	4.32	4.97
Diluted earnings per ordinary share (sen) ⁽ⁱⁱ⁾	1.67	2.36	4.32	4.97

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2021 (continued)

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit before tax	16,369	24,069	42,664	48,410
Less: Fair value gains on investment properties	--	*(5,711)	--	*(5,711)
Add back: Realisation of fair value from sales of investment properties	--	--	--	^7,603
Normalised profit before tax	<u>16,369</u>	<u>18,358</u>	<u>42,664</u>	<u>50,302</u>

* The fair value gains on investment properties net of tax and share by non-controlling interests was RM3.44 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 2021

	← Non-distributable →		Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000		
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
At 1 April 2021	620,140	(452,311)	506,711	674,540	37,708	712,248
Profit and total comprehensive income for the period	--	--	27,682	27,682	2,192	29,874
Dividends to owners of the Company	--	--	(17,085)	(17,085)	--	(17,085)
At 31 December 2021	620,140	(452,311)	517,308	685,137	39,900	725,037

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Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2021

	9 months ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	42,664	48,410
Adjustments for:		
(Reversal of impairment loss)/Impairment loss on trade receivables	(130)	130
Property, plant and equipment:		
- depreciation	4,709	4,870
- gain on disposal	(109)	(186)
Loss on disposal of investment properties	--	197
Share of profit of an equity-accounted joint venture, net of tax	(111)	(3,010)
Finance costs	6,673	7,491
Finance income	(2,970)	(3,204)
Unrealised gain on foreign exchange	(6)	(2)
Changes in fair value of investment properties	--	(5,711)
	<u>50,720</u>	<u>48,985</u>
Operating profit before changes in working capital	50,720	48,985
Changes in inventories	(1,979)	35,197 ⁽ⁱ⁾
Changes in trade and other receivables	(23,986)	(15,405)
Changes in trade and other payables	(11,980)	24,497
Changes in contract assets/(liabilities)	(22,015)	72,823
Changes in contract costs	1,550	(22,755)
	<u>(7,690)</u>	<u>143,342</u>
Cash (used in)/generated from operations	(7,690)	143,342
Interest received	2,970	3,204
Interest paid	(6,415)	(7,203)
Tax paid	(15,147)	(16,098)
	<u>(26,282)</u>	<u>123,245</u>
Net cash (used in)/from operating activities	(26,282)	123,245
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(23,801)	(11,046)
- investment properties	(246)	(16,101)
Proceeds from disposal of:		
- property, plant and equipment	146	207
- investment properties	--	19,103
Dividends received from a joint venture	5,000	3,000
Changes in pledged deposits	(2,459)	2,189
	<u>(21,360)</u>	<u>(2,648)</u>
Net cash used in investing activities	(21,360)	(2,648)
Cash flows from financing activities		
Repayment of hire purchase liabilities	(580)	(941)
Repayment of short term borrowings	(1,000)	--
Proceeds from short term borrowings	10,401	5,000
Repayment of term loans	(34,772)	(26,958)
Drawdown from term loans	27,410	15,022
Proceeds from issuance of shares to non-controlling interests	--	490
Interest paid	(66)	(79)
Dividends paid to:		
- owners of the Company	(17,085)	(12,813)
- non-controlling interests	(1,000)	(1,000)
Due to minority shareholders	10	--
	<u>(16,682)</u>	<u>(21,279)</u>
Net cash used in financing activities	(16,682)	(21,279)

Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2021
(continued)

	9 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000
Net (decrease)/increase in cash and cash equivalents	(64,324)	99,318
Cash and cash equivalents as at 1 April	<u>255,941</u>	<u>173,174</u>
Cash and cash equivalents as at 31 December	<u>191,617</u>	<u>272,492</u>

- (i) There was a transfer of investment properties to inventories amounting to RM10.08 million during the corresponding financial period under review.

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	
	31.12.2021 RM'000	31.12.2020 RM'000
Cash and cash equivalents:		
- cash and bank balances	57,513	133,785
- fixed deposits with licensed banks	150,265	153,519
- money market fund with a licensed bank	<u>1,004</u>	<u>--</u>
	208,782	287,304
Less: Pledged deposits	(17,165)	(13,983)
Bank overdrafts	<u>--</u>	<u>(829)</u>
	<u>191,617</u>	<u>272,492</u>

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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 2021 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 2021.

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 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 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2021 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

A total of 213,557,548 new ordinary shares were issued pursuant to the Bonus Issue of Shares, and were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 22 September 2021. Accordingly, the ordinary shares in issue of the Company have increased from 427,115,101 shares to 640,672,649 shares.

Save as disclosed above, there were no debt and equity securities issued during the current quarter and financial period under review.

A8. Dividends paid

On 27 May 2021, the Board of Directors declared an interim single-tier dividend of 4.0 sen per ordinary share totaling RM17.08 million in respect of the financial year ended 31 March 2021, which was paid on 8 July 2021 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 17 June 2021.

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

The Group acquired PPE amounting to RM13.70 million and RM23.80 million during the current quarter and financial period under review respectively.

Included in the additions to PPE during the financial period under review were headquarters office and clubhouse of RM12.76 million, workers' dormitories in-progress of RM7.03 million and other PPE of RM4.01 million.

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

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

1.10.2021 to 31.12.2021 (3Q2022)	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	44,664	31,569	8,533	10,819	95,585	--	95,585
Inter-segment revenue	28,440	--	8,646	2,327	39,413	(39,413)	--
Total revenue	73,104	31,569	17,179	13,146	134,998	(39,413)	95,585
Segment results from operating activities	3,821	6,405	896	8,462	19,584	(1,767)	17,817
Share of loss of a joint venture							(42)
Finance income							930
Finance costs							(2,336)
Profit before tax							16,369
Tax expense							(4,740)
Profit after tax							11,629

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:

1.10.2020 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:

1.4.2021 to 31.12.2021 (Cumulative 3Q2022)	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	108,609	97,001	21,042	32,008	258,660	--	258,660
Inter-segment revenue	67,269	1,423	38,941	6,985	114,618	(114,618)	--
Total revenue	175,878	98,424	59,983	38,993	373,278	(114,618)	258,660
Segment results from operating activities	6,945	11,121	5,125	24,940	48,131	(1,875)	46,256
Share of profit of a joint venture							111
Finance income							2,970
Finance costs							(6,673)
Profit before tax							42,664
Tax expense							(12,790)
Profit after tax							29,874

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)

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

On 19 April 2021, a new subsidiary, I REIT Managers Sdn Bhd was incorporated with initial share capital of RM100. The principal activity of the subsidiary is to be engaged as the manager of real estate investment trust.

On 31 May 2021, a new subsidiary, AME Building Management Sdn Bhd was incorporated with initial share capital of RM100. The principal activity of the subsidiary consists of those relating to provision of property management and maintenance services.

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

Contingent liability not considered remote

Claim

The Inland Revenue Board conducted a tax audit on a subsidiary and had raised an assessment together with penalty totalling approximately RM7.16 million on 30 June 2021 for Year of Assessment 2018. The Directors believe the subsidiary has a good reasonable ground to defend its position and is currently appealing against the assessment.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

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

	31.12.2021	31.3.2021
	RM'000	RM'000
Capital expenditure commitment		
Contracted but not provided for		
Development land (Phase 3, SiLC in Iskandar Puteri, Johor)	198,503	--
Property, plant and equipment		
(Two new blocks of workers' dormitories in i-Park @ Indahpura)	<u>12,746</u>	<u>20,563</u>
	<u>211,249</u>	<u>20,563</u>

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
A. Joint venture				
Contract income	199	1,398	8,641	7,446
Rental income	<u>21</u>	<u>21</u>	<u>63</u>	<u>63</u>
B. Minority shareholder of a subsidiary				
Interest expenses	<u>(64)</u>	<u>(65)</u>	<u>(192)</u>	<u>(209)</u>
C. Firm in which a Director has financial interest				
Professional fees	<u>(23)</u>	<u>(75)</u>	<u>(224)</u>	<u>(111)</u>
D. A Director				
Contract income	<u>--</u>	<u>--</u>	<u>44</u>	<u>--</u>
E. Related company of minority shareholder of a subsidiary				
Contract income	<u>1,537</u>	<u>--</u>	<u>2,817</u>	<u>--</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 %
	31.12.2021 RM'000	31.12.2020 RM'000	
Revenue	95,585	121,679	(21)
Gross profit	24,258	27,741	(13)
Share of loss of an equity-accounted joint venture, net of tax	(42)	(188)	78
Profit before tax	16,369	24,069	(32)
Profit after tax	11,629	16,861	(31)
Profit attributable to owners of the Company	<u>10,709</u>	<u>15,142</u>	<u>(29)</u>

The Group's revenue decreased by RM26.10 million due to the decrease in construction services revenue of RM8.27 million, property development revenue of RM16.45 million and engineering services revenue of RM3.10 million, partially offset by the increase in rental income of RM1.72 million.

The Group's construction services revenue decreased from RM52.93 million to RM44.66 million, which declined approximately 15.62%. The decrease in revenue was mainly due to the timing of the construction projects. Certain existing projects were near completion and the newly secured projects were at the initial stage.

The Group's property development revenue decreased from RM48.02 million to RM31.57 million, which declined approximately 34.26%. The decrease in the revenue was mainly due to the lower stages of work completed and the timing of income recognition.

The Group's engineering services revenue decreased from RM11.63 million to RM8.53 million, which declined approximately 26.66%. The decrease in revenue was mainly due to the completion of certain engineering projects.

The Group's rental income increased from RM9.10 million to RM10.82 million, which was an increase of approximately 18.90%. The increase in the rental income was due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

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

The Group's share of loss from an equity-accounted joint venture was 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 lower contributions from construction, property development and engineering segments, as well as no recognition of the fair value gains on investment properties, whilst RM5.71 million was recognised in the corresponding quarter.

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 %
	31.12.2021 RM'000	31.12.2020 RM'000	
Revenue	258,660	297,291	(13)
Gross profit	70,200	67,219	4
Share of profit of an equity-accounted joint venture, net of tax	111	3,010	(96)
Profit before tax	42,664	48,410	(12)
Profit after tax	29,874	35,434	(16)
Profit attributable to owners of the Company	<u>27,682</u>	<u>31,858</u>	<u>(13)</u>

During the financial period under review, the Government of Malaysia implemented tightened movement control orders, including the Full Movement Control Order (“FMCO”) and National Recovery Plan (“NRP”) which commenced on 1 June 2021 and 29 June 2021 respectively. The Group’s construction, property development and engineering operations were disrupted by the FMCO and NRP. The restricted business activities and limited manpower capacity caused a delay in the completion of projects affecting the income recognition of the Group.

The Group’s revenue decreased by RM38.63 million due to the decrease in construction services revenue of RM15.39 million, property development revenue of RM15.95 million and engineering services revenue of RM12.73 million, partially offset by the increase in rental income of RM5.44 million.

The Group’s construction services revenue decreased from RM124.00 million to RM108.61 million, which declined approximately 12.41%. The decrease in revenue was mainly due to the timing of the construction projects. Some existing projects were near completion and the newly secured projects were at the initial stage.

The Group’s property development revenue decreased from RM112.95 million to RM97.00 million, which declined approximately 14.12%. The decrease in the revenue was mainly due to the lower stages of work completed and the timing of income recognition.

The Group’s engineering services revenue decreased from RM33.77 million to RM21.04 million, which declined approximately 37.70%. The decrease in revenue was mainly due to the completion of certain engineering projects.

The Group’s rental income increased from RM26.57 million to RM32.01 million, which was an increase of approximately 20.47%. The increase in the rental income was due to the additional units of factory leased by tenants and higher rental income generated from workers’ dormitories.

Despite the lower revenue, the Group recorded higher gross profit mainly due to certain construction and engineering projects with higher profit margins and higher rental income.

The decrease in the Group’s share of profit from an equity-accounted joint venture was 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 lower share of profit from the joint venture, as well as no recognition of the fair value gains on investment properties, whilst RM5.71 million was recognised in the corresponding period.

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

B2. Comparison with immediate preceding quarter

	Current quarter 31.12.2021 RM'000	Preceding quarter 30.9.2021 RM'000	Changes %
Revenue	95,585	86,325	11
Gross profit	24,258	25,978	(7)
Share of loss of an equity-accounted joint venture, net of tax	(42)	(17)	(147)
Profit before tax	16,369	15,267	7
Profit after tax	11,629	10,621	9
Profit attributable to owners of the Company	10,709	9,759	10

The Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the lower expenses recorded, notwithstanding the lower gross profit.

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

The prolonged COVID-19 pandemic, supply chain disruption and inflation have been dampening the economic activities and overall economic outlook of the country. The take-up of our i-Park industrial properties has been under pressure from the prolonged border closures and lower foreign direct investment. The hike in building material prices has also been adversely impacting the financial performance of the Group.

Nevertheless, the Group has been taking measures to continuously promote and market our i-Park industrial properties to meet our sales target, as well as monitor and manage the fluctuation in building material prices to improve the Group’s profitability.

Currently, almost all states in Malaysia are placed under Phase 4 of the NRP with the full resumption of business activities. Therefore the Group's business operations have been allowed to fully resume with 100% workforce.

We have a healthy level of unbilled sales from industrial properties at our i-Parks, as well as construction and engineering orderbook, which will contribute to earnings recognition until the financial year ending 31 March 2023.

We will continue developing i-Park @ Senai Airport City (Phase 3) and expand our construction and property development segments to improve the Group’s profitability. While mindful of potential changes in the business landscape in light of 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.

Given 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.

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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current				
Tax expense	4,762	7,186	12,301	12,845
Deferred tax (income)/expense	(22)	22	489	(814)
Real Property Gains Tax	--	--	--	945
	<u>4,740</u>	<u>7,208</u>	<u>12,790</u>	<u>12,976</u>

The Group's effective tax rates for the current quarter and financial period under review were higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

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 was 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 was conditional upon the execution of legally binding agreements comprising sale and purchase agreements, amongst others ("Definitive Agreements").

The Signed HOA was 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 agreed not to 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:

- (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

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

B6. Status of corporate proposals (continued)

- (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.

On 30 April 2021, the Parties mutually agreed to extend the cut-off date to 29 July 2021 for the Vendor to procure the EPU Consent and where applicable, to observe, fulfill and complete all conditions and documentation as may be necessary to obtain the EPU Consent (pursuant to the condition precedent of SPA 1 and SPA 2 as stated in items 3(b) and 3(a)(ii) respectively of Appendices III and IV of the Circular to shareholders dated 24 March 2021 in relation to the Proposed Acquisitions).

On 31 July 2021 and 28 October 2021, the Parties mutually agreed to extend the cut-off date to 29 October 2021 and 29 January 2022 respectively for the relevant Party or Parties to make further representations to EPU on matters pertaining to the EPU Consent.

On 17 December 2021, it was announced that the EPU Consent had been obtained for SPA 1 and SPA 2. Pursuant thereto, the last condition precedent to SPA 1 was obtained and SPA 1 became unconditional on the same date.

In addition, the parties to SPA 2 mutually agreed to extend the cut-off date to 30 December 2022 for the Vendor to obtain the Bumi Release (being the last condition precedent to SPA 2 as stated in item 3(b) of Appendix IV of the Circular to shareholders dated 24 March 2021 in relation to the Proposed Acquisitions).

- (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.

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

B6. Status of corporate proposals (continued)

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.

On 25 November 2021, the Company proposed to undertake the Proposed REIT Establishment and Listing comprising the following:

- (a) the proposed establishment of AME REIT by AME Elite Consortium Berhad ("AME"), the Sponsor ("Proposed REIT Establishment");
- (b) the proposed transfers by 5 subsidiary companies of AME of 31 industrial real estate and 3 industrial-related real estates ("Subject Properties") into AME REIT for a total consideration of RM557.0 million to be satisfied via the issuance of 520.0 million undivided interest in AME REIT ("Units") and cash consideration of RM37.0 million ("Proposed Group Transfers");
- (c) the proposed offering of a total of 254.8 million Units ("Offer Unit") via an initial public offering, which consists of proposed offering of (i) up to 130.0 million Units to shareholders of AME whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Board ("Entitled Shareholders"), (ii) 7.8 million Units to eligible employees and directors of AME and its subsidiaries, (iii) 10.4 million Units to the Malaysian public, and (iv) at least 106.6 million Units to institutional investors and selected investors ("Proposed Offering"); and
- (d) the proposed admission of AME REIT to the Official List of Bursa Securities ("Official List") and the listing of and quotation for 520.0 million Units on the Main Market of Bursa Securities ("Proposed Listing").

On 14 December 2021, HLIB submitted an application to the Securities Commission Malaysia in relation to the Proposed REIT Establishment and Listing. The valuation reports for the 34 Subject Properties in relation to the Proposed Group Transfers and Proposed Offering had been submitted to Bursa Securities on 15 December 2021.

In respect of the proposed restricted offer for sale of up to 130.0 million Offer Units to be carried out by AME Development Sdn Bhd, Ipark Development Sdn Bhd and LKL Industries Sdn Bhd, being the subsidiaries of AME, the Board has fixed the entitlement basis at 1 Offer Unit for every 5 existing AME Shares held by the Entitled Shareholders as at 5.00 p.m. on an entitlement date to be determined and announced by the Board of AME.

(iii) On 27 May 2021, the Company proposed to undertake the following:

- (a) an issuance of up to 213,557,550 new ordinary shares in AME Elite Consortium Berhad ("AME") ("AME Shares" or "Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every existing 2 AME Shares held on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue of Shares");
- (b) an issuance of up to 142,371,700 free warrants in AME ("Warrants") on the basis of 1 free warrant for every 3 existing AME Shares held on the Entitlement Date ("Proposed Free Warrants Issue"); and
- (c) establishment of an employees' share option scheme ("ESOS" or "Scheme") of up to 10% of the total number of issued shares of AME at any point during the duration of the Scheme ("Proposed ESOS").

(The Proposed Bonus Issue of Shares, the Proposed Free Warrants Issue and the Proposed ESOS are collectively referred to as the "Proposals").

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

B6. Status of corporate proposals (continued)

The Company had on 5 July 2021 applied to Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:

- (a) the listing and quotation of up to 213,557,550 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities;
- (b) the admission to the Official List of Bursa Securities and the listing and quotation of up to 142,371,700 Warrants to be issued pursuant to the Proposed Free Warrants Issue on the Main Market of Bursa Securities;
- (c) the listing and quotation of up to 142,371,700 new AME Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; and
- (d) the listing and quotation for such number of AME Shares, representing up to 10% of the Company's total number of issued shares that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Proposed ESOS on the Main Market of Bursa Securities.

Bursa Securities had approved the above application via its letter dated 23 July 2021. The approval granted by Bursa Securities is subject to the following conditions:

- (a) AME and RHB Investment Bank Berhad ("RHBIB") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposed Bonus Issue of Shares, Proposed Free Warrants Issue and Proposed ESOS;
- (b) AME and RHBIB to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue;
- (c) AME and RHBIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Shares and Proposed Free Warrants Issue are completed;
- (d) AME and RHBIB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements;
- (e) RHBIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed ESOS; and
- (f) AME to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants and exercise of options under the Proposed ESOS respectively, as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposals are subject to the fulfilment of conditions, including the approval of the Company's shareholders at an extraordinary general meeting ("EGM"). The EGM was held on 26 August 2021 where the shareholders approved the Proposals.

A total of 213,557,548 Bonus Shares were issued pursuant to the Bonus Issue of Shares, and were listed and quoted on the Main Market of Bursa Securities on 22 September 2021. Accordingly, the Bonus Issue of Shares was completed on 22 September 2021.

Pursuant to the Free Warrants Issue, a total of 142,371,453 Free Warrants were issued on 23 September 2021. The Free Warrants Issue was completed on 30 September 2021 following the admission of the Warrants to the Official List of Bursa Securities and the listing and quotation of the Warrants on the Main Market of Bursa Securities on the same date.

Subsequently, the implementation of the ESOS was effected on 3 January 2022, being the date on which the Company fully complied with the requirements under Paragraph 6.43(1) of the Listing Requirements.

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 time frame 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⁾	55,106
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	24,344	19,795
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>83,557</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

	31.12.2021 RM'000	31.3.2021 RM'000
Secured		
Non-current		
Term loans	215,361	224,939
Hire purchase liabilities	1,034	1,194
	216,395	226,133
Current		
Term loans	21,844	19,628
Revolving credit	6,000	--
Bankers' acceptances	3,401	--
Hire purchase liabilities	672	1,092
Bank overdrafts	--	755
	31,917	21,475
	<u>248,312</u>	<u>247,608</u>

B9. Material litigations

AME Construction Sdn Bhd ("AMEC") ("Plaintiff"), a wholly owned subsidiary of Amsun Industries Sdn Bhd which in turn is a wholly owned subsidiary of the Company, had 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 ("AREA") ("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 Satelite 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 expired 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 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 was anticipated that the Defendant would 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 was to 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 grounds of judgment from the High Court had been received and the Court of Appeal had on 15 June 2021 given the following directions:

- (i) the hearing for the appeal was fixed on 5 August 2021;
- (ii) the parties were to file written submissions and bundle of authorities on 5 July 2021;
- (iii) the parties were to file written submissions in reply (if any) 14 days before the hearing; and
- (iv) the next case management was fixed on 5 July 2021 which would be conducted by way of e-review.

The parties had on 7 July 2021 filed and exchanged written submissions and bundle of authorities in accordance with the Court of Appeal's direction given on the case management held on 5 July 2021.

The Court of Appeal had on 5 August 2021 affirmed the decision of the High Court and dismissed the Plaintiff's appeal with cost of RM10,000 to be paid to the Defendant.

AMEC had on 19 November 2021 received the confirmation of acceptance from AREA for a settlement agreement entered into between AMEC and AREA ("Settlement Agreement") whereby AREA shall pay AMEC a total settlement sum of RM26,250,000.00 ("Settlement Sum") by way of a lump sum cash payment on or before 30 November 2021.

On 30 November 2021, AMEC received the Settlement Sum from AREA in accordance with the Settlement Agreement, which constituted full and final settlement of the dispute between AMEC and AREA in relation to the Contract.

The Settlement Sum represented a discount of RM3,329,114.14 ("Differential Sum"), or approximately 11.3%, to the principal sum of RM29,579,114.14. A provision for discount of RM1,500,000.00 was estimated and accounted for in the financial year ended 31 March 2021 and the remaining balance of RM1,829,114.14 is taken up in the current financial period under review.

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

B9. Material litigations (continued)

Pursuant to the Settlement Agreement, AREA or AMEC has also fulfilled the following:

- (i) AREA has waived all claims for liquidated damages and set offs, if any, against AMEC, whereas AMEC has waived all claims for loss and expense against AREA;
- (ii) AMEC has issued a credit note in respect of the Contract in favour of AREA for the Differential Sum immediately upon AREA's acceptance and execution of the Settlement Agreement;
- (iii) AMEC has within seven days from the date of the Settlement Agreement taken all necessary steps to effect the issuance and the filing of a notice of discontinuance to withdraw the Civil Suit without liberty to file afresh and with no order as to costs; and
- (iv) AMEC has extended to AREA warranties for certain architecture building works and services in the same terms, conditions and limitations as the warranties issued by the various sub-contractors and/or suppliers.

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

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit attributable to the owners of the Company (RM'000)	10,709	15,142	27,682	31,858
Weighted average number of ordinary shares in issue ('000) ⁽ⁱ⁾	640,673	640,673	640,673	640,673
Basic EPS (sen) ⁽ⁱⁱ⁾	1.67	2.36 ^(iv)	4.32	4.97 ^(iv)
Diluted EPS (sen) ⁽ⁱⁱⁱ⁾	1.67	2.36 ^(iv)	4.32	4.97 ^(iv)

- (i) The ordinary shares in issue of the Company were increased from 427,115,101 shares to 640,672,649 shares with bonus issue of 1 for every 2 existing ordinary share totalling 213,557,548 shares which was completed on 22 September 2021.
- (ii) Basic EPS is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current quarter and financial period under review.
- (iii) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial period under review. The existing warrants have not been included in the calculation of diluted EPS as these warrants are anti-dilutive.
- (iv) For comparative purpose, the EPS for the corresponding quarter and financial period ended 31 December 2020 has been adjusted to reflect the bonus issue of 1 for every 2 existing ordinary share which was completed on 22 September 2021.

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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	53,197	64,560	129,651	157,767
Sales of properties under development				
- over time	19,947	24,783	59,020	39,543
Sales of completed properties and land				
- at a point in time	11,622	23,241	37,981	73,410
	84,766	112,584	226,652	270,720
Other revenue				
Rental income	10,819	9,095	32,008	26,571
Total revenue	<u>95,585</u>	<u>121,679</u>	<u>258,660</u>	<u>297,291</u>

B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,522	1,568	4,709	4,870
Expenses relating to short term leases of:				
- equipment	1,935	2,351	5,966	5,467
- premises	144	171	442	229
Rental income of premises	(458)	(404)	(1,405)	(1,212)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(95)	6	(109)	(186)
- investment properties	--	--	--	197
(Gain)/Loss on foreign exchange:				
- realised	4	(3)	(24)	14
- unrealised	(2)	(1)	(6)	(2)
(Reversal of impairment loss)/				
Impairment loss on trade receivables	(130)	--	(130)	130
Late payment interest income from purchasers	(11)	(9)	(94)	(9)
Changes in fair value of investment properties ⁽ⁱ⁾	--	(5,711)	--	(5,711)
	<u>--</u>	<u>(5,711)</u>	<u>--</u>	<u>(5,711)</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.