

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

Interim Financial Report
Fourth quarter ended 31 March 2022

AME Elite Consortium Berhad

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position As at 31 March 2022

	unaudited 31.3.2022 RM'000	audited 31.3.2021 RM'000
Assets		
Property, plant and equipment	147,046	131,597
Inventories	8,662	8,662
Investment properties	324,400	325,600
Investment in a joint venture	15,181	18,194
Deferred tax assets	7,682	6,030
Total non-current assets	<u>502,971</u>	<u>490,083</u>
Inventories	649,896	311,459
Contract costs	5,897	6,742
Contract assets	71,806	16,495
Trade and other receivables	82,307	94,332
Current tax assets	2,124	1,319
Cash and cash equivalents	187,245	271,402
Total current assets	<u>999,275</u>	<u>701,749</u>
Total assets	<u><u>1,502,246</u></u>	<u><u>1,191,832</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	538,186	506,711
Merger reserve	(452,311)	(452,311)
Equity attributable to owners of the Company	<u>706,015</u>	<u>674,540</u>
Non-controlling interests	40,665	37,708
Total equity	<u>746,680</u>	<u>712,248</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	210,217	226,133
Trade and other payables	250,706	--
Due to minority shareholders	10,000	10,000
Deferred tax liabilities	16,625	14,961
Total non-current liabilities	<u>487,548</u>	<u>251,094</u>
Loans and borrowings ⁽ⁱ⁾	39,193	21,475
Trade and other payables	188,369	147,179
Contract liabilities	34,147	51,258
Due to minority shareholders	2,490	2,234
Current tax liabilities	3,819	6,344
Total current liabilities	<u>268,018</u>	<u>228,490</u>
Total liabilities	<u>755,566</u>	<u>479,584</u>
Total equity and liabilities	<u><u>1,502,246</u></u>	<u><u>1,191,832</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.10</u>	<u>1.06</u>

(i) See Note B8.

AME Elite Consortium BerhadRegistration No. 201801030789 (1292815-W)
(Incorporated in Malaysia)**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2022**

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue	139,727	163,314	398,387	460,605
Cost of sales	(105,987)	(121,332)	(294,447)	(351,404)
Gross profit	33,740	41,982	103,940	109,201
Other income	8,445	2,489	11,877	10,457
Distribution expenses	(379)	(1,053)	(1,945)	(3,719)
Administrative expenses	(9,916)	(11,278)	(34,791)	(33,116)
Other expenses	(3,564)	(299)	(4,499)	(1,295)
Results from operating activities	28,326	31,841	74,582	81,528
Finance income	803	1,235	3,773	4,439
Finance costs ⁽ⁱ⁾	(4,400)	(2,347)	(11,073)	(9,838)
Net finance costs	(3,597)	(1,112)	(7,300)	(5,399)
Share of profit of an equity-accounted joint venture, net of tax	1,512	500	1,623	3,510
Profit before tax ⁽ⁱⁱ⁾	26,241	31,229	68,905	79,639
Tax expense	(3,598)	(8,738)	(16,388)	(21,714)
Profit for the period/year/ Total comprehensive income for the period/year	22,643	22,491	52,517	57,925
Profit attributable to:				
Owners of the Company	20,878	21,618	48,560	53,476
Non-controlling interests	1,765	873	3,957	4,449
Profit for the period/year/ Total comprehensive income for the period/year	22,643	22,491	52,517	57,925
Basic earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.26	3.37	7.58	8.35
Diluted earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.26	3.37	7.58	8.35

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 March 2022 (continued)

- (i) Included in finance costs is RM2.39 million which is the unwinding of discount on the deferred purchase considerations for land acquisitions during the current quarter and financial year under review.
- (ii) 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 12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Profit before tax	26,078	31,229	68,742	79,639
Add back/(Less):				
Fair value losses/(gains) on investment properties	*3,299	** (1,209)	*3,299	** (6,920)
Add back:				
Realisation of fair value from sales of investment properties	--	^8,586	--	^16,189
Normalised profit before tax	<u>29,377</u>	<u>38,606</u>	<u>72,041</u>	<u>88,908</u>

* The fair value losses on investment properties net of tax and share by non-controlling interests were RM2.30 million during the current quarter and financial year under review.

**The fair value gains on investment properties net of tax and share by non-controlling interests were RM1.62 million and RM5.06 million during the corresponding quarter and corresponding financial year respectively. There was a reversal of fair value gain arising from the sale of investment property in the corresponding quarter.

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

- (iii) See Note B11.

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Unaudited condensed consolidated statement of changes in equity for the year ended 31 March 2022

	← 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 year	--	--	53,476	53,476	4,449	57,925
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)	506,711	674,540	37,708	712,248
At 1 April 2021	620,140	(452,311)	506,711	674,540	37,708	712,248
Profit and total comprehensive income for the year	--	--	48,560	48,560	3,957	52,517
Dividends to owners of the Company	--	--	(17,085)	(17,085)	--	(17,085)
Dividends to non-controlling interests in a subsidiary	--	--	--	--	(1,000)	(1,000)
At 31 March 2022	620,140	(452,311)	538,186	706,015	40,665	746,680

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Unaudited condensed consolidated statement of cash flows for the year ended 31 March 2022

	12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000
Cash flows from operating activities		
Profit before tax	68,905	79,639
Adjustments for:		
(Reversal of impairment loss)/Impairment loss on trade receivables	(130)	172
Property, plant and equipment:		
- depreciation	6,354	6,760
- gain on disposal	(7,792)	(139)
Loss on disposal of investment properties	--	451
Share of profit of an equity-accounted joint venture, net of tax	(1,623)	(3,510)
Finance costs	11,073	9,838
Finance income	(3,773)	(4,440)
Unrealised (gain)/loss on foreign exchange	(6)	80
Changes in fair value of investment properties	3,299	(6,920)
Operating profit before changes in working capital	76,307	81,931
Changes in inventories	(338,437)	42,257 ⁽ⁱ⁾
Changes in trade and other receivables	11,797	(9,266)
Changes in trade and other payables	289,505	2,536
Changes in contract assets/(liabilities)	(72,422)	41,213
Changes in contract costs	845	(922)
Cash (used in)/generated from operations ⁽ⁱⁱ⁾	(32,405)	157,749
Interest received	3,773	4,440
Interest paid	(8,343)	(9,459)
Tax paid	(19,706)	(22,630)
Net cash (used in)/from operating activities	(56,681)	130,100
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(32,937)	(23,098)
- investment properties	(2,099)	(19,591)
Proceeds from disposal of:	--	
- property, plant and equipment	19,919	184
- investment properties	--	34,649
Dividends received from a joint venture	5,000	7,000
Changes in pledged deposits	(1,897)	1,466
Net cash (used in)/from investing activities	(12,014)	610
Cash flows from financing activities		
Repayment of hire purchase liabilities	(1,199)	(1,264)
Repayment of short term borrowings	(10,904)	(5,000)
Proceeds from short term borrowings	27,160	5,000
Repayment of term loans	(51,244)	(52,352)
Drawdown from term loans	36,774	19,103
Proceeds from issuance of shares to non-controlling interests	--	490
Interest paid	(83)	(107)
Dividends paid to:		
- owners of the Company	(17,085)	(12,813)
- non-controlling interests	(1,000)	(1,000)
Net cash used in financing activities	(17,581)	(47,943)

Unaudited condensed consolidated statement of cash flows for the year ended 31 March 2022
(continued)

	12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000
Net (decrease)/increase in cash and cash equivalents	(86,276)	82,767
Cash and cash equivalents as at 1 April	<u>255,941</u>	<u>173,174</u>
Cash and cash equivalents as at 31 March	<u>169,665</u>	<u>255,941</u>

- (i) There was a transfer of investment properties to inventories amounting to RM10.08 million during the corresponding financial year.
- (ii) There was net cash used in operating activities during the current financial year under review mainly due to the land acquisitions for the development of a new industrial park at RM434.29 million of which a deposit of RM8.69 million was paid in financial year ended 31 March 2021, whilst a sum of RM70.79 million was paid during the current financial year under review. The remaining balance of RM304.44 million (excluding a sum of RM50.37 million for certain plots that remained conditional) will be payable on a staggered basis over the next 36 months.

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	
	31.3.2022 RM'000	31.3.2021 RM'000
Cash and cash equivalents:		
- cash and bank balances	63,564	72,093
- fixed deposits with licensed banks	122,677	199,309
- money market fund with a licensed bank	<u>1,004</u>	<u>--</u>
	187,245	271,402
Less: Pledged deposits	(16,603)	(14,706)
Bank overdrafts	<u>(977)</u>	<u>(755)</u>
	<u>169,665</u>	<u>255,941</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 is not expected to have any material financial impacts on 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 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

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 year 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 totalling RM17.08 million for the financial year ended 31 March 2021. It 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 RM10.13 million and RM33.93 million of which the amount financed by finance lease liabilities was RM0.72 million and RM0.99 million during the current quarter and financial year under review respectively.

Included in the additions to PPE during the financial year under review were headquarters office and clubhouse of RM14.57 million, workers' dormitories in-progress of RM13.57 million and other PPE of RM5.79 million.

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

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

The Group disposed of PPE with net carrying amount totalling RM12.09 million and RM12.13 million during the current quarter and financial year under review respectively.

Included in the disposals of PPE during the financial year under review were leasehold land of RM11.84 million and other PPE of RM0.29 million. During the current quarter under review, the Group disposed a parcel of leasehold industrial land in Senai, Johor measuring approximately 7.88 acres for a total consideration of RM19.90 million with a net gain of RM7.01 million.

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:

1.1.2022 to 31.3.2022 (4Q2022)	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	72,485	46,343	9,861	11,038	139,727	--	139,727
Inter-segment revenue	12,871	--	5,247	2,854	20,972	(20,972)	--
Total revenue	85,356	46,343	15,108	13,892	160,699	(20,972)	139,727
Segment results from operating activities	2,512	10,584	1,967	9,818 ⁽ⁱ⁾	24,881	3,445	28,326
Share of profit of a joint venture							1,512
Finance income							803
Finance costs							(4,400)
Profit before tax							26,241
Tax expense							(3,598)
Profit after tax							22,643

(i) Inclusive of fair value losses 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:

1.1.2021 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	58,741	84,205	10,577	9,791	163,314	--	163,314
Inter-segment revenue	33,339	18,996	25,473	2,343	80,151	(80,151)	--
Total revenue	92,080	103,201	36,050	12,134	243,465	(80,151)	163,314
Segment results from operating activities	10,501	13,678	2,470	7,686 ⁽ⁱ⁾	34,335	(2,494)	31,841
Share of loss of a joint venture							500
Finance income							1,235
Finance costs							(2,347)
Profit before tax							31,229
Tax expense							(8,738)
Profit after tax							22,491

(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 31.3.2022 (Cumulative 4Q2022)	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	181,094	143,344	30,903	43,046	398,387	--	398,387
Inter-segment revenue	80,140	1,423	44,188	9,839	135,590	(135,590)	--
Total revenue	261,234	144,767	75,091	52,885	533,977	(135,590)	398,387
Segment results from operating activities	9,457	21,705	7,092	34,758 ⁽ⁱ⁾	73,012	1,570	74,582
Share of profit of a joint venture							1,623
Finance income							3,773
Finance costs							(11,073)
Profit before tax							68,905
Tax expense							(16,388)
Profit after tax							52,517

(i) Inclusive of fair value losses 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	182,742	197,158	44,343	36,362	460,605	--	460,605
Inter-segment revenue	86,894	18,996	72,730	8,779	187,399	(187,399)	--
Total revenue	269,636	216,154	117,073	45,141	648,004	(187,399)	460,605
Segment results from operating activities	19,225	35,949	1,226	33,612 ⁽ⁱ⁾	90,012	(8,484)	81,528
Share of profit of a joint venture							3,510
Finance income							4,439
Finance costs							(9,838)
Profit before tax							79,639
Tax expense							(21,714)
Profit after tax							57,925

(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

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

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

On 3 March 2022, a new subsidiary, I Privilege Club Sdn Bhd was incorporated with an initial share capital of RM100. The principal activity of the subsidiary consists of those relating to the operation of clubhouse and the provision of sports and recreational activities.

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

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 year under review.

A15. Capital commitments

	31.3.2022 RM'000	31.3.2021 RM'000
Capital expenditure commitment		
Contracted but not provided for		
Development land (Phase 3, SiLC in Iskandar Puteri, Johor)	*50,375	--
Property, plant and equipment		
(Two new blocks of workers' dormitories in i-Park @ Indahpura)	6,187	20,563
	<u>56,562</u>	<u>20,563</u>

*In respect of certain plots that remained conditional, which will be payable within 36 months from the unconditional date.

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 Group are shown below.

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
A. Joint venture				
Contract income	223	8,493	8,864	15,939
Rental income	24	20	87	83
B. Minority shareholder of a subsidiary				
Interest expenses	(63)	(63)	(255)	(272)
C. Firm in which a Director has financial interest				
Professional fees	(1)	(23)	(225)	(134)
D. A Director				
Contract income	--	--	44	--
E. Related company of minority shareholder of a subsidiary				
Contract income	--	--	2,817	--
F. Company in which certain Directors have financial interest				
Progress billings on sale of a commercial shop	--	74	--	223

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 %
	31.3.2022 RM'000	31.3.2021 RM'000	
Revenue	139,727	163,314	(14)
Gross profit	33,740	41,982	(20)
Share of profit of an equity-accounted joint venture, net of tax	1,512	500	202
Profit before tax	26,241	31,229	(16)
Profit after tax	22,643	22,491	1
Profit attributable to owners of the Company	<u>20,878</u>	<u>21,618</u>	<u>(3)</u>

The Group's revenue decreased by RM23.58 million due to the decrease in property development revenue of RM37.86 million and engineering services revenue of RM0.72 million, partially offset by the increase in construction services revenue of RM13.75 million and rental income of RM1.25 million.

The Group's property development revenue decreased from RM84.20 million to RM46.34 million, which declined by approximately 44.96%. 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 RM10.58 million to RM9.86 million, which declined by approximately 6.81%. The decrease in revenue was mainly due to most of the existing engineering projects were near completion, where the revenue recognition was lesser.

The Group's construction services revenue increased from RM58.74 million to RM72.49 million, which was an increase of approximately 23.41%. The increase in revenue was mainly due to the progression in the stage of completion of the on-going construction projects.

The Group's rental income increased from RM9.79 million to RM11.04 million, which was an increase of approximately 12.77%. 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 a lower 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 a lower profit before tax and profit attributable to owners of the Company mainly due to the lower revenue and fair value losses on investment properties, notwithstanding the gain on disposal of property.

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 %
	31.3.2022 RM'000	31.3.2021 RM'000	
Revenue	398,387	460,605	(14)
Gross profit	103,940	109,201	(5)
Share of profit of an equity-accounted joint venture, net of tax	1,623	3,510	(54)
Profit before tax	68,905	79,639	(13)
Profit after tax	52,517	57,925	(9)
Profit attributable to owners of the Company	<u>48,560</u>	<u>53,476</u>	<u>(9)</u>

The Group's revenue decreased by RM62.22 million due to the decrease in construction services revenue of RM1.65 million, property development revenue of RM53.82 million and engineering services revenue of RM13.44 million, partially offset by the increase in rental income of RM6.69 million.

The Group's construction services revenue decreased from RM182.74 million to RM181.09 million, which declined by approximately 0.90%. 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 RM197.16 million to RM143.34 million, which declined by approximately 27.30%. The decrease in the revenue was mainly due to the lower stages of work completed and timing of income recognition.

The Group's engineering services revenue decreased from RM44.34 million to RM30.90 million, which declined by approximately 30.31%. The decrease in revenue was mainly due to most of the existing engineering projects were near completion, where the revenue recognition was lesser.

The Group's rental income increased from RM36.36 million to RM43.05 million, which was an increase of approximately 18.40%. 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 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 lower revenue and fair value losses on investment properties, notwithstanding the gain on disposal of property.

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

B2. Comparison with immediate preceding quarter

	Current quarter 31.3.2022 RM'000	Preceding quarter 31.12.2021 RM'000	Changes %
Revenue	139,727	95,585	46
Gross profit	33,740	24,258	39
Share of profit/(loss) of an equity-accounted joint venture, net of tax	1,512	(42)	3,700
Profit before tax	26,241	16,369	60
Profit after tax	22,643	11,629	95
Profit attributable to owners of the Company	<u>20,878</u>	<u>10,709</u>	<u>95</u>

Higher revenues were recorded across all segments of the Group. In line with the higher revenue, the Group generated higher gross profit.

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 a higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the higher revenue, gain on disposal of property and share of profit from the joint venture, notwithstanding the fair value losses on investment properties.

B3. Prospects for the Group for the financial year ending 31 March 2023 ("FYE 2023")

Since 1 April 2022, Malaysia has transitioned to the endemic phase of COVID-19. With the reopening of the nation's borders and gradual reopening of international borders, it is expected to boost the foreign direct investment inflows to the country and will have a positive impact on the take-up of our industrial properties. We are receiving more enquiries for our industrial properties from various multinational companies.

The Group expects continued pressure from the rising costs of building materials given the supply chain disruption. Nevertheless, the Group has been proactively taking measures to mitigate the negative impact to enhance the Group's profitability.

We have a healthy level of unbilled sales of industrial properties and construction orderbook, which will contribute to revenue recognition in the FYE 2023. We have also commenced the development of our new industrial park, namely i-TechValley in quarter 1 of the FYE 2023 and we will continue developing i-Park @ Senai Airport City (Phase 3) 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 continue to identify and transform suitable landbank, to replicate our i-Park model in the central and northern regions of Peninsular Malaysia.

The approval for the Proposed REIT Establishment and Listing has been obtained from our shareholders at the extraordinary general meeting held on 11 May 2022. The Proposed REIT Establishment and Listing are expected to be completed by quarter 2 of the FYE 2023.

Overall, the Board of Directors expects the Group to achieve a better financial performance for the FYE 2023 premised on the abovementioned factors.

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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Current				
Tax expense				
Deferred tax income	3,928	9,455	16,229	22,300
Real Property Gains Tax ("RPGT")	(928)	(1,223)	(439)	(2,037)
	598	506	598	1,451
	<u>3,598</u>	<u>8,738</u>	<u>16,388</u>	<u>21,714</u>

The Group's effective tax rate for the current quarter under review was lower than the statutory tax rate mainly due to the gain on disposal of property which was subject to the RPGT at a rate of 10%, as well as 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 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.

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.

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).

On 3 March 2022, the Bumi Release was obtained for 19 out of 34 Bumi Plots under the SPA 2. Pursuant thereto, the last condition precedent to the said 19 Bumi Plots was obtained and the acquisition of the said 19 Bumi Plots became unconditional on the same date.

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

B6. Status of corporate proposals (continued)

- (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.

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 disposals of 31 industrial properties and 3 industrial-related properties (“Subject Properties”) by 5 subsidiary companies of AME 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 Disposals”);
- (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 (“SC”) in relation to the Proposed REIT Establishment and Listing. The valuation reports for the 34 Subject Properties in relation to the Proposed Group Disposals and Proposed Offering had been submitted to Bursa Securities on 15 December 2021.

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

B6. Status of corporate proposals (continued)

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.

The SC had granted, via its letter dated 24 March 2022 (received on 25 March 2022), approval for the Proposed REIT Establishment and Listing which includes, amongst others, the following:

- (a) establishment and listing of AME REIT, an Islamic REIT, on the Main Market of Bursa Securities under Section 214(1) of the Capital Markets and Services Act 2007 ("CMSA");
- (b) appointment of I REIT Managers as the management company of AME REIT; and
- (c) resultant unitholding structure of AME REIT under the Bumiputera equity requirement for public listed companies pursuant to the Proposed REIT Establishment and Listing.

The Authorisation and Licensing Department of the SC had granted, via its letter dated 7 April 2022, approval in relation to the application by I REIT Managers Sdn Bhd ("I REIT Managers"), the management company of AME REIT, for the Capital Markets Services License ("CMSL") for the regulated activity of fund management in relation to asset management restricted to real estate investment trust ("CMSL Approval").

The CMSL Approval of the SC is subject to the fulfilment of conditions below within 6 months from 7 April 2022:

- (a) To increase its shareholders' funds to a minimum of RM1 million; and
- (b) To appoint at least one responsible person for compliance.

In addition, the CMSL Approval was granted premised on the following:

- (a) There are no adverse findings against I REIT Managers, its shareholders, directors, chief executive, proposed licensed representatives, proposed responsible person for compliance, and company secretaries from the vetting conducted; and
- (b) I REIT Managers are to carry out its representations made in relation to its CMSL application, including its planned board composition and personnel hiring plans, and upon licence issuance, to execute its business plan as presented in the CMSL application.

The Proposed REIT Establishment and Listing 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 11 May 2022 where the shareholders approved the Proposals.

Subsequently, the Authorisation and Licensing Department of the SC had, via its letter dated 20 May 2022, granted I REIT Managers, the management company of AME REIT, a CMSL for the regulated activity of fund management in relation to asset management restricted to real estate investment trusts.

On 23 May 2022, the deed of trust was executed between I REIT Managers and RHB Trustees Berhad. AME REIT was established on 23 May 2022 upon registration of the deed of trust between I REIT Managers and RHB Trustees Berhad with the SC on the same date.

The listing applications for the proposed admission of AME REIT to the Official List of Bursa Securities and the listing of and quotation for up to 520.0 million Units on the Main Market of Bursa Securities, and for the listing of and quotation for up to 30.0 million Units on the Main Market of Bursa Securities, for the payment of management fees to I REIT Managers in the form of Units, on a staggered basis, were submitted on 24 May 2022.

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

B6. Status of corporate proposals (continued)

(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").

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.

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

B6. Status of corporate proposals (continued)

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.

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⁾	78,050
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	24,344	21,344
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>108,050</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 a decrease in demand for precast concrete products arising from the economic and construction industry slowdowns, as well as a decrease in profit margin due to the high overhead costs and tough competition among the industry players.

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

B7. Utilisation of proceeds from the Public Issue (continued)

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.

B8. Borrowings and debt securities

	31.3.2022 RM'000	31.3.2021 RM'000
Secured		
Non-current		
Term loans	208,800	224,939
Hire purchase liabilities	1,417	1,194
	210,217	226,133
Current		
Term loans	21,297	19,628
Bankers' acceptances	16,256	--
Hire purchase liabilities	663	1,092
Bank overdrafts	977	755
	39,193	21,475
	<u>249,410</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 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").

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

B9. Material litigations (continued)

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.

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.

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

B9. Material litigations (continued)

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 year under review.

Pursuant to the Settlement Agreement, AREA and AMEC have 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

On 26 May 2022, the Board of Directors declared an interim single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2022, which will be payable on 7 July 2022 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 June 2022.

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	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Net profit attributable to the owners of the Company (RM'000)	20,878	21,618	48,560	53,476
Weighted average number of ordinary shares in issue ('000) ⁽ⁱ⁾	640,673	640,673	640,673	640,673
Basic EPS (sen) ⁽ⁱⁱ⁾	3.26	3.37 ^(iv)	7.58	8.35 ^(iv)
Diluted EPS (sen) ⁽ⁱⁱⁱ⁾	3.26	3.37 ^(iv)	7.58	8.35 ^(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 year under review.
- (iii) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial year 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 year ended 31 March 2021 has been adjusted to reflect the bonus issue of 1 for every 2 existing ordinary share which was completed on 22 September 2021.

B12. Revenue

Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	82,346	69,318	211,997	227,085
Sales of properties under development				
- over time	15,774	55,175	74,794	94,718
Sales of completed properties and land				
- at a point in time	30,569	29,030	68,550	102,440
	128,689	153,523	355,341	424,243
Other revenue				
Rental income	11,038	9,791	43,046	36,362
Total revenue	139,727	163,314	398,387	460,605

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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,645	1,890	6,354	6,760
Expenses relating to short term leases of:				
- equipment	5,274	3,544	11,240	9,011
- premises	374	292	816	521
Rental income of premises	(54)	(569)	(1,459)	(1,781)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(7,683)	47	(7,792)	(139)
- investment properties	--	254	--	451
Loss/(Gain) on foreign exchange:				
- realised	9	51	(15)	65
- unrealised	--	82	(6)	80
Impairment loss/(Reversal of impairment loss) on trade receivables	--	42	(130)	172
Late payment interest income from purchasers	(2)	(16)	(96)	(25)
Income from forfeited deposits	(13)	(82)	(13)	(99)
Changes in fair value of investment properties ⁽ⁱ⁾	3,299	(1,209)	3,299	(6,920)

- (i) The fair value of investment properties was at level 3 which is determined by external independent property valuers using the income approach and sales comparison approach.