

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

**Interim Financial Report**  
**Third quarter ended 31 December 2019**

## AME Elite Consortium Berhad

Registration No. 201801030789 (1292815-W)  
(Incorporated in Malaysia)

### Unaudited condensed consolidated statement of financial position As at 31 December 2019

	unaudited 31.12.2019 RM'000	audited 31.3.2019 RM'000
<b>Assets</b>		
Property, plant and equipment	98,362	95,380
Inventories	8,661	8,661
Investment properties	334,074	278,796
Investment in a joint venture	29,180	32,392
Deferred tax assets	3,679	3,048
<b>Total non-current assets</b>	<u>473,956</u>	<u>418,277</u>
Inventories	362,331	234,097
Contract costs	7,855	11,737
Trade and other receivables	103,087	94,425
Contract assets	54,288	28,092
Current tax assets	1,256	4,265
Cash and cash equivalents	179,069	102,488
<b>Total current assets</b>	<u>707,886</u>	<u>475,104</u>
<b>Total assets</b>	<u><u>1,181,842</u></u>	<u><u>893,381</u></u>
<b>Equity</b>		
Share capital	620,140	1
Invested equity	--	4,501
Retained earnings	450,859	401,907
Merger reserve	(452,311)	--
<b>Equity attributable to owners of the Company</b>	<u>618,688</u>	<u>406,409</u>
Non-controlling interests	34,153	30,266
<b>Total equity</b>	<u>652,841</u>	<u>436,675</u>
<b>Liabilities</b>		
Loans and borrowings <sup>(i)</sup>	283,818	186,948
Due to Directors	--	3,296
Due to a minority shareholder	10,000	10,000
Deferred tax liabilities	15,136	14,016
<b>Total non-current liabilities</b>	<u>308,954</u>	<u>214,260</u>
Loans and borrowings <sup>(i)</sup>	28,740	28,893
Trade and other payables	160,434	138,231
Contract liabilities	21,858	21,298
Due to Directors	--	50,929
Due to a minority shareholder	871	565
Current tax liabilities	8,144	2,530
<b>Total current liabilities</b>	<u>220,047</u>	<u>242,446</u>
<b>Total liabilities</b>	<u>529,001</u>	<u>456,706</u>
<b>Total equity and liabilities</b>	<u><u>1,181,842</u></u>	<u><u>893,381</u></u>
<b>Net assets per share attributable to owners of the Company (RM) <sup>(ii)</sup></b>	<u>1.45</u>	<u>N/A <sup>(iii)</sup></u>

(i) See Note B8.

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

(iii) Not disclosed since it is not comparable.

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**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2019**

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	106,086	104,956	282,254	269,914
Cost of sales	(72,165)	(73,967)	(189,149)	(201,101)
<b>Gross profit</b>	<b>33,921</b>	<b>30,989</b>	<b>93,105</b>	<b>68,813</b>
Other income	613	481	8,935	1,166
Distribution expenses	(255)	(938)	(2,171)	(2,583)
Administrative expenses <sup>(i)</sup>	(11,296)	(8,621)	(27,906)	(22,989)
Other expenses	(19)	(15)	(39)	(62)
<b>Results from operating activities</b>	<b>22,964</b>	<b>21,896</b>	<b>71,924</b>	<b>44,345</b>
Finance income	1,147	608	2,537	2,263
Finance costs	(3,531)	(2,489)	(10,782)	(4,412)
<b>Net finance costs</b>	<b>(2,384)</b>	<b>(1,881)</b>	<b>(8,245)</b>	<b>(2,149)</b>
Share of profit/(loss) of an equity-accounted joint venture, net of tax	88	(38)	4,851	216
<b>Profit before tax</b>	<b>20,668</b>	<b>19,977</b>	<b>68,530</b>	<b>42,412</b>
Tax expense	(5,665)	(4,794)	(15,691)	(10,183)
<b>Profit for the period/ Total comprehensive income for the period</b>	<b>15,003</b>	<b>15,183</b>	<b>52,839</b>	<b>32,229</b>
<b>Profit attributable to:</b>				
Owners of the Company	14,833	14,847	48,952	31,559
Non-controlling interests	170	336	3,887	670
<b>Profit for the period/ Total comprehensive income for the period</b>	<b>15,003</b>	<b>15,183</b>	<b>52,839</b>	<b>32,229</b>
<b>Basic earnings per ordinary share (sen) <sup>(ii)</sup></b>	<b>3.57</b>	<b>4.35</b>	<b>13.37</b>	<b>9.24</b>
<b>Diluted earnings per ordinary share (sen) <sup>(ii)</sup></b>	<b>3.57</b>	<b>4.35</b>	<b>13.37</b>	<b>9.24</b>

**Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2019 (continued)**

- (i) Included in administrative expenses are one-off listing expenses incurred amounting to RM1.86 million and RM2.89 million during the current quarter and financial period under review respectively.

For illustration purpose, the Group's normalised financial performance after adjusting for the one-off listing expenses is as follow:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Profit before tax	20,668	19,977	68,530	42,412
Add back: Listing expenses	<u>1,855</u>	<u>641</u>	<u>2,894</u>	<u>1,374</u>
Adjusted profit before tax	<u>22,523</u>	<u>20,618</u>	<u>71,424</u>	<u>43,786</u>

- (ii) See Note B11.

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### Unaudited condensed consolidated statement of changes in equity for the third quarter ended 31 December 2019

	← Non-distributable →			Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Invested equity RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 April 2018</b>	--	4,501	--	364,560	369,061	26,623	395,684
At date of incorporation	1	--	--	--	1	--	1
Profit and total comprehensive income for the period	--	--	--	31,559	31,559	670	32,229
Dividends paid	--	--	--	(10,000)	(10,000)	--	(10,000)
<b>At 31 December 2018</b>	<b>1</b>	<b>4,501</b>	<b>--</b>	<b>386,119</b>	<b>390,621</b>	<b>27,293</b>	<b>417,914</b>
<b>At 1 April 2019</b>	<b>1</b>	<b>4,501</b>	<b>--</b>	<b>401,907</b>	<b>406,409</b>	<b>30,266</b>	<b>436,675</b>
Profit and total comprehensive income for the period	--	--	--	48,952	48,952	3,887	52,839
Capitalisation of amounts due to Directors <sup>(i)</sup>	55,725	--	--	--	55,725	--	55,725
New shares issued by the Company as consideration for the acquisition of subsidiaries <sup>(i)</sup>	456,812	--	(456,812)	--	--	--	--
Subscription of shares in subsidiaries <sup>(i)</sup>	--	800	(800)	--	--	--	--
Reversal of issued and paid-up share capital of the subsidiaries <sup>(i)</sup>	--	(5,301)	5,301	--	--	--	--
New shares issued by the Company for the Public Issue <sup>(i)</sup>	111,050	--	--	--	111,050	--	111,050
New shares issuance expenses for the Public Issue	(3,448)	--	--	--	(3,448)	--	(3,448)
<b>At 31 December 2019</b>	<b>620,140</b>	<b>--</b>	<b>(452,311)</b>	<b>450,859</b>	<b>618,688</b>	<b>34,153</b>	<b>652,841</b>

(i) See Note B6.

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**Unaudited condensed consolidated statement of cash flows for the third quarter ended 31 December 2019**

	Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	68,530	42,412
Adjustments for:		
Property, plant and equipment:		
- depreciation	4,574	4,414
- gain on disposal	(23)	(169)
Reversal of impairment loss on trade receivables	(4)	(7)
Share of profit of an equity-accounted joint venture, net of tax	(4,851)	(216)
Finance costs	10,782	4,412
Finance income	(2,537)	(2,263)
Unrealised gain on foreign exchange	(1)	(39)
Changes in fair value of investment properties	(7,267)	--
<b>Operating profit before changes in working capital</b>	<b>69,203</b>	<b>48,544</b>
Changes in inventories	(128,639)	(42,512)
Changes in trade and other receivables	(9,156)	6,432
Changes in trade and other payables	19,958	40,514
Changes in contract assets/(liabilities)	(25,636)	7,639
Changes in contract costs	3,882	83
<b>Cash (used in)/generated from operations</b>	<b>(70,388)</b>	<b>60,700</b>
Interest received	2,537	2,263
Interest paid	(7,640)	(3,965)
Tax paid	(6,579)	(15,029)
<b>Net cash (used in)/from operating activities <sup>(i)</sup></b>	<b>(82,070)</b>	<b>43,969</b>
<b>Cash flows from investing activities</b>		
Acquisition of:		
- property, plant and equipment	(6,881)	(13,514)
- investment properties	(48,011)	(21,187)
Proceeds from disposal of:		
- property, plant and equipment	50	369
- assets classified as held for sale	--	33
Dividends received from a joint venture	8,000	1,500
Changes in pledged deposits	2,636	(373)
<b>Net cash used in investing activities</b>	<b>(44,206)</b>	<b>(33,172)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(1,569)	(1,847)
Repayment of short term borrowings	(705)	--
Proceeds from short term borrowings	10,705	--
Repayment of term loans	(53,304)	(33,791)
Drawdown from term loans	146,015	13,493
Proceeds from issue of share capital	111,050	--
Repayment of shares issuance expenses	(3,448)	--
Interest paid	(156)	(283)
Due to a minority shareholder	--	10,000
Dividends paid	--	(10,000)
Due to Directors	1,500	(300)
<b>Net cash from/(used in) financing activities</b>	<b>210,088</b>	<b>(22,728)</b>

**Unaudited condensed consolidated statement of cash flows for the third quarter ended 31 December 2019**  
(continued)

	Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	83,812	(11,931)
<b>Cash and cash equivalents as at date of incorporation</b>	--	1
<b>Cash and cash equivalents as at 1 April</b>	78,436	85,315
<b>Cash and cash equivalents as at 31 December</b>	<u>162,248</u>	<u>73,385</u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position:

	Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000
Cash and cash equivalents:		
- cash and bank balances	51,857	36,957
- fixed deposits with licensed banks	127,212	64,481
	<u>179,069</u>	<u>101,438</u>
Less: Pledged deposits	(15,877)	(23,484)
Bank overdrafts	(944)	(4,569)
	<u>162,248</u>	<u>73,385</u>

- (i) There was a net cash used in operating activities during the current financial period under review mainly due to the acquisition of a parcel of land for the Phase 3 development of i-Park @ Senai Airport City at RM150.14 million ("Land") of which a deposit of RM15.01 million was paid in financial year ended 31 March 2016, a differential sum of RM30.13 million was paid using internally generated funds and the remaining balance of RM105.00 million was financed through bank borrowing during the current financial period under review. The acquisition of the Land was completed on 27 August 2019 (see Note A15). 80% of the Land amounting to RM120.11 million has been determined for purpose of development properties for sale whilst the remaining 20% of the Land amounting to RM30.03 million has been held for purpose of investment properties for lease.

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### **Notes to the interim financial report**

## **Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 and International Accounting Standards (“IAS”) 34 Interim Financial Reporting**

### **A1. Basis of preparation**

This interim financial report is unaudited and has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Malaysia Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and International Accounting Standards (IAS) 34: Interim Financial Reporting.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 24 September 2019 and the accompanying notes attached to the interim financial report.

### **A2. Significant accounting policies**

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its audited combined financial statements for the years ended 31 March 2019, 2018, 2017 and 2016, except for the adoption of the following new accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) for the period beginning on 1 April 2019.

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above new accounting standards, interpretations and amendments does not have any material impact on the financial statements of the Group.

### **A3. Auditors’ report**

The audited combined financial statements for the financial years ended 31 March 2019, 2018, 2017 and 2016 were not subject to any qualifications.

### **A4. Seasonal or cyclical factors**

The nature of the Group’s business was not subject to any significant seasonal or cyclical factors.



**Part A: Explanatory notes pursuant to MFRS 134 and IAS 34 Interim Financial Reporting (continued)****A5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.

**A6. Changes in estimates**

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

**A7. Debt and equity securities**

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

**A8. Dividends paid**

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

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

The Group acquired PPE amounting to RM0.97 million and RM7.58 million during the current quarter and financial period under review respectively.

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

**A10. Impairment losses**

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the current quarter and financial period under review.



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

1.10.2018 to 31.12.2018	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	68,563	18,683	12,381	5,329	104,956	--	104,956
Inter-segment revenue	33,779	--	11,532	4,580	49,891	(49,891)	--
<b>Total revenue</b>	<b>102,342</b>	<b>18,683</b>	<b>23,913</b>	<b>9,909</b>	<b>154,847</b>	<b>(49,891)</b>	<b>104,956</b>
Segment results from operating activities	13,389	840	574	4,371	19,174	2,722	21,896
Share of loss of a joint venture							(38)
Finance income							608
Finance costs							(2,489)
<b>Profit before tax</b>							<b>19,977</b>
Tax expense							(4,794)
<b>Profit after tax</b>							<b>15,183</b>

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

1.4.2019 to 31.12.2019	Construction RM'000	Property development RM'000	Engineering RM'000	Investment holding/ Property investment and management services RM'000	Total RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	140,340	69,737	46,900	25,277	282,254	--	282,254
Inter-segment revenue	39,631	--	46,768	6,027	92,426	(92,426)	--
<b>Total revenue</b>	<b>179,971</b>	<b>69,737</b>	<b>93,668</b>	<b>31,304</b>	<b>374,680</b>	<b>(92,426)</b>	<b>282,254</b>
Segment results from operating activities	28,348	11,177	5,419	27,453 <sup>(i)</sup>	72,397	(473)	71,924
Share of profit of a joint venture							4,851
Finance income							2,537
Finance costs							(10,782)
<b>Profit before tax</b>							<b>68,530</b>
Tax expense							(15,691)
<b>Profit after tax</b>							<b>52,839</b>

(i) Inclusive of fair value gains on investment properties.

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

1.4.2018 to 31.12.2018	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	191,202	30,453	32,663	15,596	269,914	--	269,914
Inter-segment revenue	59,070	3,374	37,443	6,310	106,197	(106,197)	--
<b>Total revenue</b>	<b>250,272</b>	<b>33,827</b>	<b>70,106</b>	<b>21,906</b>	<b>376,111</b>	<b>(106,197)</b>	<b>269,914</b>
Segment results from operating activities	23,791	(1,522)	2,688	13,729	38,686	5,659	44,345
Share of profit of a joint venture							216
Finance income							2,263
Finance costs							(4,412)
<b>Profit before tax</b>							<b>42,412</b>
Tax expense							(10,183)
<b>Profit after tax</b>							<b>32,229</b>

## 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

There were no changes in the composition of the Group for the current quarter and financial period under review except for those disclosed in Note B6.

### A14. Contingent assets and contingent liabilities

	31.12.2019 RM'000	31.3.2019 RM'000
<b>Granted to the companies in which certain Directors have financial interest</b>		
Corporate guarantees given to licensed banks in respect of banking facilities of companies having common shareholders of the Group	--	44,450

The corporate guarantees of RM10.50 million and RM33.95 million have been fully discharged on 1 August 2019 and 5 August 2019 respectively.

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

### A15. Capital commitments

	31.12.2019 RM'000	31.3.2019 RM'000
<b>Contracted but not provided for:</b>		
Land held as investment property <sup>(i)</sup>	9,579	--
Development land <sup>(ii)</sup>	--	135,126
	<u>9,579</u>	<u>135,126</u>

(i) On 11 November 2019, the Group entered into a sale and purchase agreement to acquire a parcel of land measuring approximately 4.887 acres at free industrial zone of Senai Airport City, Johor for construction of a warehouse to be held for purpose of investment property for lease at a total purchase consideration of RM10.64 million ("Consideration"). 20% of the Consideration amounting to RM2.13 million and 80% of the Consideration amounting to RM8.51 million will be satisfied via internally generated funds and bank borrowing respectively, of which a deposit of 10% amounting to RM1.06 million has been paid via internally generated funds during the current quarter and financial period under review. The balance of the Consideration of RM9.58 million will be paid to the vendor after financial year 2020. The above land acquisition is expected to complete in financial year 2021.

(ii) On 29 May 2019, a differential sum of RM30.13 million was paid using internally generated funds for the acquisition of the Land. On 27 August 2019, the Group drew down a term loan amounting to RM105.00 million for financing the balance of the acquisition price of the Land and the acquisition of the Land was completed on the same date.

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

### A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>A. Joint venture</b>				
Contract income	6,918	2,869	8,653	15,687
Rental income	<u>21</u>	<u>15</u>	<u>69</u>	<u>45</u>
<b>B. Companies in which certain Directors have financial interest</b>				
Contract income	--	--	--	66
Rental expenses	--	--	--	(99)
Maintenance fee	--	(50)	--	(50)
Management fee	<u>--</u>	<u>(6)</u>	<u>--</u>	<u>(6)</u>
<b>C. Minority shareholder of a subsidiary</b>				
Interest expenses	<u>(101)</u>	<u>(108)</u>	<u>(306)</u>	<u>(189)</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 %
	31.12.2019 RM'000	31.12.2018 RM'000	
Revenue	106,086	104,956	1
Gross profit	33,921	30,989	9
Share of profit/(loss) of an equity-accounted joint venture, net of tax	88	(38)	332
Profit before tax	20,668	19,977	3
Profit after tax	15,003	15,183	(1)
Profit attributable to owners of the Company	14,833	14,847	--

The Group's revenue increased by RM1.13 million mainly due to the increase in engineering services revenue of RM10.79 million and rental income of RM3.55 million, partially offset by the decrease in construction services revenue of RM8.48 million and property development revenue of RM4.73 million.

The Group's construction services revenue decreased from RM68.56 million to RM60.08 million, which was a decrease of approximately 12.37%. The decrease in revenue was mainly due to the timing of construction projects. Some existing projects were near completion and the newly secured projects were in initial stage.

The Group's property development revenue decreased from RM18.68 million to RM13.96 million, which was a decrease of approximately 25.27%. Despite achieving higher sales of industrial properties, the decrease in revenue recognised was mainly due to the lower stage of work completed.

The Group's engineering services revenue increased from RM12.38 million to RM23.17 million, which was an increase of approximately 87.16%. The increase in revenue was mainly due to the higher contribution from the steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division.

The Group's rental income increased from RM5.33 million to RM8.88 million, which was an increase of approximately 66.60%. The increase in revenue was mainly due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

Despite the Group's revenue remained comparable, the Group recorded higher gross profit mainly due to some new construction projects with higher profit margin.

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

The Group's profit before tax grew by RM0.69 million despite the higher listing expenses incurred, whilst the Group's profit after tax and profit attributable to owners of the Company remained comparable despite the higher listing expenses incurred and higher tax expense mainly due to certain expenses not deductible for tax purposes.



## 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 %
	31.12.2019 RM'000	31.12.2018 RM'000	
Revenue	282,254	269,914	5
Gross profit	93,105	68,813	35
Share of profit of an equity-accounted joint venture, net of tax	4,851	216	2,146
Profit before tax	68,530	42,412	62
Profit after tax	52,839	32,229	64
Profit attributable to owners of the Company	<u>48,952</u>	<u>31,559</u>	<u>55</u>

The Group's revenue increased by RM12.34 million mainly due to the increase in property development revenue of RM39.28 million, engineering services revenue of RM14.24 million and rental income of RM9.68 million, partially offset by the decrease in construction services revenue of RM50.86 million.

The Group's construction services revenue decreased from RM191.20 million to RM140.34 million, which was a decrease of approximately 26.60%. The decrease in revenue was mainly due to the timing of construction projects. Some existing projects were near completion and the newly secured projects were in initial stage.

The Group's property development revenue increased from RM30.45 million to RM69.74 million, which was an increase of approximately 129.03%. The increase in revenue was mainly due to the sale of commercial shop lots in addition to higher sales of industrial properties.

The Group's engineering services revenue increased from RM32.66 million to RM46.90 million, which was an increase of approximately 43.60%. The increase in revenue was mainly due to the higher contribution from the steel engineering and precast concrete works division, as well as mechanical and electrical engineering works division.

The Group's rental income increased from RM15.60 million to RM25.28 million, which was an increase of approximately 62.05%. The increase in revenue was mainly due to the additional units of factory leased by tenants and higher rental income generated from workers' dormitories.

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

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

The Group recorded higher profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the higher gross profit, fair value gains on investment properties and higher share of profit from the joint venture, partially offset by the higher administrative expenses and finance costs.

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

### B2. Comparison with immediate preceding quarter

	Current quarter 31.12.2019 RM'000	Preceding quarter 30.9.2019 RM'000	Changes %
Revenue	106,086	81,812	30
Gross profit	33,921	27,966	21
Share of profit of an equity-accounted joint venture, net of tax	88	3,680	(98)
Profit before tax	20,668	28,796	(28)
Profit after tax	15,003	23,301	(36)
Profit attributable to owners of the Company	14,833	20,976	(29)

The Group's revenue and gross profit increased by RM24.27 million and RM5.96 million respectively mainly due to the increase in construction services revenue as a result of progression in stage of completion of on-going construction projects.

The Group's share of profit of an equity-accounted joint venture decreased by RM3.59 million mainly due to the lower sales of industrial properties by the joint venture.

The Group recorded lower profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the higher listing expenses incurred and lower share of profit from the joint venture.

For illustration purpose, the Group normalised financial performance by adjusting for the items as follows:

	Current quarter 31.12.2019 RM'000	Preceding quarter 30.9.2019 RM'000	Changes %
Profit before tax	20,668	28,796	(28)
Less: Changes in fair value of investment properties	--	(7,267)	(100)
Add back: Listing expenses	1,855	572	224
Adjusted profit before tax	22,523	22,101	2

### B3. Prospects for the Group for the financial year ending 31 March 2020

The industrial property sector is expected to remain active for the rest of the financial year, supported by foreign direct investment inflows and resilient domestic investments.

Our business has benefitted and is expected to continue to benefit from the US-China trade dispute. Meanwhile, we are also optimistic of a sustained increase in demand for industrial properties, to be driven by Malaysia's economic growth, in addition to higher investments in manufacturing and various other sectors.

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

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

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

### B3. Prospects for the Group for the financial year ending 31 March 2020 (continued)

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

Given the positive prospects outlined, the Board expects the Group to achieve a satisfactory financial performance for the current financial year.

### B4. Profit forecast

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

### B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>Current</b>				
Tax expense	6,512	4,185	15,203	9,598
Deferred tax (income)/expense	(847)	609	488	585
	<u>5,665</u>	<u>4,794</u>	<u>15,691</u>	<u>10,183</u>

The Group's effective tax rate for the current quarter under review was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes, whilst the Group's effective tax rate for the current financial period under review was lower than the statutory tax rate mainly due to the fair value gains of our investment properties which were subjected to the expected Real Property Gains Tax at 10% and share of profit of an equity-accounted joint venture on a net of tax basis, partially offset by certain expenses not deductible for tax purposes.

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

### B6. Status of corporate proposals

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, the following listing scheme was undertaken by the Company:

(i) Restructuring Exercise

(a) Acquisition of shares in respect of the subsidiaries of the Company

On 1 June 2019, the Company acquired from shareholders the ordinary shares held by them in the following subsidiaries:

	Equity interest (%)	Purchase consideration RM'000	No. of shares issued by the Company
Amsun Industries Sdn. Bhd.	100	124,125	82,750,030
AME Development Sdn. Bhd.	100	184,620	123,079,906
AME Industrial Park Sdn. Bhd.	100	59,882	39,921,470
AME Engineering Industries Sdn. Bhd.	100	25,525	17,016,296
Asiamost Sdn. Bhd.	100	16,520	11,013,488
Amsun Capital Sdn. Bhd.	100	4,248	2,832,003
Tanjung Bebas Sdn. Bhd.	100	18,746	12,497,406
Twin Sunrich Sdn. Bhd.	100	4,506	3,003,690
LKL Industries Sdn. Bhd.	100	18,570	12,380,280
I Stay Management Sdn. Bhd.	70	70	46,666
		<u>456,812</u>	<u>304,541,235</u>

The purchase consideration was satisfied via the issuance by the Company of an aggregate of 304,541,235 new ordinary shares in the Company, at an issue price of RM1.50 per share.

(b) Subscription of shares in respect of the subsidiaries of the Company

On 1 June 2019, the Company completed the subscription of new ordinary shares in the following subsidiaries at a subscription price of RM0.001 per share for cash:

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

The subscription of shares will result in the Company holding 99.99% equity interest in each of the above subsidiaries.

(c) Advances by the Directors to the Company

Directors of the Company have on 18 June 2019 made advances to the Company amounting to RM1.50 million for purpose of funding the Restructuring Exercise.

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

### B6. Status of corporate proposals (continued)

(i) Restructuring Exercise (continued)

(d) Capitalisation of amount due to Directors

As part of the Restructuring Exercise, the entire amount owing by the subsidiaries to the Directors of RM55.73 million have been capitalised into 37,149,865 ordinary shares, at an issue price of RM1.50 per share.

(ii) Initial Public Offering (“IPO”)

(a) Public Issue

The public issue of 85,423,000 new ordinary shares in the Company was issued at a price of RM1.30 per share.

(b) Offer for Sale

The offer for sale by selling shareholders of up to 42,711,800 ordinary shares in the Company was issued at a price of RM1.30 per share.

The listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad were completed on 14 October 2019.

### B7. Utilisation of proceeds from the Public Issue

The gross proceeds from the Public Issue approximately RM111.05 million is expected to be utilised in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	Proposed utilisation RM'000	Actual utilisation RM'000
Future industrial property development and investment projects including land acquisitions and joint ventures	Within 36 months	69,050	--
Working capital for our i-Park @ Senai Airport City development project	Within 12 to 36 months	23,000	--
Complete the expansion of our precast concrete fabrication capacity	Within 12 months	9,000	--
Estimated listing expenses	Within 6 months	10,000	8,656 <sup>(i)</sup>
		<u>111,050</u>	<u>8,656</u>

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

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

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

### B8. Borrowings and debt securities

	31.12.2019 RM'000	31.3.2019 RM'000
<b>Secured</b>		
<b>Non-current</b>		
Term loans	282,123	184,742
Finance lease liabilities	1,695	2,206
	283,818	186,948
<b>Current</b>		
Term loans	16,197	21,398
Revolving credit	10,000	--
Finance lease liabilities	1,599	1,956
Bank overdrafts	944	5,539
	28,740	28,893
	<u>312,558</u>	<u>215,841</u>

### B9. Material litigations

There were no material litigations which would materially and adversely affect the financial position of the Group as at date of this report.

### B10. Dividends

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit attributable to the owners of the Company (RM'000)	14,833	14,847	48,952	31,559
Weighted average number of ordinary shares in issue ('000)	415,044 <sup>(i)</sup>	341,692 <sup>(ii)</sup>	366,232 <sup>(i)</sup>	341,692 <sup>(ii)</sup>
Basic EPS (sen) <sup>(iii)</sup>	3.57	4.35	13.37	9.24
Diluted EPS (sen) <sup>(iv)</sup>	<u>3.57</u>	<u>4.35</u>	<u>13.37</u>	<u>9.24</u>

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

(ii) Based on the issued share capital of 341,692,101 ordinary shares after the completion of the Restructuring Exercise but before the Public Issue.

(iii) Basic EPS is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current quarter and financial period under review.

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

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

### B12. Revenue

#### Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>Revenue with contract customers</b>				
Construction contract				
- over time	83,248	80,944	187,240	223,865
Sales of development properties				
- over time	7,155	18,683	40,783	30,453
- at a point in time	6,804	--	28,954	--
	13,959	18,683	69,737	30,453
<b>Other revenue</b>				
Rental income	8,879	5,329	25,277	15,596
<b>Total revenue</b>	<u>106,086</u>	<u>104,956</u>	<u>282,254</u>	<u>269,914</u>

### B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
Depreciation	1,582	1,337	4,574	4,414
Rental expenses of:				
- equipment	1,076	4,894	7,392	8,983
- premises	12	6	27	125
Rental income of premises	(404)	--	(910)	--
Property, plant and equipment:				
Loss/(Gain) on disposal of property, plant and equipment	4	(126)	(23)	(169)
Loss/(Gain) on foreign exchange				
- realised	(9)	(12)	3	50
- unrealised	6	(2)	(1)	(39)
Late payment interest income from purchasers	(7)	(244)	(180)	(485)
Reversal of impairment loss on trade receivables	--	(7)	(4)	(7)
Changes in fair value of investment properties <sup>(i)</sup>	--	--	(7,267)	--
	<u>--</u>	<u>--</u>	<u>(7,267)</u>	<u>--</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.