

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

Interim Financial Report
First quarter ended 30 June 2022

AME Elite Consortium Berhad

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position As at 30 June 2022

	unaudited 30.06.2022 RM'000	audited 31.03.2022 RM'000
Assets		
Property, plant and equipment	155,788	147,046
Inventories	8,662	8,662
Investment properties	324,586	324,400
Investment in a joint venture	7,514	15,181
Deferred tax assets	7,367	7,027
Total non-current assets	<u>503,917</u>	<u>502,316</u>
Inventories	623,114	649,896
Contract costs	79,255	47,825
Contract assets	59,325	40,833
Trade and other receivables	81,126	82,307
Current tax assets	1,782	2,124
Cash and cash equivalents	143,251	187,245
Total current assets	<u>987,853</u>	<u>1,010,230</u>
Total assets	<u><u>1,491,770</u></u>	<u><u>1,512,546</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	544,271	538,186
Merger reserve	(452,311)	(452,311)
Equity attributable to owners of the Company	<u>712,100</u>	<u>706,015</u>
Non-controlling interests	42,421	40,666
Total equity	<u>754,521</u>	<u>746,681</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	209,398	210,217
Trade and other payables	230,446	250,706
Due to minority shareholders	10,000	10,000
Deferred tax liabilities	17,396	15,970
Total non-current liabilities	<u>467,240</u>	<u>486,893</u>
Loans and borrowings ⁽ⁱ⁾	26,205	39,193
Trade and other payables	230,729	214,500
Contract liabilities	7,283	18,970
Due to minority shareholders	2,051	2,490
Current tax liabilities	3,741	3,819
Total current liabilities	<u>270,009</u>	<u>278,972</u>
Total liabilities	<u>737,249</u>	<u>765,865</u>
Total equity and liabilities	<u><u>1,491,770</u></u>	<u><u>1,512,546</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>1.11</u>	<u>1.10</u>

(i) See Note B8.

(The unaudited condensed consolidated of financial position should be read with the Audited Annual Financial Report for the year ended 31 March 2022)

AME Elite Consortium Berhad
 Registration No. 201801030789 (1292815-W)
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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 30 June 2022

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Revenue	136,895	76,750	136,895	76,750
Cost of sales	(113,626)	(56,786)	(113,626)	(56,786)
Gross profit	23,269	19,964	23,269	19,964
Other income	1,412	1,070	1,412	1,070
Distribution expenses	(740)	(353)	(740)	(353)
Administrative expenses	(8,655)	(8,633)	(8,655)	(8,633)
Other expenses	(59)	(116)	(59)	(116)
Results from operating activities	15,227	11,932	15,227	11,932
Finance income	650	1,142	650	1,142
Finance costs ⁽ⁱ⁾	(4,375)	(2,216)	(4,375)	(2,216)
Net finance costs	(3,725)	(1,074)	(3,725)	(1,074)
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(167)	170	(167)	170
Profit before tax	11,335	11,028	11,335	11,028
Tax expense	(3,794)	(3,404)	(3,794)	(3,404)
Profit for the period/ Total comprehensive income for the period	7,541	7,624	7,541	7,624
Profit attributable to:				
Owners of the Company	6,085	7,214	6,085	7,214
Non-controlling interests	1,456	410	1,456	410
Profit for the period/ Total comprehensive income for the period	7,541	7,624	7,541	7,624
Basic earnings per ordinary share (sen) ⁽ⁱⁱ⁾	0.95	1.13	0.95	1.13
Diluted earnings per ordinary share (sen) ⁽ⁱⁱ⁾	0.95	1.13	0.95	1.13

(i) Included in finance costs is RM2.68 million which is the unwinding of discount on the deferred purchase considerations for land acquisitions during the current quarter and financial period under review.

(ii) See Note B11.

(The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read with the Audited Annual Financial Report for the year ended 31 March 2022)

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Unaudited condensed consolidated statement of changes in equity for the period ended 30 June 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 2021	620,140	(452,311)	506,711	674,540	37,708	712,248
Profit and total comprehensive income for the period	--	--	7,214	7,214	410	7,624
At 30 June 2021	620,140	(452,311)	513,925	681,754	38,118	719,872
At 1 April 2022	620,140	(452,311)	538,186	706,015	40,666	746,681
Profit and total comprehensive income for the period	--	--	6,085	6,085	1,456	7,541
Acquisition of a subsidiary	--	--	--	--	299	299
At 30 June 2022	620,140	(452,311)	544,271	712,100	42,421	754,521

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Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2022

	3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000
Cash flows from operating activities		
Profit before tax	11,335	11,028
Adjustments for:		
Property, plant and equipment:		
- depreciation	1,497	1,644
- gain on disposal	(268)	(14)
Share of loss/(profit) of an equity-accounted joint venture, net of tax	167	(170)
Finance costs	4,375	2,216
Finance income	(650)	(1,142)
Unrealised gain on foreign exchange	(7)	(1)
	<u>16,449</u>	<u>13,561</u>
Operating profit before changes in working capital	16,449	13,561
Changes in inventories	26,782	(3,701)
Changes in trade and other receivables	1,780	(10,273)
Changes in trade and other payables	(7,377)	(14,082)
Changes in contract assets/(liabilities)	(30,179)	6,190
Changes in contract costs	(31,430)	2,041
	<u>(23,975)</u>	<u>(6,264)</u>
Cash used in operations	(23,975)	(6,264)
Interest received	650	1,142
Interest paid	(1,600)	(2,127)
Tax paid	(2,387)	(4,557)
	<u>(27,312)</u>	<u>(11,806)</u>
Net cash used in operating activities	(27,312)	(11,806)
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(8,698)	(5,051)
- investment properties	(186)	(101)
- a subsidiary, net of cash & cash equivalents	219	--
Proceeds from disposal of:		
- property, plant and equipment	371	25
Dividends received from a joint venture	7,500	--
Changes in pledged deposits	2,862	(40)
	<u>2,068</u>	<u>(5,167)</u>
Net cash from/(used in) investing activities	2,068	(5,167)
Cash flows from financing activities		
Repayment of hire purchase liabilities	(342)	(317)
Repayment of short term borrowings	(15,335)	--
Proceeds from short term borrowings	--	1,000
Repayment of term loans	(7,210)	(13,077)
Drawdown from term loans	6,399	1,756
Interest paid	(29)	(25)
Due to minority shareholders	490	20
Dividends paid to:		
- non-controlling interests	(1,000)	(1,000)
	<u>(17,027)</u>	<u>(11,643)</u>
Net cash used in financing activities	(17,027)	(11,643)

Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2022
(continued)

	3 months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
Net decrease in cash and cash equivalents	(42,271)	(28,616)
Cash and cash equivalents as at 1 April	<u>169,665</u>	<u>255,941</u>
Cash and cash equivalents as at 30 June	<u><u>127,394</u></u>	<u><u>227,325</u></u>

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

	3 months ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
Cash and cash equivalents:		
- cash and bank balances	75,894	60,320
- fixed deposits with licensed banks	60,916	184,101
- money market fund with a licensed bank	<u>6,441</u>	<u>--</u>
	143,251	244,421
Less: Pledged deposits	(13,741)	(14,746)
Bank overdrafts	<u>(2,116)</u>	<u>(2,350)</u>
	<u><u>127,394</u></u>	<u><u>227,325</u></u>

(The unaudited condensed consolidated statement of cash flows should be read with the Audited Annual Financial Report for the year ended 31 March 2022)

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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”), Malaysian 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 2022 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 2022.

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 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*

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 2022 were not subject to any qualifications.

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

A4. Seasonal or cyclical factors

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

A5. Unusual items

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

A6. Changes in estimates

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

A7. Debt and equity securities

There were no debt and equity securities issued during the current quarter and financial period under review.

A8. Dividends paid

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 RM10.24 million of which the amount financed by finance lease liabilities was RM1.54 million during the current quarter and financial period under review.

Included in the additions to PPE during the current quarter and financial period under review were workers' dormitories in-progress of RM7.78 million and other PPE of RM2.46 million.

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

A10. Impairment losses

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

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

A11. Segmental information

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

01.04.2022 to 30.06.2022 (1Q2023)	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	87,892	32,340	5,214	11,449	136,895	--	136,895
Inter-segment revenue	18,277	3,256	6,354	3,060	30,947	(30,947)	--
Total revenue	106,169	35,596	11,568	14,509	167,842	(30,947)	136,895
Segment results from operating activities	2,845	5,357	319	9,181	17,702	(2,475)	15,227
Share of (loss)/profit of a joint venture							(167)
Finance income							650
Finance costs							(4,375)
Profit before tax							11,335
Tax expense							(3,794)
Profit after tax							7,541

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

A12. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A13. Changes in the composition of the Group

On 26 April 2022, a new entity, Landscape Artist Sdn. Bhd. was acquired by AME Building Management Sdn. Bhd. with a shareholding interest of 70%. The principal activity of the entity consists of those relating to landscape project and maintenance and its related services.

On 17 May 2022, a new entity, Dynamic Innovative Venture Sdn. Bhd. was incorporated with initial share capital of RM100 and was held by I Stay Management Sdn. Bhd. with a shareholding interest of 51%. The principal activity of the entity consists of those relating to operation of canteens, convenience stores and laundromats.

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

A14. Contingent assets and contingent liabilities

Contingent liability not considered remote

Claim

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

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

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

A15. Capital commitments

	30.06.2022 RM'000	31.03.2022 RM'000
Capital expenditure commitment		
Contracted but not provided for		
Property, plant and equipment		
(Two new blocks of workers' dormitories in i-Park @ Indahpura)	1,451	6,187

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

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

A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
A. Joint venture				
Contract income	--	5,291	--	5,291
Rental income	24	21	24	21
	<u>24</u>	<u>21</u>	<u>24</u>	<u>21</u>
B. Minority shareholder of a subsidiary				
Interest expenses	(71)	(64)	(71)	(64)
	<u>(71)</u>	<u>(64)</u>	<u>(71)</u>	<u>(64)</u>
C. Firm in which a Director has financial interest				
Professional fees	(42)	(30)	(42)	(30)
	<u>(42)</u>	<u>(30)</u>	<u>(42)</u>	<u>(30)</u>
D. A Director				
Contract income	--	44	--	44
	<u>--</u>	<u>44</u>	<u>--</u>	<u>44</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 %
	30.06.2022 RM'000	30.06.2021 RM'000	
Revenue	136,895	76,750	78
Gross profit	23,269	19,964	17
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(167)	170	(198)
Earnings before interest and taxes	15,060	12,102	24
Profit before tax	11,335	11,028	3
Profit after tax	7,541	7,624	(1)
Profit attributable to owners of the Company	<u>6,085</u>	<u>7,214</u>	<u>(16)</u>

The Group's revenue increased by RM60.15 million due to the increase in construction services revenue of RM46.40 million, property development revenue of RM13.70 million, rental income and service income of RM0.85 million, partially offset by the decrease in engineering services revenue of RM0.80 million.

The Group's construction services revenue increased from RM41.49 million to RM87.89 million, which was an increase of approximately 111.83%. The increase in revenue was mainly due to the progression in the stage of completion of the on-going construction projects.

The Group's property development revenue increased from RM18.64 million to RM32.34 million, which was an increase of approximately 73.50%. The increase in the revenue was mainly due to the higher stages of work completed and the timing of income recognition.

The Group's rental and service income increased from RM10.60 million to RM11.45 million, which was an increase of approximately 8.02%. 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.

The Group's engineering services revenue decreased from RM6.01 million to RM5.21 million, which declined by approximately 13.31%. The decrease in revenue was mainly due to many of the existing engineering projects were near completion, where the revenue recognition was lesser.

In line with the higher revenue, the Group recorded a higher 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.

The Group recorded higher earnings before interest and taxes mainly due to the higher contributions from construction, property development and property investment and management services segment, notwithstanding the lower share of profit from the joint venture.

Overall, the profit before tax and profit attributable to owners of the Company remains comparable to corresponding quarter mainly due to a finance cost of RM2.68 million which is the unwinding of discount on the deferred purchase considerations for land acquisition, notwithstanding higher revenue recorded.

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

B2. Comparison with immediate preceding quarter

	Current quarter 30.06.2022 RM'000	Preceding quarter 31.03.2022 RM'000	Changes %
Revenue	136,895	139,727	(2)
Gross profit	23,269	33,740	(31)
Share of (loss)/profit of an equity-accounted joint venture, net of tax	(167)	1,512	(111)
Earnings before interest and taxes	15,060	29,838	(50)
Profit before tax	11,335	26,241	(57)
Profit after tax	7,541	22,643	(67)
Profit attributable to owners of the Company	<u>6,085</u>	<u>20,878</u>	<u>(71)</u>

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.

The Group recorded a lower earnings before interest and taxes, profit before tax, profit after tax and profit attributable to owners of the Company mainly due to the lower profit from construction and engineering segment and share of loss from the joint venture during the current quarter and financial period under review and a gain on disposal of property recorded in preceding quarter.

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

The Group has a healthy level of unbilled sales of industrial properties and construction orderbook, which will contribute to revenue recognition in the FY 2023. We have also commenced the development of our new industrial park, namely i-TechValley in quarter 1 of the FY 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 prospectus in respect of The Proposed REIT Establishment and Listing has been duly registered with the Securities Commission Malaysia on 12 August 2022 and launched on 17 August 2022. The Proposed REIT Establishment and Listing are expected to be completed by quarter 2 of the FY 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 period under review.

B5. Tax expense

Income tax expenses on continuing operations comprise the following:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Current				
Tax expense	2,708	2,953	2,708	2,953
Deferred tax expenses/(income)	1,086	451	1,086	451
	<u>3,794</u>	<u>3,404</u>	<u>3,794</u>	<u>3,404</u>

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

B6. Status of corporate proposals

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

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

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

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

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

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

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

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 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).

The status of Bumi Release for SPA 2 are as follows:

Date of Release	Number of Plots Released
3 March 2022	19
22 August 2022	1

Pursuant thereto, the last condition precedent to the said 20 Bumi Plots was obtained and the acquisition of the said 20 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 entitlement date of 15 August 2022 has been determined and announced on 1 August 2022.

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. Bursa Securities had approved this application via its letter dated 2 June 2022.

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

B6. Status of corporate proposals (continued)

The prospectus in respect of The Proposed REIT Establishment and Listing has been duly registered with the Securities Commission Malaysia on 12 August 2022 and launched on 17 August 2022. The Proposed REIT Establishment and Listing are expected to be completed by quarter 2 of the FY 2023.

- (iii) The Company had on 18 August 2022, via its wholly owned subsidiary Northern Industrial Park Sdn Bhd (formerly known as Alambina Gemilang Sdn Bhd) (“Northern Industrial Park”) entered into a Shareholders’ Agreement (“SA”) with Majestic Builders Sdn Bhd (“Majestic Builders”) to acquire and develop the Lands (as defined herein) via Suling Hill Development Sdn Bhd (“Suling Hill Development”) as the joint venture company (“Proposed Joint Venture”).

Within one month from the date of SA or such longer period, the paid-up capital of Suling Hill Development shall be increased to 1,000,000 ordinary shares at RM1.00 each and to be subscribed by Northern Industrial Park and Majestic Builders at 50% respectively.

Suling Hill Development had on 18 August 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Waz Lian Holdings Sdn Bhd (“Waz Lian Holdings” or “Vendor”) for the proposed acquisition and development of sixteen (16) pieces of freehold vacant land in Mukim 19, District of Seberang Perai Tengah, State of Penang, measuring approximately 175.98 acres (“Lands”) for a total consideration of RM130 million (“Proposed Acquisition”), payable in following manner:

- a) RM80.0 million by way of cash (“Purchase Price”) to be paid based on following tranches:
 - i. RM4.0 million as the deposit;
 - ii. RM16.0 million as 20% of the Purchase Price; and
 - iii. Subject to salient terms of the SPA, RM60.0 million as 75% of the Purchase Price,
- b) Subject to the Vendor procuring the issuance of Form 5A, RM50.0 million by way of properties.

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	24,344
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>111,050</u>

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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 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.

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

	30.06.2022 RM'000	31.03.2022 RM'000
Secured		
Non-current		
Term loans	207,587	208,800
Hire purchase liabilities	1,811	1,417
	209,398	210,217
Current		
Term loans	21,615	21,297
Bankers’ acceptances	921	16,256
Hire purchase liabilities	1,553	663
Bank overdrafts	2,116	977
	26,205	39,193
	<u>235,603</u>	<u>249,410</u>

B9. Material litigations

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

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

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 was paid 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.

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 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net profit attributable to the owners of the Company (RM'000)	6,085	7,214	6,085	7,214
Weighted average number of ordinary shares in issue ('000) ⁽ⁱ⁾	640,673	640,673	640,673	640,673
Basic EPS (sen) ⁽ⁱⁱ⁾	0.95	1.13 ^(iv)	0.95	1.13 ^(iv)
Diluted EPS (sen) ⁽ⁱⁱⁱ⁾	0.95	1.13 ^(iv)	0.95	1.13 ^(iv)

- (i) The ordinary shares in issue of the Company were increased from 427,115,101 shares to 640,672,649 shares with bonus issue of 1 for every 2 existing ordinary share totalling 213,557,548 shares which was completed on 22 September 2021.
- (ii) Basic EPS is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current quarter and financial period under review.
- (iii) The Company does not have any outstanding dilutive potential ordinary shares as at end of the current quarter and financial period under review. The existing warrants have not been included in the calculation of diluted EPS as these warrants are anti-dilutive.
- (iv) For comparative purpose, the EPS for the corresponding quarter and financial period ended 30 June 2021 has been adjusted to reflect the bonus issue of 1 for every 2 existing ordinary share which was completed on 22 September 2021.

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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 3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	93,106	47,504	93,106	47,504
Sales of properties under development				
- over time	15,340	14,663	15,340	14,663
Sales of completed properties and land				
- at a point in time	17,000	3,980	17,000	3,980
Service income				
- over time	246	--	246	--
	125,692	66,147	125,692	66,147
Other revenue				
Rental income	11,203	10,603	11,203	10,603
Total revenue	136,895	76,750	136,895	76,750

B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,497	1,644	1,497	1,644
Expenses relating to short term leases of:				
- equipment	3,130	2,820	3,130	2,820
- premises	344	149	344	149
Rental income of premises	(54)	(489)	(54)	(489)
Gain on disposal of:				
- property, plant and equipment	(268)	(14)	(268)	(14)
Gain on foreign exchange:				
- realised	(4)	(18)	(4)	(18)
- unrealised	(7)	(1)	(7)	(1)
Late payment interest income from purchasers	(44)	(4)	(44)	(4)