

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

Interim Financial Report
Third quarter ended 31 December 2022

AME Elite Consortium Berhad

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

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

	unaudited 31.12.2022 RM'000	audited 31.3.2022 RM'000
Assets		
Property, plant and equipment	162,561	147,046
Inventories	8,662	8,662
Investment properties	463,099	324,400
Investment in joint ventures	5,411	15,181
Deferred tax assets	8,010	7,027
Total non-current assets	<u>647,743</u>	<u>502,316</u>
Inventories	551,839	649,896
Contract costs	75,078	47,825
Contract assets	46,582	40,833
Trade and other receivables	101,982	82,307
Due from a joint venture	10,088	--
Current tax assets	2,105	2,124
Cash and cash equivalents	320,878	187,245
Total current assets	<u>1,108,552</u>	<u>1,010,230</u>
Total assets	<u><u>1,756,295</u></u>	<u><u>1,512,546</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	604,951	538,186
Other reserves	(454,367)	(452,311)
Equity attributable to owners of the Company	<u>770,724</u>	<u>706,015</u>
Non-controlling interests	311,137	40,666
Total equity	<u>1,081,861</u>	<u>746,681</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	54,317	210,217
Trade and other payables	235,212	250,706
Due to minority shareholders	--	10,000
Lease liabilities	378	--
Deferred tax liabilities	2,295	15,970
Total non-current liabilities	<u>292,202</u>	<u>486,893</u>

(The unaudited condensed consolidated of statement financial position should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report)

AME Elite Consortium Berhad

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

**Unaudited condensed consolidated statement of financial position
As at 31 December 2022 (continued)**

	unaudited 31.12.2022 RM'000	audited 31.3.2022 RM'000
Loans and borrowings ⁽ⁱ⁾	76,746	39,193
Trade and other payables	257,212	214,500
Contract liabilities	20,980	18,970
Due to minority shareholders	466	2,490
Lease liabilities	120	--
Current tax liabilities	26,708	3,819
Total current liabilities	<u>382,232</u>	<u>278,972</u>
Total liabilities	<u>674,434</u>	<u>765,865</u>
Total equity and liabilities	<u>1,756,295</u>	<u>1,512,546</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.20</u>	<u>1.10</u>

(i) See Note B8.

(The unaudited condensed consolidated of statement financial position should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report)

AME Elite Consortium Berhad

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

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the third quarter ended 31 December 2022

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Revenue	134,348	95,585	418,710	258,660
Cost of sales	(101,427)	(71,327)	(337,515)	(188,460)
Gross profit	32,921	24,258	81,195	70,200
Other income ⁽ⁱⁱ⁾	849	1,229	58,706	3,432
Distribution expenses	(2,518)	(430)	(4,950)	(1,566)
Administrative expenses	(11,438)	(7,141)	(29,558)	(24,875)
Other expenses	(96)	(99)	(412)	(935)
Results from operating activities	19,718	17,817	104,981	46,256
Finance income	1,703	930	2,993	2,970
Finance costs ⁽ⁱ⁾	(4,244)	(2,336)	(13,397)	(6,673)
Net finance costs	(2,541)	(1,406)	(10,404)	(3,703)
Share of profit/(loss) of equity-accounted joint ventures, net of tax	3,427	(42)	3,230	111
Profit before tax	20,604	16,369	97,807	42,664
Tax expense	(6,679)	(4,740)	(19,967)	(12,790)
Profit for the period / Total comprehensive income for the period	13,925	11,629	77,840	29,874
Profit attributable to:				
Owners of the Company	9,278	10,709	61,174	27,682
Non-controlling interests	4,647	920	16,666	2,192
Profit for the period / Total comprehensive income for the period	13,925	11,629	77,840	29,874
Basic earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	1.45	1.67	9.55	4.32
Diluted earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	1.45	1.67	9.55	4.32

(The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report)

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

- (i) Included in finance costs is RM2.57 million and RM7.64 million which is the unwinding of discount on the deferred purchase considerations for land acquisitions during the current quarter and financial period under review respectively.
- (ii) Included in other income is the fair value gain of RM54.8 million which arose from the disposal of 10 plots of industrial properties to AME Real Estate Investment Trust ("AME REIT") during the financial period under review. There was no fair value gain during the current quarter under review.
- (iii) See Note B11.

(The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report)

AME Elite Consortium Berhad

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

Unaudited condensed consolidated statement of changes in equity for the period ended 31 December 2022

	← Non-distributable →			Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares 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	--	--	--	27,682	27,682	2,192	29,874
Dividends to owners of the Company	--	--	--	(17,085)	(17,085)	--	(17,085)
At 31 December 2021	620,140	--	(452,311)	517,308	685,137	39,900	725,037
At 1 April 2022	620,140	--	(452,311)	538,186	706,015	40,666	746,681
Profit and total comprehensive income for the period	--	--	--	61,174	61,174	16,666	77,840
<i>Contributions by and distribution to owners of the Company</i>							
- Own shares acquired	--	(2,056)	--	--	(2,056)	--	(2,056)
- Dividends to owners of the Company	--	--	--	(22,424)	(22,424)	--	(22,424)
Total transaction with owners of the Company	--	(2,056)	--	(22,424)	(24,480)	--	(24,480)
Acquisition of a subsidiary	--	--	--	--	--	299	299
Issuance of shares to non-controlling interests	--	--	--	28,015	28,015	253,506	281,521
At 31 December 2022	620,140	(2,056)	(452,311)	604,951	770,724	311,137	1,081,861

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

Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2022

	9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Cash flows from operating activities		
Profit before tax	97,807	42,664
Adjustments for:		
Property, plant and equipment:		
- depreciation	4,487	4,709
- gain on disposal	(492)	(109)
- written off	153	--
Share of profit of equity-accounted joint ventures, net of tax	(3,230)	(111)
Reversal of impairment loss on trade receivables	--	(130)
Finance costs	13,397	6,673
Finance income	(2,993)	(2,970)
Unrealised gain on foreign exchange	(10)	(6)
Changes in fair value of investment properties	(54,763)	--
Operating profit before changes in working capital	54,356	50,720
Changes in inventories	23,117	(1,979)
Changes in trade and other receivables	(19,073)	(23,986)
Changes in trade and other payables	18,904	(11,980)
Changes in contract assets/(liabilities)	(3,739)	(22,015)
Changes in contract costs	(27,253)	1,550
Cash used from/(used in) operations	46,312	(7,690)
Interest received	2,905	2,970
Interest paid	(5,485)	(6,415)
Tax paid	(11,659)	(15,147)
Net cash used from/(used in) operating activities	32,073	(26,282)
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(16,734)	(23,801)
- investment properties	(8,996)	(246)
- a subsidiary, net of cash & cash equivalents	219	--
Proceeds from disposal of:		
- property, plant and equipment	618	146
Investment in a joint venture	(500)	--
Dividends received from a joint venture	13,500	5,000
Loan to a joint venture	(10,000)	--
Changes in pledged deposits	6,753	(2,459)
Net cash used in investing activities	(15,140)	(21,360)

(The unaudited condensed consolidated statement of cash flows should
be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2022
and the accompanying explanatory notes attached to this interim financial report)

Registration No. 201801030789 (1292815-W)

Unaudited condensed consolidated statement of cash flows for the period ended 31 December 2022 (continued)

	9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Cash flows from financing activities		
Repayment of hire purchase liabilities	(926)	(580)
Repayment of short term borrowings	(33,292)	(1,000)
Proceeds from short term borrowings	90,697	10,401
Repayment of term loans	(186,170)	(34,772)
Drawdown from term loans	9,374	27,410
Proceeds from issuance of shares to non-controlling interests	281,521	--
Payment for repurchase of treasury shares	(2,056)	--
Hire purchase interest paid	(114)	(66)
Due to minority shareholders	(11,180)	10
Dividends paid to:		
- owners of the Company	(22,424)	(17,085)
- non-controlling interests	(1,000)	(1,000)
Net cash from/(used in) financing activities	<u>124,430</u>	<u>(16,682)</u>
Net increase/(decrease) in cash and cash equivalents	141,363	(64,324)
Cash and cash equivalents as at 1 April	<u>169,665</u>	<u>255,941</u>
Cash and cash equivalents as at 31 December	<u><u>311,028</u></u>	<u><u>191,617</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:

	9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Cash and cash equivalents:		
- cash and bank balances	226,208	57,513
- fixed deposits with licensed banks	83,144	150,265
- money market fund with a licensed bank	11,526	1,004
	<u>320,878</u>	<u>208,782</u>
Less: Pledged deposits	<u>(9,850)</u>	<u>(17,165)</u>
	<u><u>311,028</u></u>	<u><u>191,617</u></u>

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Audited Annual Financial Report for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial report)

AME Elite Consortium Berhad

Registration No. 201801030789 (1292815-W)
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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 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments is not expected to have any material financial impact on the current period and prior period financial statements of the Group upon their first adoption.

Registration No. 201801030789 (1292815-W)

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

A3. Auditors' report

The audited consolidated financial statements for the financial year ended 31 March 2022 were not subject to any qualifications.

A4. Seasonal or cyclical factors

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

A5. Unusual items

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

A6. Changes in estimates

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

A7. Debt and equity securities

There were repurchase of 1,580,000 of its own shares from the open market for a total consideration of RM2.06 million. The repurchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act, 2016.

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

A8. Dividends paid

The amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 March 2022
 - an interim single-tier dividend of 2.5 sen per ordinary share totalling RM16.02 million declared on 26 May 2022 and paid on 7 July 2022 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 16 June 2022.
- ii) In respect of the financial year ending 31 March 2023
 - a special single-tier dividend of 1.0 sen per ordinary share totalling RM6.41 million declared on 27 September 2022 and paid on 28 October 2022 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 13 October 2022.

Registration No. 201801030789 (1292815-W)

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

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

The Group acquired PPE amounting to RM3.44 million and RM19.67 million of which the amount financed by finance lease liabilities was RM0.71 million and RM2.95 million during the current quarter and financial period under review respectively.

Included in the additions to PPE during the financial period under review were headquarters office and clubhouse of RM3.80 million, workers' dormitories of RM9.12 million, motor vehicles of RM2.59 million and other PPE of RM4.17 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:

1.10.2022 to 31.12.2022 (3Q2023)	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	66,336	50,138	4,271	13,603	134,348	--	134,348
Inter-segment revenue	22,925	--	7,488	10,625	41,038	(41,038)	--
Total revenue	89,261	50,138	11,759	24,228	175,386	(41,038)	134,348
Segment results from operating activities	2,289	6,302	335	12,773	21,699	(1,981)	19,718
Share of profit of joint ventures							3,427
Finance income							1,703
Finance costs							(4,244)
Profit before tax							20,604
Tax expense							(6,679)
Profit after tax							13,925

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:

1.4.2022 to 31.12.2022 (Cumulative 3Q2023)	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	228,553	136,170	22,086	31,901	418,710	--	418,710
Inter-segment revenue	58,480	3,256	17,524	21,079	100,339	(100,339)	--
Total revenue	287,033	139,426	39,610	52,980	519,049	(100,339)	418,710
Segment results from operating activities	6,954	21,394	1,570	77,997 ⁽ⁱ⁾	107,915	(2,934)	104,981
Share of profit of joint ventures							3,230
Finance income							2,993
Finance costs							(13,397)
Profit before tax							97,807
Tax expense							(19,967)
Profit after tax							77,840

(i) Inclusive of fair value gain on investment properties as disclosed in Note B13.

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

A11. Segmental information (continued)

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

1.4.2021 to 31.12.2021 (Cumulative 3Q2022)	Construction RM'000	Property development RM'000	Engineering RM'000	Investment holding/ Property investment and management services RM'000	Total RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	108,609	97,001	21,042	32,008	258,660	--	258,660
Inter-segment revenue	67,269	1,423	38,941	6,985	114,618	(114,618)	--
Total revenue	175,878	98,424	59,983	38,993	373,278	(114,618)	258,660
Segment results from operating activities	6,945	11,121	5,125	24,940	48,131	(1,875)	46,256
Share of profit of a joint venture							111
Finance income							2,970
Finance costs							(6,673)
Profit before tax							42,664
Tax expense							(12,790)
Profit after tax							29,874

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

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.

On 18 August 2022, Northern Industrial Park Sdn. Bhd. (formerly known as Alambina Gemilang Sdn. Bhd.) entered into a Shareholders' Agreement with Majestics Builders Sdn. Bhd. to jointly acquire and develop lands via a joint venture company, Suling Hill Development Sdn. Bhd. ("Suling Hill") with a shareholding interest of 50% respectively. The principal activities of Suling Hill consist of those relating to property development, investment holding and management of real estate.

The listing of AME REIT on the main market of Bursa Malaysia Securities Berhad was completed on 20 September 2022 and AME Development Sdn. Bhd. has a shareholding interest of 51%.

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

a) Claim

The Inland Revenue Board conducted a tax audit on a subsidiary and 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.

b) Guarantee

The Company provided a performance guarantee to a customer of a subsidiary to secure an advance payment. A liability from the performance guarantee would only arise in the event the Group fails to fulfill its contractual obligations.

	31.12.2022 RM'000	31.12.2021 RM'000
Performance guarantee to a customer of the Group	49,887	--
	<u>49,887</u>	<u>--</u>

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.

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

A15. Capital commitments

	31.12.2022 RM'000	31.12.2021 RM'000
Capital expenditure commitment		
Contracted but not provided for		
Property, plant and equipment		
(Two new blocks of workers' dormitories in i-Park @ Indahpura)	--	12,746
	<u> --</u>	<u> 12,746</u>

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

A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
A. Joint ventures				
Contract income	--	199	--	8,641
Rental income	35	21	84	63
Loan receivable	10,000	--	10,000	--
Interest income	88	--	88	--
	<u> 88</u>	<u> 199</u>	<u> 88</u>	<u> 8,641</u>
B. Minority shareholder of a subsidiary				
Interest expenses	--	(64)	(156)	(192)
	<u> --</u>	<u> (64)</u>	<u> (156)</u>	<u> (192)</u>
C. Firm in which a Director has financial interest				
Professional fees	(485)	(23)	(633)	(224)
	<u> (485)</u>	<u> (23)</u>	<u> (633)</u>	<u> (224)</u>
D. Related company of minority shareholder of a subsidiary				
Contract income	78	1,537	78	2,817
	<u> 78</u>	<u> 1,537</u>	<u> 78</u>	<u> 2,817</u>
E. Company in which close family of a subsidiary's Director has financial interest				
Professional fees	(10)	--	(197)	--
	<u> (10)</u>	<u> --</u>	<u> (197)</u>	<u> --</u>
F. Company in which closed family member of certain Directors have financial interest				
Contract income	--	--	70	--
	<u> --</u>	<u> --</u>	<u> 70</u>	<u> --</u>
G. A Director				
Contract income	--	--	--	44
	<u> --</u>	<u> --</u>	<u> --</u>	<u> 44</u>
H. Company in which a Director of a subsidiary has financial interest				
Service income	209	--	209	--
	<u> 209</u>	<u> --</u>	<u> 209</u>	<u> --</u>

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

B1. Review of performance

Current quarter against corresponding quarter

	Individual quarter 3 months ended		Changes %
	31.12.2022 RM'000	31.12.2021 RM'000	
Revenue	134,348	95,585	41
Gross profit	32,921	24,258	36
Share of profit/(loss) of equity-accounted joint ventures, net of tax	3,427	(42)	8260
Earnings before interest and taxes	23,145	17,775	30
Profit before tax	20,604	16,369	26
Profit after tax	13,925	11,629	20
Profit attributable to owners of the Company	9,278	10,709	(13)

The Group's revenue increased by RM38.77 million due to the increase in property development revenue of RM18.57 million, construction services revenue of RM21.68 million, rental and service income of RM2.78 million, partially offset by the decrease in engineering services revenue of RM4.26 million.

The Group's property development revenue increased from RM31.57 million to RM50.14 million, which was an increase of approximately 58.82%. The increase in the revenue was mainly due to the higher stages of work completed and the timing of income recognition.

The Group's construction services revenue increased from RM44.66 million to RM66.34 million, which was an increase of approximately 48.54%. 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 and service income increased from RM10.82 million to RM13.60 million, which was an increase of approximately 25.69%. The increase in the rental and service income was due to the additional units of factory leased by tenants, higher rental income generated from workers' dormitories and management services income from industrial park tenants.

The Group's engineering services revenue decreased from RM8.53 million to RM4.27 million, which declined by approximately 49.94%. The decrease in revenue was mainly due to the progression in the stage of completion of the on-going engineering projects.

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

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

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

Overall, the decrease in profit attributable to the owners of the Company was mainly due to the divestment of 49% shareholding interest of AME Real Estate Investment Trust ("AME REIT") to non-controlling interests.

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 %
	31.12.2022 RM'000	31.12.2021 RM'000	
Revenue	418,710	258,660	62
Gross profit	81,195	70,200	16
Share of profit of equity-accounted joint ventures, net of tax	3,230	111	2810
Earnings before interest and taxes	108,211	46,367	133
Profit before tax	97,807	42,664	129
Profit after tax	77,840	29,874	161
Profit attributable to owners of the Company	61,174	27,682	121

The Group's revenue increased by RM160.05 million due to the increase in property development revenue of RM39.17 million, construction services revenue of RM119.94 million and engineering services revenue of RM1.05 million, partially offset by the decrease in rental income of RM0.11 million.

The Group's property development revenue increased from RM97.00 million to RM136.17 million, which was an increase of approximately 40.38%. The increase in the revenue was mainly due to the higher stages of work completed and the timing of income recognition.

The Group's construction services revenue increased from RM108.61 million to RM228.55 million, which was an increase of approximately 110.43%. The increase in revenue was mainly due to the progression in the stage of completion of the on-going construction projects.

The Group's engineering services revenue increased from RM21.04 million to RM22.09 million, which was an increase of approximately 4.99%. The increase in revenue was mainly due to the progression in the stage of completion of the on-going engineering projects.

The Group's rental income decreased from RM32.01 million to RM31.90 million, which declined by approximately 0.34%. The decrease in the rental income was due to reversal of lease receivables of RM4.82 million recognised based on straight line basis after the disposal of properties to AME Real Estate Investment Trust ("AME REIT").

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

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

The Group recorded higher earnings before interest and taxes, profit before tax and profit attributable to owners of the Company mainly due to higher revenue and fair value gain on investment properties. The fair value gain on investment properties of RM54.8 million arose from the disposal of 10 plots of industrial properties to AME REIT by AME Development Sdn. Bhd. and Ipark Development Sdn. Bhd.. The subject properties were classified as inventories. Upon the disposal to AME REIT in the immediate preceding quarter and current financial period under review, the properties are classified as investment properties where the fair value gain is recognised. The fair value gain on investment properties net of tax and share by non-controlling interests is RM38.72 million.

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

B2. Comparison with immediate preceding quarter

	Current quarter 31.12.2022 RM'000	Preceding quarter 30.9.2022 RM'000	Changes %
Revenue	134,348	147,467	(9)
Gross profit	32,921	25,005	32
Share of profit/(loss) of equity-accounted joint ventures, net of tax	3,427	(30)	11523
Earnings before interest and taxes	23,145	70,006	(67)
Profit before tax	20,604	65,868	(69)
Profit after tax	13,925	56,374	(75)
Profit attributable to owners of the Company	9,278	45,811	(80)

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

The Group recorded lower earnings before interest and taxes, profit before tax and profit attributable to owners of the Company mainly due to fair value gain on investment properties arising from the disposal of inventories ("industrial properties") to AME REIT by AME Development Sdn. Bhd. and Ipark Development Sdn. Bhd. recorded in preceding quarter.

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 and labour shortage. 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 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 listing of AME REIT on the main market of Bursa Malaysia Securities Berhad was completed on 20 September 2022.

Overall, the Board of Directors expects the Group to achieve 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 9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Current				
Tax expense	3,538	4,762	34,625	12,301
Deferred tax expenses/(income)	3,141	(22)	(14,658)	489
	<u>6,679</u>	<u>4,740</u>	<u>19,967</u>	<u>12,790</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.

The Group's effective tax rate for the financial period under review was lower than the statutory tax rate mainly due to the reversal of deferred tax liabilities on the fair value gains on investment properties.

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).

On 13 December 2022, it was announced that the parties to SPA 2 mutually agreed to extend the cut-off date to 30 June 2023 for the Vendor to obtain the Bumi Release for the remaining 1 Bumi Plot under SPA 2.

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

B6. Status of corporate proposals (continued)

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

Date of Bumi Release	Number of Plots
3 March 2022	19
22 August 2022	1
8 November 2022	13

Pursuant thereto, the last condition precedent to the said 33 Bumi Plots was obtained and the acquisition of the said 33 Bumi Plots became unconditional on the same date.

- (ii) On 18 August 2022, Suling Hill Development Sdn. Bhd. 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, 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.
- (iii) On 5 December 2022, AME Development Sdn. Bhd. and Ipark Development Sdn. Bhd., subsidiaries of the Company have entered into three conditional sales and purchase agreements with RHB Trustees Berhad, being the trustee of AME Real Estate Investment Trust (“AME REIT”) to dispose Plot 15 Indahpura, Plot 16 Indahpura and Plot 43 SAC for a total cash consideration of RM69.25 million.

Barring any unforeseen circumstances and subject to all approvals and consents being obtained, the disposal of Plot 15 Indahpura and Plot 43 SAC are expected to be completed by the 1st quarter of calendar year 2023 whilst the disposal of Plot 16 Indahpura is expected to be completed by 4th quarter of calendar year 2023.

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

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

B7. Utilisation of proceeds from the Public Issue

The gross proceeds raised from the Public Issue of AME REIT of approximately RM287.92 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 utilization ⁽ⁱ⁾ RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000
Future industrial property development and investment projects including land acquisitions and joint ventures	Within 24 months	173,469	174,404	--	174,404
Repayment of borrowings	Within 3 months	110,000	110,000	(110,000)	--
Estimated listing expenses	Within 1 month	4,455	3,520	(3,520) ⁽ⁱⁱ⁾	--
		<u>287,924</u>	<u>287,924</u>	<u>(113,520)</u>	<u>174,404</u>

(i) The initial utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made on 1 September 2022.

(ii) The actual listing expenses incurred of RM3.52 million is lower than the estimated amount of RM4.46 million, therefore the excess amount of RM0.94 million will be used for future industrial property development and investment.

B8. Borrowings and debt securities

	31.12.2022 RM'000	31.3.2022 RM'000
Secured		
Non-current		
Term loans	52,010	208,800
Hire purchase liabilities	2,307	1,417
	54,317	210,217
Current		
Term loans	1,206	21,212
Bankers' acceptances	--	16,256
Revolving credit	73,661	--
Hire purchase liabilities	1,879	748
Bank overdrafts	--	977
	<u>76,746</u>	<u>39,193</u>
	<u>131,063</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.

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

B10. Dividends payable

The Board of Directors does not recommend any dividend for the current quarter and financial period under review.

B11. Earnings per share (“EPS”)

The basic and diluted EPS for the current quarter and financial period under review are computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Net profit attributable to the owners of the Company (RM'000)	9,278	10,709	61,174	27,682
Weighted average number of ordinary shares in issue ('000)	639,897	640,673	640,413	640,673
Basic EPS (sen) ⁽ⁱ⁾	1.45	1.67	9.55	4.32
Diluted EPS (sen) ⁽ⁱⁱ⁾	1.45	1.67	9.55	4.32

(i) 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.

(ii) 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.

B12. Revenue

Disaggregation of revenue

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Revenue from contracts with customers				
Construction contract				
- over time	70,607	53,197	250,639	129,651
Sales of properties under development				
- over time	21,429	19,947	72,346	59,020
Sales of completed properties and land				
- at a point in time	28,709	11,622	63,824	37,981
Service income				
- over time	572	--	933	--
	121,317	84,766	387,742	226,652
Other revenue				
Rental income	13,031	10,819	30,968	32,008
Total revenue	<u>134,348</u>	<u>95,585</u>	<u>418,710</u>	<u>258,660</u>

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

B13. Profit before tax

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation	1,347	1,522	4,487	4,709
Expenses relating to short term leases of:				
- equipment	6,422	1,935	14,844	5,966
- premises	58	144	99	442
Rental income of premises	(148)	(458)	(255)	(1,405)
Gain on disposal of:				
- property, plant and equipment	(162)	(95)	(492)	(109)
Loss/(Gain) on foreign exchange:				
- realised	2	4	(614)	(24)
- unrealised	5	(2)	(10)	(6)
Reversal of impairment loss on trade receivables	--	(130)	--	(130)
Late payment interest income from purchasers	(54)	(11)	(110)	(94)
Income from forfeited deposits	--	--	(20)	--
Property, plant and equipment written off	5	--	153	--
Changes in fair value of investment Properties ⁽¹⁾	--	--	(54,763)	--

- (i) Fair value gain of RM54.8 million arose from the disposal of 10 plots of industrial properties to AME REIT during the immediate preceding quarter and financial period under review. The subject properties were classified as inventories. Upon the disposal to AME REIT, the properties are classified as investment properties where the fair value gain is recognised.