

AME Elite Consortium Berhad

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

**Interim Financial Report
Second quarter ended 30 September 2023**

AME Elite Consortium Berhad

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

Unaudited condensed consolidated statement of financial position As at 30 September 2023

	unaudited 30.9.2023 RM'000	audited 31.3.2023 RM'000
Assets		
Property, plant and equipment	147,000	149,341
Right-of-use assets	12,510	12,740
Investment properties	554,271	548,400
Inventories	8,662	8,662
Investment in joint ventures	3,632	2,335
Deferred tax assets	8,482	11,251
Loan to a joint venture	10,000	10,000
Total non-current assets	<u>744,557</u>	<u>742,729</u>
Inventories	460,387	534,068
Contract costs	37,155	49,146
Contract assets	100,424	60,158
Trade and other receivables	109,482	111,395
Due from a joint venture	412	193
Current tax assets	1,710	3,166
Cash and cash equivalents	389,642	326,924
Total current assets	<u>1,099,212</u>	<u>1,085,050</u>
Total assets	<u><u>1,843,769</u></u>	<u><u>1,827,779</u></u>
Equity		
Share capital	620,140	620,140
Retained earnings	671,029	645,223
Other reserves	(454,367)	(454,367)
Equity attributable to owners of the Company	<u>836,802</u>	<u>810,996</u>
Non-controlling interests	313,504	309,799
Total equity	<u>1,150,306</u>	<u>1,120,795</u>
Liabilities		
Loans and borrowings ⁽ⁱ⁾	41,614	64,710
Trade and other payables	237,478	231,678
Lease liabilities	312	106
Deferred tax liabilities	5,884	6,537
Total non-current liabilities	<u>285,288</u>	<u>303,031</u>

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report)

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**Unaudited condensed consolidated statement of financial position
 As at 30 September 2023 (continued)**

	unaudited 30.9.2023 RM'000	audited 31.3.2023 RM'000
Loans and borrowings ⁽ⁱ⁾	107,911	119,170
Trade and other payables	260,892	229,873
Contract liabilities	27,772	37,361
Due to minority shareholders	884	1,980
Lease liabilities	161	473
Current tax liabilities	10,555	15,096
Total current liabilities	<u>408,175</u>	<u>403,953</u>
Total liabilities	<u>693,463</u>	<u>706,984</u>
Total equity and liabilities	<u>1,843,769</u>	<u>1,827,779</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.31</u>	<u>1.27</u>

(i) See Note B8.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the second quarter ended 30 September 2023

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Revenue	233,335	147,467	455,845	284,362
Cost of sales	(183,178)	(122,462)	(350,600)	(236,088)
Gross profit	50,157	25,005	105,245	48,274
Other income ⁽ⁱ⁾	876	56,445	1,714	57,857
Distribution expenses	(756)	(1,692)	(4,841)	(2,432)
Administrative expenses	(10,299)	(9,465)	(23,392)	(18,120)
Other expenses	(935)	(257)	(1,036)	(316)
Results from operating activities	39,043	70,036	77,690	85,263
Finance income	2,904	640	5,482	1,290
Finance costs ⁽ⁱⁱ⁾	(4,659)	(4,778)	(9,276)	(9,153)
Net finance costs	(1,755)	(4,138)	(3,794)	(7,863)
Share of profit/(loss) of equity-accounted joint ventures, net of tax	158	(30)	2,847	(197)
Profit before tax	37,446	65,868	76,743	77,203
Tax expense	(9,636)	(9,494)	(18,878)	(13,288)
Profit after tax	27,810	56,374	57,865	63,915
Profit attributable to:				
Owners of the Company	21,832	45,811	45,101	51,896
Non-controlling interests	5,978	10,563	12,764	12,019
Profit for the period/ Total comprehensive income for the period	27,810	56,374	57,865	63,915
Basic earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.42	7.15	7.06	8.10
Diluted earnings per ordinary share (sen) ⁽ⁱⁱⁱ⁾	3.42	7.15	7.06	8.10

(The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 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 second quarter ended 30 September 2023 (continued)

- (i) Included in other income of the corresponding quarter was the fair value gain of RM54.8 million which arose from the sale of 10 plots of industrial properties to AME Real Estate Investment Trust ("AME REIT"). The subject properties were classified as inventories. Upon the sale to AME REIT, the properties were reclassified as investment properties where the fair value gain is recognised. There was no fair value gain during the current quarter and financial period under review.

The total fair value changes of investment properties are as follows:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Industrial properties sold to AME REIT (realised)	--	^48,054	--	^48,054
Fair value gain on investment properties	--	*6,709	--	*6,709
Total fair value changes on investment properties	--	54,763	--	54,763

^ The fair value gain on the sale of 10 plots of industrial properties net of tax and share by non-controlling interests were RM33.40 million during the corresponding quarter and financial period.

* The fair value gain on investment properties net of tax and share by non-controlling interests were RM5.32 million during the corresponding quarter and financial period.

- (ii) The finance costs are as follows:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Unwinding of discount on the deferred purchase consideration for land acquisitions	*2,541	**2,394	*5,054	**5,069
Loans and borrowings Finance costs	2,118	2,384	4,222	4,084
	4,659	4,778	9,276	9,153

* The unwinding cost of discount on the deferred purchase consideration for land acquisition net of tax were RM1.93 million and RM3.84 million during the current quarter and financial period under review.

** The unwinding cost of discount on the deferred purchase consideration for land acquisition net of tax were RM1.82 million and RM3.85 million during the corresponding quarter and financial period.

- (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 Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report)

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Unaudited condensed consolidated statement of changes in equity for the period ended 30 September 2023

	← 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 2022 (Audited)	620,140		(452,311)	538,186	706,015	40,666	746,681
Profit and total comprehensive income for the period	--	--	--	51,896	51,896	12,019	63,915
<i>Contributions by and distribution to owners of the Company</i>							
- Dividends to owners of the Company	--	--	--	(22,424)	(22,424)	--	(22,424)
- Transaction arising from listing of a subsidiary	--	--	--	27,989	27,989	252,990	280,979
Total transaction with owners of the Company	--	--	--	5,565	5,565	252,990	258,555
Acquisition of a subsidiary	--	--	--	--	--	299	299
At 30 September 2022 (Unaudited)	620,140	--	(452,311)	595,647	763,476	305,974	1,069,450
At 1 April 2023 (Audited)	620,140	(2,056)	(452,311)	645,223	810,996	309,799	1,120,795
Profit and total comprehensive income for the period	--	--	--	45,101	45,101	12,764	57,865
<i>Contributions by and distribution to owners of the Company</i>							
- Dividends to owners of the Company	--	--	--	(19,173)	(19,173)	--	(19,173)
- Changes in ownership interests in a subsidiary that does not result in a loss of control	--	--	--	(122)	(122)	122	--
Total transaction with owners of the Company	--	--	--	(19,295)	(19,295)	122	(19,173)
Issuance of shares to non-controlling interests	--	--	--	--	--	49	49
Dividend to non-controlling interests in a subsidiary	--	--	--	--	--	(9,230)	(9,230)
At 30 September 2023 (Unaudited)	620,140	(2,056)	(452,311)	671,029	836,802	313,504	1,150,306

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Unaudited condensed consolidated statement of cash flows for the period ended 30 September 2023

	6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000
Cash flows from operating activities		
Profit before tax	76,743	77,203
Adjustments for:		
Property, plant and equipment:		
- depreciation	2,979	3,018
- gain on disposal	(189)	(330)
- written off	--	148
Depreciation of right-of-use assets	230	122
Share of (profit)/loss of equity-accounted joint ventures, net of tax	(2,847)	197
Impairment loss on trade receivables	883	--
Finance costs	9,276	9,153
Finance income	(5,482)	(1,290)
Unrealised gain on foreign exchange	--	(15)
Changes in fair value of investment properties	--	(54,763)
Operating profit before changes in working capital	81,593	33,443
Changes in inventories	73,681	18,348
Changes in trade and other receivables	1,030	(26,284)
Changes in trade and other payables	31,765	(36,191)
Changes in contract assets/(liabilities)	(49,855)	(5,241)
Changes in contract costs	11,991	2,125
Changes in amount due from joint ventures	(14)	(4,000)
Cash used from/(used in) operations	150,191	(17,800)
Interest received	5,277	1,290
Interest paid	(4,120)	(3,861)
Tax paid	(19,847)	(7,308)
Net cash from/(used in) operating activities	131,501	(27,679)
Cash flows from investing activities		
Acquisition of:		
- property, plant and equipment	(725)	(13,993)
- investment properties	(5,871)	(1,529)
- a subsidiary, net of cash & cash equivalents	--	219
Proceeds from disposal of:		
- property, plant and equipment	338	451
Dividends received from a joint venture	1,550	13,500
Changes in pledged fixed deposits	1,162	1,716
Net cash (used in)/from investing activities	(3,546)	364

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report)

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Unaudited condensed consolidated statement of cash flows for the period ended 30 September 2023 (continued)

	6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000
Cash flows from financing activities		
Repayment of hire purchase liabilities	(817)	(579)
Net (repayment)/proceeds from short term borrowings	(7,485)	42,140
Repayment of term loans	(22,367)	(178,378)
Drawdown from term loans	--	9,374
Subscription of shares by non-controlling interests	--	280,979
Hire purchase interest paid	(91)	(67)
Payment of lease liabilities	(106)	--
Due to minority shareholders	(1,058)	(11,156)
Dividends paid to:		
- owners of the Company	(19,173)	(16,017)
- non-controlling interests	(9,230)	(1,000)
Net cash (used in)/from financing activities	(60,327)	125,296
Net increase in cash and cash equivalents	67,628	97,981
Cash and cash equivalents as at 1 April	306,269	169,665
Cash and cash equivalents as at 30 September	373,897	267,646

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:

	6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000
Cash and cash equivalents:		
- cash and bank balances	123,903	150,758
- fixed deposits with licensed banks	238,243	128,288
- money market fund with a licensed institution	27,496	3,487
	389,642	282,533
Less: Pledged fixed deposits	(15,745)	(14,887)
	373,897	267,646

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to this interim financial report)

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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 2023 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 2023.

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 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*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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.

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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 2023 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 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 during the current quarter were as follows:

- i) In respect of the financial year ended 31 March 2023
 - an interim single-tier dividend of 3.0 sen per ordinary share totalling RM19.17 million declared on 26 May 2023 and paid on 7 July 2023 to shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 16 June 2023.

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

There were no material acquisitions and 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:

1.7.2023 to 30.9.2023 (2Q2024)	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	53,265	138,776	25,227	16,067	233,335	--	233,335
Inter-segment revenue	43,399	--	29,126	7,344	79,869	(79,869)	--
Total revenue	96,664	138,776	54,353	23,411	313,204	(79,869)	233,335
Segment results from operating activities	1,513	22,531	5,392	11,736	41,172	(2,129)	39,043
Share of profit of joint ventures							158
Finance income							2,904
Finance costs							(4,659)
Profit before tax							37,446
Tax expense							(9,636)
Profit after tax							27,810

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

1.7.2022 to 30.9.2022 (2Q2023)	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	74,325	53,692	12,601	6,849	147,467	--	147,467
Inter-segment revenue	17,278	--	3,682	7,394	28,354	(28,354)	--
Total revenue	91,603	53,692	16,283	14,243	175,821	(28,354)	147,467
Segment results from operating activities	1,820	9,735	916	56,043 ⁽ⁱ⁾	68,514	1,522	70,036
Share of loss of joint ventures							(30)
Finance income							640
Finance costs							(4,778)
Profit before tax							65,868
Tax expense							(9,494)
Profit after tax							56,374

(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)**

1.4.2022 to 30.9.2022 (Cumulative 2Q2023)	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	162,217	86,032	17,815	18,298	284,362	--	284,362
Inter-segment revenue	35,555	3,256	10,036	10,454	59,301	(59,301)	--
Total revenue	197,772	89,288	27,851	28,752	343,663	(54,267)	284,362
Segment results from operating activities	4,665	15,092	1,235	65,224 ⁽ⁱ⁾	86,216	(953)	85,263
Share of loss of joint ventures							(197)
Finance income							1,290
Finance costs							(9,153)
Profit before tax							77,203
Tax expense							(13,288)
Profit after tax							63,915

(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)

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

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

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period under review.

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.

	30.9.2023	31.3.2023
	RM'000	RM'000
Performance guarantee to a customer of the Group	4,329	45,393
	<u>4,329</u>	<u>45,393</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.

A15. Capital commitments

	30.9.2023	31.3.2023
	RM'000	RM'000
Capital expenditure commitment		
Contracted but not provided for		
Property, plant and equipment		
(Two new blocks of workers' dormitories in iTechValley)	39,946	41,906
	<u>39,946</u>	<u>41,906</u>

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

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

A16. Significant related party transactions

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

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
A. Joint ventures				
Rental income	15	25	20	49
Interest income	103	--	205	--
B. Minority shareholder of subsidiaries				
Interest expenses	(6)	(85)	(11)	(156)
C. Firm in which a Director has financial interest				
Professional fees	(135)	(106)	(179)	(148)
D. Related company of a subsidiary's shareholders				
Contract income	--	--	32	--
E. Company in which close family of a subsidiary's Director has financial interest				
Professional fees	(10)	(187)	(20)	(187)
F. Company in which certain Directors have financial interest				
Contract income	--	70	27	70
G. Company in which a Director of a subsidiary has financial interest				
Service income	180	--	266	--

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 %
	30.9.2023 RM'000	30.9.2022 RM'000	
Revenue	233,335	147,467	58
Gross profit	50,157	25,005	101
Share of profit/(loss) of equity-accounted joint ventures, net of tax	158	(30)	627
Earnings before interest and taxes	39,201	70,006	(44)
Profit before tax	37,446	65,868	(43)
Profit after tax	27,810	56,374	(51)
Profit attributable to owners of the Company	<u>21,832</u>	<u>45,811</u>	<u>(52)</u>

The Group's revenue increased by RM85.87 million were due to the increase in property development revenue of RM85.09 million, engineering services revenue of RM12.62 million, rental, service income and sale of goods of RM9.22 million, partially offset by the decrease in construction services revenue of RM21.06 million.

The Group's property development revenue increased from RM53.69 million to RM138.78 million, which was an increase of approximately 158.48%. The increase in the revenue was mainly due to the higher stages of work completed and the timing of income recognition.

The Group's engineering services revenue increased from RM12.60 million to RM25.22 million, which was an increase of approximately 100.16%. 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, service income and sale of goods increased from RM6.85 million to RM16.07 million, which was an increase of approximately 134.60%. The increase in the rental, service income and sale of goods was due to the additional units of factory leased by tenants, higher rental income generated from workers' dormitories, management services income from industrial park tenants. In addition, there was a 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") on 20 September 2022.

The Group's construction services revenue decreased from RM74.33 million to RM53.27 million, which declined by approximately 28.34%. The decrease in revenue was mainly due to the progression in the stage of completion of the on-going construction 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 revision of cost for the completed projects.

Overall, the Group recorded higher earnings before interest and taxes, profit before tax, profit after tax and profit attributable to owners of the Company in the corresponding quarter mainly due to fair value gain on investment properties arising from the sale of industrial properties to AME REIT.

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 6 months ended		Changes %
	30.9.2023 RM'000	30.9.2022 RM'000	
Revenue	455,845	284,362	60
Gross profit	105,245	48,274	118
Share of profit/(loss) of equity-accounted joint ventures, net of tax	2,847	(197)	1,545
Earnings before interest and taxes	80,537	85,066	(5)
Profit before tax	76,743	77,203	(460)
Profit after tax	57,865	63,915	(9)
Profit attributable to owners of the Company	<u>45,101</u>	<u>51,896</u>	<u>(13)</u>

The Group's revenue increased by RM171.48 million were due to the increase in property development revenue of RM196.12 million, engineering services revenue of RM22.68 million, rental, service income and sale of goods of RM12.66 million, partially offset by the decrease in construction services revenue of RM59.98 million.

The Group's property development revenue increased from RM86.03 million to RM282.15 million, which was an increase of approximately 227.97%. The increase in the revenue was mainly due to the higher stages of work completed and the timing of income recognition.

The Group's engineering services revenue increased from RM17.82 million to RM40.50 million, which was an increase of approximately 127.40%. 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, service income and sale of goods increased from RM18.30 million to RM30.96 million, which was an increase of approximately 69.18%. The increase in the rental, service income and sale of goods 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. In addition, there was a 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") on 20 September 2022.

The Group's construction services revenue decreased from RM162.22 million to RM102.24 million, which declined by approximately 36.97%. The decrease in revenue was mainly due to the progression in the stage of completion of the on-going construction 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 revision of cost for the completed projects.

Overall, the Group recorded higher earnings before interest and taxes, profit before tax, profit after tax and profit attributable to owners of the Company in the corresponding financial period mainly due to fair value gain on investment properties.

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

B2. Comparison with immediate preceding quarter

	Current quarter 30.9.2023 RM'000	Preceding quarter 30.6.2023 RM'000	Changes %
Revenue	233,335	222,510	5
Gross profit	50,157	55,088	(9)
Share of profit of equity-accounted joint ventures, net of tax	158	2,689	(94)
Earnings before interest and taxes	39,201	41,336	(5)
Profit before tax	37,446	39,297	(5)
Profit after tax	27,810	30,055	(7)
Profit attributable to owners of the Company	<u>21,832</u>	<u>23,269</u>	<u>(6)</u>

The decrease in the Group's share of profit from the equity-accounted joint ventures was mainly due to no sale of industrial properties recorded by the joint ventures in the current quarter.

The Group recorded lower earnings before interest and taxes, profit before tax, profit after tax and profit attributable to owners of the Company mainly due to lower share of profit from the joint ventures and higher cost of sales.

B3. Prospects for the Group for the financial year ending 31 March 2024 ("FYE 2024")

Johor continues to attract strong interest from domestic and foreign investors and remains the top investment destination in Malaysia. In 2022, Johor had secured foreign direct investment of RM70.6 billion which accounted for 43% of the total foreign direct investment of RM163.3 billion, the highest approved figure in the country.

We have experienced strong demand for our industrial properties, as well as growth in rental income and value of our investment properties. We have also been able to attract more Multinational Corporations ("MNCs") to operate in our industrial parks which we believe has helped to attract other MNCs and local enterprises to purchase or lease property units within our industrial parks.

We have also commenced the development of our new industrial park, namely i-TechValley in quarter 1 of 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. The strong net cash position bodes well for future industrial property development and investment projects.

Overall, the Board of Directors expects the Group to achieve satisfactory financial performance for the FYE 2024 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 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Current				
Tax expense	8,792	28,379	16,762	31,087
Deferred tax expenses/(income)	844	(18,885)	2,116	(17,799)
	<u>9,636</u>	<u>9,494</u>	<u>18,878</u>	<u>13,288</u>

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

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

B6. Status of corporate proposals

- (i) Acquisition of seventy-two (72) plots of freehold industrial land in Phase 3, Southern Industrial & Logistics Clusters (SiLC) in Iskandar Puteri, Johor

On 30 December 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 the following agreements with UEM Land Berhad ("UEM") and Nusajaya Heights Sdn Bhd ("NHSB") (UEM and NHSB are collectively defined as "Vendor"), both being the subsidiaries of UEM Sunrise Berhad.

- (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").

(Collectively referred to as the "Land Acquisitions")

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

B6. Status of corporate proposals (continued)

- (i) Acquisition of seventy-two (72) plots of freehold industrial land in Phase 3, Southern Industrial & Logistics Clusters (SiLC) in Iskandar Puteri, Johor

The Land 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.

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 29 February 2024 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) for the remaining 1 Bumi Plot under SPA 2.

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

- (ii) Acquisition and development of sixteen (16) pieces of freehold vacant land in Mukim 19, District of Seberang Perai Tengah, State of Penang

On 18 August 2022, Suling Hill Development Sdn. Bhd. (“Suling Hill” or “Purchaser”) 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 (“In-Kind Properties”).

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

B6. Status of corporate proposals (continued)

- (ii) Acquisition and development of sixteen (16) pieces of freehold vacant land in Mukim 19, District of Seberang Perai Tengah, State of Penang (continued)

The Vendor had informed Suling Hill that there are still persons occupying part of Lot 1362 and/or the structures erected by such persons are still present on part of Lot 1362 (Occupied Portion). On 19 October 2023, the Purchaser had mutually agreed that the sale and purchase of Lot 1362 shall exclude the Occupied Portion and following Clause 4.2 of the SPA,

- a) the aggregate area of the Lands is adjusted from 175.98 acres (712,179.1915 square meter) to 175.63 acres (710,763.1915 square meter);
- b) the purchase price in respect of Lot 1362 is adjusted from RM3.12 million to RM2.96 million;
- c) the aggregate Purchase Price of the Lands is adjusted from RM80.00 million to RM79.84 million; and
- d) the 75% Balance is adjusted from RM60.00 million to RM59.84 million.

The In-Kind Properties delivery date shall be extended to within 34 months from the date of the SPA (i.e. 18 June 2025) or the date of receipt by the Purchaser of Conversion Approval (i.e. Form 5A), whichever is later.

- (iii) Disposal of three (3) plots of industrial properties to RHB Trustee Berhad, being the trustee of AME Real Estate Investment Trust ("AME REIT")

On 5 December 2022, AME Development Sdn. Bhd. and Ipark Development Sdn. Bhd., subsidiaries of the Company have entered into three conditional sale 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 for RM69.25 million.

The three sale and purchase agreements became unconditional on 27 February 2023 upon the approval obtained by AME REIT from its unitholders for the acquisition of the three properties.

The disposal of Plot 15 Indahpura and Plot 43 SAC had been completed on 24 March 2023 whilst barring any unforeseen circumstances, the disposal of Plot 16 Indahpura is expected to be completed by the 4th quarter of calendar year 2023 (i.e. 3rd quarter of FYE 2024).

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

- a) 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 utilisation ⁽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 and 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.
- b) On 5 December 2022, the Company announced that AME Development Sdn Bhd and Ipark Development Sdn Bhd, subsidiaries of the Company had on 5 December 2022 entered into three conditional sale and purchase agreements with RHB Trustees Berhad, being the trustee of AME REIT to dispose 3 industrial properties, being Plot 15 Indahpura, Plot 16 Indahpura and Plot 43 SAC for a total consideration for RM69.25 million ("Disposals").

The utilisation of proceed from the Disposals is as follows:

Details of use of proceeds	Estimated timeframe for the use of proceeds from the date of completion of the respective Disposals	Initial proposed utilisation ⁽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 and working capital purposes	Within 36 months	64,987 ⁽ⁱⁱ⁾	65,066 ⁽ⁱⁱ⁾	--	65,066
Repayment of borrowings for Plot 43 SAC	Within 1 month	4,063	4,063	(4,063)	--
Estimated expenses for the Disposals	Within 1 month	200	121	(121) ⁽ⁱⁱⁱ⁾	--
		<u>69,250</u>	<u>69,250</u>	<u>(4,184)</u>	<u>65,066</u>

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

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

- (i) The initial utilisation of the proceeds from the Disposals as disclosed above should be read in conjunction with the Announcement made on 5 December 2022.
- (ii) The balance disposal consideration of RM25.97 million of Plot 16 Indahpura is expected to be received by the fourth quarter of calendar year 2023 (i.e.3rd quarter of FYE 2024).
- (iii) The actual expenses incurred of RM121,000 is lower than the estimated amount of RM200,000, therefore the excess amount of RM79,000 will be used for future industrial and property development and investment.

B8. Borrowings and debt securities

	30.9.2023 RM'000	31.3.2023 RM'000
Secured		
Non-current		
Term loans	39,401	61,774
Hire purchase liabilities	2,213	2,936
	41,614	64,710
Current		
Term loans	3,560	3,554
Revolving credit	103,041	110,526
Hire purchase liabilities	1,310	1,342
Bank overdrafts	--	3,748
	<u>107,911</u>	<u>119,170</u>
	<u>149,525</u>	<u>183,880</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.

B10. Dividends payable

On 23 November 2023, the Board of Directors declared an interim single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ending 31 March 2024, which will be payable on 5 January 2024 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 December 2023.

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

B11. Earnings per share (“EPS”)

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

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Net profit attributable to the owners of the Company (RM'000)	21,832	45,811	45,101	51,896
Weighted average number of ordinary shares in issue ('000)	639,093	640,673	639,093	640,673
Basic EPS (sen) ⁽ⁱ⁾	3.42	7.15	7.06	8.10
Diluted EPS (sen) ⁽ⁱⁱ⁾	3.42	7.15	7.06	8.10

- (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 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Revenue from contracts with customers				
Construction contract - over time	78,492	86,926	142,735	180,032
Sales of properties under development - over time	123,355	35,577	220,822	50,917
Sales of completed properties and land - at a point in time	15,421	18,115	61,328	35,115
Service income - over time	395	115	717	361
Sales of goods - at a point in time	1,014	--	1,787	--
	218,677	140,733	427,389	266,425
Other revenue				
Rental income	14,658	6,734	28,456	17,937
Total revenue	233,335	147,467	455,845	284,362

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 6 months ended	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of:				
- property, plant and equipment	1,488	1,583	2,979	3,018
- right-of-use assets	141	60	230	122
Expenses relating to short term leases ⁿ¹	5,333	4,989	10,995	8,463
Rental income of premises	(65)	(53)	(133)	(107)
Gain on disposal of:				
- property, plant and equipment	(25)	(62)	(189)	(330)
Loss/(Gain) on foreign exchange:				
- realised	(58)	(612)	(109)	(616)
- unrealised	(26)	(8)	--	(15)
Impairment loss on trade receivables	883	--	883	--
Late payment interest income from purchasers	(133)	(12)	(194)	(56)
Income from forfeited deposits	--	(20)	--	(20)
Property, plant and equipment written off	--	148	--	148
Changes in fair value of investment Properties ⁿ²	--	(54,763)	--	(54,763)

ⁿ¹ The Group leases office equipment, machineries, cranes, hostels and buildings with contract terms of less than 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

ⁿ² Fair value gain of RM54.8 million which arose from the sale of 10 plots of industrial properties to AME REIT during the corresponding quarter and financial period. 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.