

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
		30/6/2017	30/6/2016	30/6/2017	30/6/2016
		RM'000	RM'000	RM'000	RM'000
1 (a)	Revenue	858,913	697,508	1,627,933	1,349,324
(b)	Cost of sales	(598,384)	(451,811)	(1,119,558)	(899,535)
(c)	Gross profit	260,529	245,697	508,375	449,789
(d)	Other income	11,998	10,161	25,669	19,730
(e)	Expenses	(217,550)	(199,203)	(428,597)	(388,050)
(f)	Impairment losses	-	(68,292)	-	(68,292)
(g)	Finance costs	(12,323)	(5,773)	(22,175)	(9,781)
(h)	Share of results of associates	3,414	577	9,252	6,434
(i)	Share of results of joint ventures	468	543	1,249	423
(j)	Profit/(loss) before tax	46,536	(16,290)	93,773	10,253
(k)	Income tax	(15,742)	(16,508)	(32,863)	(23,526)
(l)	Zakat	(80)	-	(80)	-
(m)	Profit/(loss) for the period	30,714	(32,798)	60,830	(13,273)
Attributable to:					
(n)	Owners of the parent	27,372	(8,040)	54,655	12,454
(o)	Non-controlling interests	3,342	(24,758)	6,175	(25,727)
	Profit/(loss) for the period	30,714	(32,798)	60,830	(13,273)
2	Earnings per share based on 1(n) above (Note 25):-				
	Basic	3.29 sen	(0.97) sen	6.57 sen	1.52 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	30,714	(32,798)	60,830	(13,273)
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(10,879)	18,429	(4,265)	(4,308)
Tax impact on translation of foreign operations	931	990	728	(1,393)
Net gain/(loss) on hedge of net investment	7,441	12,280	7,852	(3,123)
Tax impact on hedge of net investment	(2,077)	(3,431)	(2,199)	882
Total other comprehensive (loss)/income for the period, net of tax	(4,584)	28,268	2,116	(7,942)
Total comprehensive income/(loss) for the period	26,130	(4,530)	62,946	(21,215)
Attributable to:				
Owners of the parent	21,964	10,256	56,324	6,725
Non-controlling interests	4,166	(14,786)	6,622	(27,940)
Total comprehensive income/(loss) for the period	26,130	(4,530)	62,946	(21,215)

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	Note	30/6/2017	30/6/2017	30/6/2016
		RM'000	RM'000	RM'000
Profit/(loss) before tax is arrived at after (crediting)/charging:				
Interest income		(4,516)	(2,457)	(7,442)
Accretion of interest on concession receivable		(4,745)	(4,812)	(9,453)
Dividend from short term investment		(27)	(535)	(133)
Gain on disposal of property, plant and equipment		(293)	-	(569)
Net foreign exchange (gain)/loss		(2,721)	952	1,095
Net impairment on trade receivables		(212)	458	(1,280)
Fair value loss/(gain) on derivatives		4,061	-	(26)
Interest expense		11,593	5,472	20,879
Depreciation and amortization		22,962	17,455	46,159
Impairment loss on goodwill	(a)	-	64,382	-
Impairment loss on joint venture	(b)	-	3,910	-

Other than the above, there were no other impairment/(write back of impairment) of assets, (gain)/loss on investments, write down of inventories and/or reversal of write down, reversal of provision for costs of restructuring or exceptional items.

(a) Impairment loss on goodwill

Impairment loss on goodwill recognised and reported in the preceding year corresponding quarter was in respect of Opus Stewart Weir Limited ("OSW") and the Australian operations amounted to RM51,840,000 and RM12,542,000 respectively.

(b) Impairment loss on joint venture

An impairment loss of RM3,910,000 on a 49.9% joint venture of OSW was recognized in the preceding year corresponding quarter.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current	As at preceding
		quarter	financial year end
		30/6/2017	31/12/2016
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	240,751	227,769
	Land held for property development	1,115	1,115
	Prepaid land lease payments	3,106	3,150
	Intangible assets	951,084	964,528
	Investment in joint ventures	1,740	2,393
	Investment in associates	43,280	32,753
	Other investments	272	272
	Trade and other receivables	145,707	141,685
	Derivative financial instruments	1,226	-
	Deferred tax assets	48,507	51,573
		1,436,788	1,425,238
2	Current assets		
	Property development costs	-	128,307
	Inventories	174,317	36,533
	Trade and other receivables	1,309,940	1,256,385
	Short term investments	27,517	42,375
	Derivative financial instruments	1,019	491
	Cash, bank balances and deposits*	815,704	640,010
		2,328,497	2,104,101
	Total assets	<u>3,765,285</u>	<u>3,529,339</u>

UEM EDGENTA BERHAD
(5067-M)
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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Unaudited As at end of current quarter 30/6/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
EQUITY AND LIABILITIES		
3 Equity attributable to Owners of the Parent		
Share capital	207,906	207,906
Share premium	60,168	60,168
Merger relief reserve	313,856	313,856
Other reserves	79,818	78,149
Retained earnings	717,768	708,785
	1,379,516	1,368,864
4 Non-controlling interests	175,268	168,929
Total equity	1,554,784	1,537,793
5 Non-current liabilities		
Retirement benefit obligations	3,857	3,857
Defined benefit pension plan	5,710	6,541
Provisions	13,549	17,272
Borrowings	979,447	761,122
Trade and other payables	30,836	30,333
Derivative financial instruments	1,949	5,530
Deferred tax liabilities	51,233	51,581
	1,086,581	876,236
6 Current liabilities		
Retirement benefit obligations	261	261
Provisions	10,523	17,585
Borrowings	250,064	228,577
Trade and other payables	847,612	831,862
Derivative financial instruments	-	1,409
Income tax payable	15,460	35,616
	1,123,920	1,115,310
Total liabilities	2,210,501	1,991,546
Total equity and liabilities	3,765,285	3,529,339
7 Net assets per ordinary share attributable to Owners of the Parent (RM)	1.66	1.65

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM51,264,827 (2016 : RM55,095,827) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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(5067-M)
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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2017 RM'000	Unaudited Six months to 30/6/2016 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,711,567	1,349,733
Cash payments to suppliers	(754,252)	(768,852)
Cash payments to employees and for expenses	(864,014)	(688,616)
Cash generated from/(used in) operations	93,301	(107,735)
Interest paid	(22,832)	(6,576)
Income tax paid	(48,577)	(43,255)
Net cash flow generated from/(used in) operating activities	21,892	(157,566)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	289	177
Net (settlement)/proceeds from forward hedging contract	(380)	1,289
Acquisition of a subsidiary, net of cash acquired	-	(18,868)
Investment in associates	(21)	(400)
Net advances to joint ventures	(7)	-
Net proceeds from withdrawal of short term investments	15,111	153,706
Interest received	5,577	6,418
Dividend received	1,739	2,037
Settlement of remaining consideration for the acquisition of a subsidiary	(19,110)	-
Purchase of property, plant and equipment	(43,996)	(27,723)
Net cash flow (used in)/generated from investing activities	(40,798)	116,636
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	15,814	1,650
Repayment of finance lease	(3,052)	(3,510)
Drawdown of borrowings	324,116	18,808
Repayment of borrowings	(60,517)	(31,205)
Dividend paid	(58,214)	(122,025)
Dividend paid to non-controlling shareholders of subsidiaries	(3,555)	(7,526)
Placement of fixed deposits	(47,102)	(10)
Net cash flow generated from/(used in) financing activities	167,490	(143,818)
Net increase/(decrease) in cash and cash equivalents	148,584	(184,748)
Net foreign exchange difference	574	(2,684)
Cash and cash equivalents as at beginning of financial period	512,161	517,742
Cash and cash equivalents as at end of financial period	661,319	330,310

(a)

UEM EDGENTA BERHAD
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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Unaudited As at 30/6/2017 RM'000	Unaudited As at 30/6/2016 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	306,233	123,396
Fixed deposits with licensed banks	509,471	262,456
Cash, bank balances and deposits	815,704	385,852
Less: Fixed deposits on lien	(15,067)	(16,004)
Less: Fixed deposits pledged	(129,729)	(2,842)
Less: Bank overdrafts	(9,589)	(36,696)
	661,319	330,310

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

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(5067-M)
Incorporated in Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to owners of the parent							
	Non-distributable							
	Share capital	Share premium	Merger relief reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six months to 30 June 2017 (unaudited)								
Balance as at 1 January 2017	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793
Profit for the period	-	-	-	-	54,655	54,655	6,175	60,830
Other comprehensive income	-	-	-	1,669	-	1,669	447	2,116
Total comprehensive income for the period	-	-	-	1,669	54,655	56,324	6,622	62,946
Dividends paid:								
- shareholders of the Company	-	-	-	-	(58,214)	(58,214)	-	(58,214)
- non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(3,555)	(3,555)
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 30 June 2017	207,906	60,168	313,856	79,818	717,768	1,379,516	175,268	1,554,784

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (CONT'D)

	← Attributable to owners of the parent Non-distributable →							
	Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Six months to 30 June 2016 (unaudited)								
Balance as at 1 January 2016	203,375	-	313,856	69,259	753,379	1,339,869	188,222	1,528,091
Profit for the period	-	-	-	-	12,454	12,454	(25,727)	(13,273)
Other comprehensive loss	-	-	-	(5,729)	-	(5,729)	(2,213)	(7,942)
Total comprehensive (loss)/income for the period	-	-	-	(5,729)	12,454	6,725	(27,940)	(21,215)
Acquisition of a subsidiary	4,531	60,168	-	-	-	64,699	13,261	77,960
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	1,650	1,650
Dilution of interest in a subsidiary	-	-	-	-	3	3	33	36
Dividends paid:								
- shareholders of the Company	-	-	-	-	(122,025)	(122,025)	-	(122,025)
- non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(7,526)	(7,526)
Balance as at 30 June 2016	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>63,530</u>	<u>643,811</u>	<u>1,289,271</u>	<u>167,700</u>	<u>1,456,971</u>

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following amendments to Financial Reporting Standards ("FRSs") which are mandatory for annual financial periods beginning on or after 1 January 2017, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014-2016 Cycle	
- Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017

The adoption of the above amendments to FRSs does not have any significant impact to the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The financial statements could be different if prepared under the MFRS Framework.

2. Audit report in respect of the 2016 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

3. Seasonal or cyclical factors

The Group's operations are not materially affected by any seasonal or cyclical factors.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

4. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

5. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2017 except as follows:-

During the financial period ended 30 June 2017, the Company established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") under an Islamic Commercial Papers Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2017, the Company completed the issuance of the following:-

- a) RM50.0 million in nominal value of ICPs with a tenor of 12 months; and
- b) RM250.0 million in nominal value of IMTNs with a tenor of 5 years.

The proceeds raised from the ICPs and IMTNs shall be utilised by the Company for its Shariah-compliant general corporate purposes.

7. Dividend

The single tier final dividend of 7.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM58,213,682 in respect of the financial year ended 31 December 2016 was paid on 21 June 2017.

The Board of Directors has declared a single tier interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922 in respect of the financial year ending 31 December 2017 (2016: nil), to be paid on 20 September 2017. The entitlement date of the dividend payment is 8 September 2017.

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

8. Operating Segments

Operating Segment information for the current financial period ended 30 June 2017 is as follows:

By operating segment

	Consultancy	Healthcare	Services Infra	Real Estate	Solutions	Property Development	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External revenue	772,531	444,949	334,749	75,232	274	198	-	-	1,627,933
Inter-segment revenue	6,584	106	14,145	2,936	1,569	-	16,110	(41,450)	-
Total Revenue	779,115	445,055	348,894	78,168	1,843	198	16,110	(41,450)	1,627,933
Results									
Segment results	41,948	43,584	40,436	11,980	(2,114)	(3,559)	(23,270)	(3,558)	105,447
Finance costs	(3,835)	(291)	(309)	(4,017)	-	-	(13,723)	-	(22,175)
Share of results of associates	693	5,689	-	2,870	-	-	-	-	9,252
Share of results of joint ventures	1,249	-	-	-	-	-	-	-	1,249
Profit/(loss) before tax	40,055	48,982	40,127	10,833	(2,114)	(3,559)	(36,993)	(3,558)	93,773
Income tax	(17,321)	(6,005)	(9,337)	(1,956)	-	(22)	1,515	263	(32,863)
Zakat	-	-	-	(80)	-	-	-	-	(80)
Profit/(loss) for the period	22,734	42,977	30,790	8,797	(2,114)	(3,581)	(35,478)	(3,295)	60,830
Attributable to:									
Owners of the parent	16,828	42,721	30,790	9,071	(2,114)	(3,284)	(35,818)	(3,539)	54,655
Non-controlling interests	5,906	256	-	(274)	-	(297)	340	244	6,175
Profit/(loss) for the period	22,734	42,977	30,790	8,797	(2,114)	(3,581)	(35,478)	(3,295)	60,830

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

9. Material events subsequent to the end of the current financial period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 30 June 2017 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2017 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except for the dissolution of Renown Alliance Sdn Bhd ("RASB"), a wholly-owned subsidiary of the Company by way of members' voluntary liquidation. RASB ceased to be a subsidiary of the Company on 17 February 2017.

11. Capital commitments

There are no material capital commitments except as disclosed below:

	RM'000
Approved and contracted for	65,936
Approved but not contracted for	27,897

12. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	8,918	12,329	16,495	17,675
- Foreign tax	9,278	5,442	15,373	8,478
(Over)/under provision in prior years				
- Malaysian income tax	(3,018)	1,644	(2,996)	1,644
- Foreign tax	1,273	-	1,273	-
	<u>16,451</u>	<u>19,415</u>	<u>30,145</u>	<u>27,797</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(809)	(3,332)	2,618	(4,745)
- Under provision in prior years	100	425	100	474
	<u>(709)</u>	<u>(2,907)</u>	<u>2,718</u>	<u>(4,271)</u>
	<u>15,742</u>	<u>16,508</u>	<u>32,863</u>	<u>23,526</u>

The Group's effective tax rate for the current quarter are higher than the statutory tax rate mainly due to expenses disallowed for tax purposes and losses recorded at certain subsidiaries.

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

13. Status of corporate proposals announced but not completed as at the date of this announcement

There is no corporate proposal announced but not completed as at the date of this announcement, except for a Lock-Up Agreement entered into by the Company with WSP Global Inc on 14 August 2017 for the disposal of its entire holding of 90,511,615 ordinary shares in Opus International Consultants Limited ("OIC"), representing 61.2% equity interest in OIC ("Proposed Disposal"). The Proposed Disposal will be made via the Company's wholly-owned subsidiary, Opus International (NZ) Limited ("ONZ"). ONZ is a wholly-owned subsidiary of Opus Group Berhad, which in turn is wholly-owned by the Company. The Proposed Disposal is subject to shareholders' approval.

14. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 June 2017 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Borrowings</u>						
Domestic	368,727	-	368,727	88,166	10,000	98,166
Foreign						
- Singapore Dollar	444,930	-	444,930	118,850	-	118,850
- Canadian Dollar	15	74,761	74,776	652	1,214	1,866
- Australian Dollar	-	55,523	55,523	-	125	125
- British Pound	-	29,622	29,622	-	7,483	7,483
- Taiwan Dollar	-	-	-	18,200	-	18,200
- New Zealand Dollar	5,869	-	5,869	5,014	-	5,014
- United States Dollar	-	-	-	-	239	239
- Euro	-	-	-	-	121	121
TOTAL	819,541	159,906	979,447	230,882	19,182	250,064

15. Derivatives

Details of outstanding derivatives as at 30 June 2017 are as follows:

	Contract/ Notional value	Fair value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
Types of derivatives			
Forward exchange rate contract:			
- due within 12 months (net settled)	29,034	1,019	-
- due 12 to 24 months (net settled)	35,169	1,226	-
Interest rate swap:			
- due 12 to 24 months (net settled)	15,051	-	(242)
Cross currency profit rate swap:			
- due 12 to 24 months (net settled)	209,734	-	(1,707)

16. Fair value hierarchy

There were no transfers between any levels of the fair value hierarchy that took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

17. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 30/6/2017 RM'000	As at preceding financial year end 31/12/2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	954,879	942,982
- Unrealised	(3,427)	11,719
	<u>951,452</u>	<u>954,701</u>
Total share of retained earnings from associates - Realised	31,378	22,126
Total share of accumulated losses from joint ventures - Realised	(7,243)	(8,492)
	<u>975,587</u>	<u>968,335</u>
Consolidation adjustments	(257,819)	(259,550)
Total group retained earnings as per consolidated financial statements	<u>717,768</u>	<u>708,785</u>

18. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement except as disclosed below:

a) Rimbunan Melati Sdn Bhd ("RMSB") vs. EK Integrated Construction Sdn Bhd ("EKICSB")

On 26 January 2017, RMSB, a 55% owned subsidiary of Faber Development Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, filed a Writ of Summons and Statement of Claims against EKICSB pertaining to the breach of EKICSB's obligation as the main contractor for piling and building works for the development of 191 units of 3 storey houses of Phase 3, Laman Rimbunan, Kepong ("Project"). Upon completion, severe cracks were discovered by RMSB at the Project. RMSB claims that EKICSB had breached its obligations by refusing/neglecting/defaulting in carrying out the required rectification works. RMSB is claiming the amount of RM10,954,030.06 (plus costs and interests thereon) to be paid by EKICSB for the losses and costs incurred by RMSB in carrying out the rectification works itself/ by appointment of third parties.

In the case management fixed on 28 February 2017, EKICSB filed its application to stay this proceeding pending conclusion of its arbitration claim against RMSB. After exchanges of written submissions between the parties, EKICSB's application for stay was heard on 21 April 2017 whereby the Court gave its view that it has no discretion to grant an order to direct the dispute under this proceeding to be consolidated under Section 10(2) of the Arbitration Act 2005 with the ongoing arbitration claim initiated by EKICSB. The Court informed RMSB that it may file an application to the Court for a declaration that the disputes to be consolidated and be heard by a single and same arbitrator. On 8 June 2017, RMSB filed an application for a declaration to consolidate and hear the disputes by a single and same arbitrator. The Court has fixed the case management of this application on 13 July 2017. On 13 July 2017, EKICSB filed its affidavit in reply. The court directed RMSB to file affidavit in reply by 25 July 2017. The matter was fixed for case management on 7 August 2017 and hearing for the application was fixed on 15 August 2017. On 15 August 2017, the court allowed RMSB's application to transfer this application for declaration proceeding from the Shah Alam High Court (where it was filed due to e-filing system migration downtime at KL High Court then) to KL High Court.

b) Edgenta PROPEL Berhad ("Edgenta PROPEL") vs. Hartajaya-Benteng Timur-Amr Jeli JV Sdn Bhd ("HBT") vs. Government of Malaysia (Jabatan Kerja Raya/JKR/Third Party)

Edgenta PROPEL, a wholly-owned subsidiary of the Company, filed a Writ of Summons and Statement of Claims against HBT on 23 March 2012 for the payments of RM16,117,148.72 (unpaid certified amount by HBT) and RM6,409,889.46 (unpaid uncertified amount by HBT) in respect of works done by Edgenta PROPEL for HBT for the construction of a new road from Seremban-Port Dickson Highway to FR5 (Exit 5) and pavement works from Pasir Panjang to Linggi, Negeri Sembilan. On 2 April 2015 the Parties agreed to record a consent judgment on, among others, for HBT to pay Edgenta PROPEL the amount of RM4,000,000 for the works done and the amount of RM17,472,961.82 will be subject to assessment of damages.

The assessment of damages proceedings fixed on 7 and 8 March 2017 were later postponed to 20 April 2017 for case management due to the demise of Edgenta PROPEL's witness pursuant to a traffic accident.

In the Case Management dated 20 April 2017, Edgenta PROPEL's solicitors had informed the Court of the demise of its witness and the replacement witness had been identified. The Court earlier fixed this case for assessment of damages hearing on 22 and 23 June 2017 however they were postponed and held on 24 July 2017. This case is now fixed for decision on 29 August 2017.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

19. Contingent liabilities

Other than as disclosed in Note 18 above, there are no other significant contingent liabilities as at the date of this announcement.

20. Detailed analysis of the performance between the current quarter and the immediate preceding quarter

	Current quarter 30/6/2017 RM'000	Immediate preceding quarter 31/3/2017 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Consultancy	389,290	383,241	6,049	1.6
Services				
Healthcare	227,417	217,532	9,885	4.5
Infra	202,563	132,186	70,377	53.2
Real Estate	39,340	35,892	3,448	9.6
Solutions	274	-	274	100.0
Property Development	29	169	(140)	(82.8)
Group	858,913	769,020	89,893	11.7

Profit Before Tax:

Consultancy	23,313	16,742	6,571	39.2
Services				
Healthcare	22,157	26,825	(4,668)	(17.4)
Infra	21,261	18,866	2,395	12.7
Real Estate	5,072	5,761	(689)	(12.0)
Solutions	(1,127)	(987)	(140)	14.2
Property Development	(1,857)	(1,702)	(155)	9.1
Others/Elimination	(22,283)	(18,268)	(4,015)	22.0
Group	46,536	47,237	(701)	(1.5)

The Group's revenue for the current quarter of RM858.9 million was RM89.9 million or 11.7% higher than the preceding quarter of RM769.0 million due to the following:

- Consultancy Division recorded higher revenue by RM6.0 million mainly from the Malaysian operations.
- Healthcare Services ("HS") Division – Concession recorded higher revenue by RM9.9 million mainly due to higher variation orders at the government hospitals.
- Infra Services ("IS") Division recorded higher revenue by RM70.4 million mainly due to the higher civil and pavement works carried out for the North-South Expressway ("NSE").
- Real Estate Services ("RES") Division recorded higher revenue by RM3.4 million mainly contributed by KFM Holdings Sdn Bhd ("KFM"), with higher work progress for Menara Tun Hussein Onn project.

The Group recorded profit before tax ("PBT") of RM46.5 million for the current quarter, as compared to RM47.2 million in the preceding quarter due to the following:

- Consultancy recorded higher PBT by RM6.6 million in line with improved revenue. In addition, the Division recorded an impairment on loan to joint venture of RM4.8 million in the preceding quarter.
- HS Division reported lower PBT by RM4.7 million, mainly due to lower employment and wage credit by RM2.6 million received by UEMS Pte Ltd, a subsidiary of Asia Integrated Facility Solutions Pte Ltd ("AIFS"), from the Singaporean Government. The division also recognised lower share of profits from associates by RM3.2 million.
- IS Division recorded higher PBT by RM2.4 million for the current quarter in line with the higher revenue.
- RES Division recorded slightly lower PBT by RM0.7 million despite higher revenue, mainly due to lower project margins of RM1.3 million at KFM.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

21. Detailed analysis of the performance for the current quarter and period

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2017	30/6/2016			30/6/2017	30/6/2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Consultancy	389,290	361,638	27,652	7.6	772,531	727,127	45,404	6.2
Services								
Healthcare	227,417	111,723	115,694	>100.0	444,949	213,563	231,386	>100.0
Infra	202,563	177,255	25,308	14.3	334,749	350,061	(15,312)	(4.4)
Real Estate	39,340	29,849	9,491	31.8	75,232	33,641	41,591	>100.0
Solutions	274	-	274	100.0	274	-	274	100.0
Property Development	29	17,043	(17,014)	(99.8)	198	24,932	(24,734)	(99.2)
Group	858,913	697,508	161,405	23.1	1,627,933	1,349,324	278,609	20.6

Profit Before Tax:

Consultancy	23,313	(49,123)	72,436	>(100.0)	40,055	(46,107)	86,162	>(100.0)
Services								
Healthcare	22,157	3,174	18,983	>100.0	48,982	20,263	28,719	>100.0
Infra	21,261	31,244	(9,983)	(32.0)	40,127	41,301	(1,174)	(2.8)
Real Estate	5,072	5,165	(93)	(1.8)	10,833	5,810	5,023	86.5
Solutions	(1,127)	(512)	(615)	>100.0	(2,114)	(1,019)	(1,095)	>100.0
Property Development	(1,857)	4,552	(6,409)	>(100.0)	(3,559)	6,203	(9,762)	>(100.0)
Others/Elimination	(22,283)	(10,790)	(11,493)	>100.0	(40,551)	(16,198)	(24,353)	>100.0
Group	46,536	(16,290)	62,826	>(100.0)	93,773	10,253	83,520	>100.0

The Group's revenue for the current quarter of RM858.9 million was higher by RM161.4 million as compared to RM697.5 million in the corresponding quarter last year. The Group recorded revenue of RM1,627.9 million for the six-month period, which is RM278.6 million higher as compared to RM1,349.3 million in the corresponding period last year due to the following:

- Consultancy Division recorded higher year-to-date revenue by RM45.4 million mainly contributed by the overall strengthening of foreign exchange rate of NZD against MYR, causing a favourable impact on translation by RM77.3 million. The favourable impact on translation is offset by lower performance from Australia by RM13.1 million and United Kingdom by RM23.8 million arising from tough trading conditions and competitive market.
- HS Division recorded higher revenue by RM231.4 million mainly due to the six-month contribution of RM216.2 million from the new subsidiary, AIFS, which was acquired in December 2016 and higher variation orders for HS Division – Concession by RM13.4 million for the six-month.
- IS Division recorded lower six-month revenue by RM15.3 million compared to the corresponding period last year, with the completion of NSE fourth lane widening works and Bayan Lepas Expressway ("BLE") which resulted in lower revenue by RM36.7 million. This was mitigated by higher pavement work orders by RM19.6 million. Meanwhile, the current quarter has outperformed the previous year corresponding quarter due to higher civil and pavement works carried out on NSE by RM26.3 million.
- RES Division reported higher year-to-date contribution from KFM by RM28.7 million, which was acquired in April 2016. In addition, township management services registered improved revenue by RM6.8 million from new contracts secured.
- Property Division recorded lower revenue mainly due to lack of sales as the current property market is highly competitive.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

21. Detailed analysis of the performance for the current quarter and period (Cont'd)

The Group's current quarter PBT of RM46.5 million was higher by RM62.8 million as compared to the loss before tax ("LBT") of RM16.3 million in the corresponding quarter last year. Meanwhile, PBT of RM93.8 million for the six-month period was higher by RM83.5 million as compared to RM10.3 million in the corresponding period last year. Excluding the one-off impairment loss of RM68.3 million recognized last year, the year-to-date PBT is higher by RM15.2 million as compared to the corresponding period last year due to the following:

- Consultancy Division recorded PBT for the current period as compared to LBT in the comparative periods, mainly due to impairment losses on goodwill and joint venture recognized in the corresponding quarter last year of RM68.3 million. Excluding the impairment losses, the Division registered higher PBT against the corresponding period last year by RM17.9 million in line with the higher revenue in the current period.
- HS Division recorded higher PBT by RM28.7 million for the six-month period, mainly attributable to the acquisition of AIFS which contributed a higher PBT by RM22.8 million.
- IS recorded lower year-to-date PBT by RM1.2 million due to lower revenue from the completion of NSE fourth lane widening works and BLE. The current quarter PBT was lower by RM10.0 million against the corresponding quarter last year due to profit contribution from variation orders secured in the corresponding quarter last year for mechanical, electrical and electronics works of RM5.6 million.
- RES Division recorded higher PBT by RM5.0 million for the six-month period, mainly attributable to the acquisition of KFM which contributed a higher PBT by RM2.4 million and from new contracts secured.

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings/(loss) before interest and tax	49,731	(14,395)	96,709	5,782
Adjusted tax	(11,935)	3,455	(23,210)	(1,387)
Net operating profit/(loss) after tax	37,796	(10,940)	73,499	4,395
<u>Economic charge computation:</u>				
Average invested capital	1,929,668	1,255,856	1,929,668	1,255,856
Weighted average cost of capital ("WACC")	7.0%	9.1%	7.0%	9.1%
Economic charge	33,769	28,571	67,538	57,141
Economic profit/(loss)	4,027	(39,511)	5,961	(52,746)

The EP statement is as prescribed under the Government Linked Companies transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

(a) Performance of the current quarter ended 30 June 2017 against the corresponding quarter last year:

EP of RM4.0 million is higher by RM43.5 million as compared to the preceding year corresponding quarter's Economic Loss ("EL") of RM39.5 million mainly due to loss before interest and tax recorded in the corresponding quarter last year with the recognition of impairment losses on goodwill and joint venture.

(b) Performance of the current period ended 30 June 2017 against last year:

EP of RM6.0 million is higher by RM58.7 million as compared to the preceding year corresponding period's EL of RM52.7 million mainly due to lower earnings before interest and tax recorded in the corresponding period last year.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. Prospects for the current financial year

UEM Edgenta Berhad ("Company") will focus on growing and enhancing its core business offerings organically in the core sectors spanning Healthcare, Infrastructure and Real Estate in key markets namely Malaysia, Singapore and Taiwan. The Company is embarking on various operational initiatives to drive operational efficiency, such as implementation of Enterprise Resource Planning to enhance back-end support system, integration of processes of acquired businesses and the effective implementation of performance based contracting.

The proposed disposal of the Company's 61.2% equity stake in its New Zealand-based subsidiary, OIC is not expected to have significant impact to the current year's core performance, as the transaction is expected to be completed towards the end of the year.

The Company believes that it is in a position to deliver positive results and expect to sustain performance for the remaining of the year.

24. Profit forecast

The Group did not issue any profit forecast in the current period.

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit/(loss) attributable to Owners of the Parent	27,372	(8,040)	54,655	12,454
Weighted average number of ordinary shares in issue ('000)	831,624	830,429	831,624	821,965
Basic earnings per share	3.29 sen	(0.97) sen	6.57 sen	1.52 sen

Kuala Lumpur
22 August 2017

By Order of the Board
Chiew Siew Yuen (MAICSA 7063781)
Company Secretary